



## **PRESS RELEASE**

(Stock Symbol: **KEL** – TSX)

May 31, 2016

Calgary, Alberta

### **KELT EXPLORATION ANNOUNCES AMENDMENTS TO ITS CREDIT FACILITY**

**CALGARY, Alberta**, Kelt Exploration Ltd. (“Kelt” or the “Company”) has completed its semi-annual borrowing base review with its syndicated group of lenders. The Company has agreed to certain amendments to its existing credit facility and the borrowing base has been re-determined at \$185.0 million.

All of the lenders, other than a single lender representing \$10.0 million of the total commitment amount of \$185.0 million (the “Term Lender”), have agreed to extend the revolving period to April 29, 2017. The Company is obligated to pay out the Term Lender in full on April 28, 2017. The revolving period may be extended for an additional 364 days at the discretion of the lenders, with a term-out to April 27, 2018 if not extended. Under the credit facility, covenants are limited to standard business operating covenants and the Company is not subject to any financial covenants.

There was no change to the pricing grid under which borrowing rates and standby fees fluctuate depending on the Company’s current debt to cash flow ratio. As a result of the reduction in the borrowing base, Kelt expects to realize annual savings of approximately \$900,000 by eliminating standby fees on unused credit amounts at the current rate.

Kelt currently has \$118.4 million drawn on its credit facility. As previously guided, the Company expects bank debt, net of working capital to be approximately \$137.0 million at December 31, 2016 or 74% of its current borrowing base.

#### **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.

## 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 expected amount of annual savings on standby fees for unused credit amounts; any future extension of the revolving period; and the forecasted amount of bank debt, net of working capital at December 31, 2016.

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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