



## **PRESS RELEASE**

(Stock Symbol: **KEL** – TSX)

April 11, 2016

Calgary, Alberta

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### **KELT EXPLORATION ANNOUNCES INCREASE TO PREVIOUSLY ANNOUNCED OFFERING OF CONVERTIBLE DEBENTURES TO \$90.0 MILLION**

**CALGARY, Alberta,** Kelt Exploration Ltd. (“Kelt” or the “Company”) is pleased to announce that it has increased the size of its previously announced public offering (the “Offering”), on a “bought deal” basis, to \$75.0 million principal amount of convertible subordinated unsecured debentures (the “Debentures”) at a price of \$1,000 per Debenture. The Offering is being made through a syndicate of underwriters co-led by Peters & Co. Limited and FirstEnergy Capital Corp. and including National Bank Financial Inc., Cormark Securities Inc., TD Securities Inc., CIBC World Markets Inc., RBC Capital Markets, GMP Securities L.P., Macquarie Capital Markets Canada Ltd., Raymond James Ltd., Scotia Capital Inc., AltaCorp Capital Inc. and BMO Capital Markets (collectively, the “Underwriters”).

In conjunction with the previously announced private placement on a non-brokered basis of an additional \$15.0 million principal amount of Debentures at a price of \$1,000 per Debenture (the “Private Placement” and collectively with the Offering, the “Debenture Offerings”), the total gross proceeds of the Debenture Offerings is \$90.0 million.

Net proceeds from the Debenture Offerings will initially be used to pay down existing bank credit facilities and thereafter, for general corporate and working capital purposes.

The Debentures will mature and be repayable on May 31, 2021 (the “Maturity Date”) and will accrue interest at the rate of 5.0% per annum payable semi-annually in arrears on May 31<sup>st</sup> and November 30<sup>th</sup> of each year (each an “Interest Payment Date”), commencing on November 30, 2016. At the holder’s option, the Debentures may be converted into common shares of the Company at any time prior to the close of business on the earlier of the business day

immediately preceding (i) the Maturity Date, (ii) if called for redemption, the date fixed for redemption by the Company, or (iii) if called for repurchase in the event of a change of control, the payment date, at a conversion price of \$5.50 per share, subject to adjustment in certain events (the "Conversion Price"). This represents a conversion rate of approximately 181.8182 common shares for each \$1,000 principal amount of Debentures, subject to certain anti-dilution provisions. Holders who convert their Debentures will receive accrued and unpaid interest for the period from the date of the latest Interest Payment Date immediately prior to the date of conversion.

The Debentures will be direct, subordinated unsecured obligations of the Company, subordinated to any senior indebtedness of the Company and ranking equally with one another and with all other existing and future subordinated unsecured indebtedness of the Company to the extent subordinated on the same terms.

The Debentures may not be redeemed by the Corporation prior to May 31, 2019. On and after May 31, 2019 and prior to May 31, 2020, the Debentures may be redeemed by the Corporation, in whole or in part, from time to time, on not more than 60 days and not less than 40 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption, provided that the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending five trading days prior to the date on which notice of redemption is provided is at least 125% of the Conversion Price. On or after May 31, 2020 and prior to the Maturity Date, the Debentures may be redeemed by the Corporation, in whole or in part, from time to time, on not more than 60 days and not less than 40 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption.

The Debentures, pursuant to the Offering, will be offered in all provinces of Canada, except Quebec, by way of short form prospectus. The Debenture Offerings are expected to close on or about May 3, 2016 and are subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the Toronto Stock Exchange.

The Debentures offered, and the common shares issuable on conversion thereof, have not and will not be registered under the U.S. Securities Act of 1933, as amended (the "Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements under the Act. This press release does not constitute an offer to sell or a solicitation of any offer to buy the common shares in the United States.

### **About Kelt**

Kelt is a Calgary, Alberta, Canada-based oil and gas company focused on exploration, development and production of crude oil and natural gas resources, primarily in west central Alberta and northeastern British Columbia.

## Abbreviations and Definitions

TSX Toronto Stock Exchange  
KEL Stock trading symbol for common shares of Kelt on the TSX

## Cautionary Statement on Forward-Looking Statements and Information

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends” and similar expressions are intended to identify forward-looking information or statements. In particular, this press release contains forward-looking statements pertaining to the following: the timing and expected closing of the Debenture Offerings.

Although Kelt believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Kelt cannot give any assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; failure to obtain necessary regulatory approvals for planned operations; health, safety and environmental risks; uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures; volatility of commodity prices, currency exchange rate fluctuations; imprecision of reserve estimates; and competition from other explorers) as well as general economic conditions, stock market volatility; and the ability to access sufficient capital. We caution that the foregoing list of risks and uncertainties is not exhaustive.

In addition, the reader is cautioned that historical results are not necessarily indicative of future performance. The forward-looking statements contained herein are made as of the date hereof and the Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless expressly required by applicable securities laws.

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