PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
July 22, 2020
Calgary, Alberta

KELT ENTERS INTO AN AGREEMENT TO SELL ITS INGA ASSETS

Kelt Exploration Ltd. ("Kelt" or the "Company") has entered into an agreement to sell its Inga/Fireweed/Stoddart assets ("Inga Assets") in British Columbia that are held by its wholly owned subsidiary, Kelt Exploration (LNG) Ltd. ("Kelt LNG"), to ConocoPhillips (the "Purchaser"). Kelt will receive cash proceeds of $510.0 million, prior to closing adjustments, and the Purchaser will assume certain specific financial obligations related to the Inga Assets in the amount of approximately $41.0 million**.**

All of the Company's remaining British Columbia assets, including the Montney lands at Oak/Flatrock will remain with Kelt LNG.

The effective date for the transaction is July 1, 2020. Completion of the transaction is subject to customary closing conditions, including receipt of regulatory approvals, including under the *Competition Act* (Canada). Closing is expected to occur on or around August 21, 2020.

Kelt has a large inventory of future drilling locations for which the net present value was not being reflected in the Company's current valuation. As a result, the Company's board of directors has determined that the sale of its Inga Assets, representing a monetization of approximately 27% of the Company's Montney acreage, is an opportunity to bring forward the value of certain assets and at the same time put the Company in a position of increased financial strength during an uncertain economic environment. Kelt's remaining Montney land holdings of 374,528 net acres (585 net sections) continues to place the Company as one of the largest Montney players in the Western Canadian Sedimentary Basin.

Kelt, pro-forma the completion of the sale of its Inga Assets, will be in a strong financial position with no debt and a large Montney land acreage position to grow the Company's production base as commodity prices improve. In addition to its three remaining Montney play areas, the Company will also be in a position to develop its Charlie Lake play in Alberta.

A comparision of Kelt pre and post completion of the asset sale transaction is summarized in the following table:

[$ thousands]	**KELT** pre-transaction		**PRO-FORMA KELT** *[1]* post-transaction		Percent change
PRODUCTION (for the five months ended May 31, 2020)					
Oil & NGLs (bbls/d)	14,325	47%	6,542	40%	– 54%
Gas (Mcf/d)	98,681	53%	59,769	60%	– 39%
Combined (BOE/d)	30,772	100%	16,503	100%	– 46%
LAND HOLDINGS (as at May 31, 2020)					
Montney acres (sections)	514,490 (804)		374,528 (585)		– 27%
Alberta Charlie Lake acres (sections)	74,719 (117)		74,719 (117)		–
FINANCIAL POSITION (as at March 31, 2020)					
Bank debt *[2]*	310,000		Nil		– 100%
Working capital deficit (surplus)	34,664		(73,543)		– 312%
Convertible debentures *[3]*	83,957		Nil		– 100%
Financing and lease liabilities	29,082		1,331		– 95%
Total liabilities, net of working capital and before decommissioning obligations and deferred income taxes	457,703		(72,212)		– 116%

Notes:

[1] Pro-forma Kelt is for illustrative purposes only, to demonstrate the impact of the transaction and the anticipated following use of proceeds, assuming it had occurred on the dates mentioned in the above table.
[2] Pro-forma Kelt assumes that all amounts outstanding under the Company's revolving committed term credit facility with a syndicate of financial institutions will be re-paid in full at the time of the completion of the transaction.
[3] Pro-forma Kelt assumes that the Company's 5.0% Convertible Debentures due May 31, 2021 will be redeemed following the completion of the transaction.

CURRENT ECONOMIC ENVIRONMENT AND COVID-19 PANDEMIC UPDATE

Kelt is providing a corporate update in response to the current market conditions resulting from the COVID-19 pandemic. Kelt's highest priority remains the health and safety of its employees, partners and the communities where it operates. The Company continues to implement measures to protect the well-being of these stakeholders and is proud of the dedication of its workforce to maintain safe operations and business continuity in a challenging environment.

The unprecedented impact to global oil demand destruction resulting from the COVID-19 pandemic resulted in a collapse in crude oil prices around the world. The WTI crude oil price averaged US$16.55

per barrel during the month of April 2020, the lowest monthly average price since March 1999. In recent weeks, many regions around the world have started to phase in a return to opening up their economies and as a result, crude oil prices have recovered from recent low levels as global oil demand slowly returns. WTI crude oil averaged US$38.31 per barrel during the month of June 2020, an increase of 131% from the April 2020 average price.

As producers shut in certain oil and gas wells during the pandemic, North American gas supply was reduced considerably. However, the pandemic resulted in global gas demand destruction which in turn negatively impacted North American LNG exports. As a result, natural gas prices have dropped significantly in most North American gas hubs as gas storage levels are running significantly ahead of historical levels for this time of the year. Kelt was proactive with its hedging program and is currently in a position to offset lower priced physical gas sales with its financial gas swaps. The Company has fixed the price on 45,000 MMBtu per day of NYMEX Henry Hub natural gas at a price of CAD $2.83 per MMBtu for the period from April to November 2020. In addition, Kelt has fixed the NYMEX-AECO differential on 25,000 MMBtu per day at USD $0.4675 per MMBtu for the period from June to October 2020.

In addition to its gas hedging program, Kelt has fixed the price on 3,000 barrels per day of MSW light oil at a price of CAD $31.36 per barrel for the period from July to December 2020. This hedge position protects the Company from the potential of decreasing WTI crude oil prices (in the event of further oil demand destruction from a potential second wave of economy lock downs), widening WTI-MSW differentials (in the event of major oil export pipeline interruptions) and the potential of a strengthening Canadian dollar relative to the US dollar.

Kelt will continue to monitor oil and gas prices and watch for improvements in the economic outlook, as the Company expects to be in a strong financial position to re-commence drilling and completion operations at Wembley/Pipestone (Alberta) where the Company owns 107,155 net acres (167 sections) of Montney rights, at Oak/Flatrock (British Columbia) where the Company owns 203,661 net acres (318 sections) of Montney rights and in Alberta where the Company owns 74,719 net acres (116 sections) of Charlie Lake rights.

Kelt will continue to reassess its ability to reasonably estimate and provide annual financial guidance and plans to continue to provide corporate updates during this period of heightened commodity price volatility and economic uncertainty.

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

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”, “execute”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends”, “forecasted” 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 expected closing date, proceeds and closing adjustments related to the disposition of the Inga Assets and certain financial liabilities; the expected timing and receipt of regulatory approvals for the disposition, the financial position and expected debt of Kelt following the closing of the disposition; the pro-forma illustration and assumptions made with respect to the use of proceeds from the disposition; the future growth of the Company's production base and re-commencement of drilling and completion operations; and, the potential for future decreases in WTI crude oil prices, widening WTI-MSW differentials, and the potential for a strengthening Canadian dollar.

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, 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; 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.

Certain information set out herein may be considered as "financial outlook" within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding Kelt's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

NON-GAAP FINANCIAL MEASURES AND OTHER KEY PERFORMANCE INDICATORS

This press release contains certain financial measures, as described below, which do not have standardized meanings prescribed by GAAP. In addition, this press release contains other key performance indicators ("KPI"), financial and non-financial, that do not have standardized meanings under the applicable securities legislation. As these non-GAAP financial measures and KPI are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

"Total Liabilities, net of working capital and before decommissioning obligations and deferred income taxes" is calculated by adding bank debt, net working capital deficit (or subtracting a surplus), convertible debentures and financing and lease liabilities. The Company used the non-GAAP financial measure to demonstrate the reduction in the liabilities of the Company following the estimated impacts resulting from the sale of the Inga Assets.

MEASUREMENTS

All dollar amounts are referenced in thousands of Canadian dollars, except when noted otherwise. This press release contains various references to the abbreviation BOE which means barrels of oil equivalent. Where amounts are expressed on a BOE basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet per barrel and sulphur volumes have been converted to oil equivalence at 0.6 long tons per barrel. The term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and is significantly different than the value ratio based on the current price of crude oil and natural gas. This conversion factor is an industry accepted norm and is not based on either energy content or current prices. Such abbreviation may be misleading, particularly if used in isolation.

References to “oil” in this press release include crude oil and field condensate. References to “natural gas liquids” or “NGLs” include pentane, butane, propane, and ethane. References to “liquids” include field condensate and NGLs. References to “gas” in this discussion include natural gas and sulphur.

ABBREVIATIONS

bbls	barrels
bbls/d	barrels per day
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day
MMBtu	million British thermal units
GJ	gigajoule
BOE	barrel of oil equivalent
BOE/d	barrel of oil equivalent per day
NGLs	natural gas liquids
LNG	liquefied natural gas
AECO	Alberta Energy Company “C” Meter Station of the NOVA Pipeline System
NIT	NOVA Inventory Transfer (“AB-NIT”), being the reference price at the AECO Hub
WTI	West Texas Intermediate, a benchmark for light sweet oil in Cushing, Oklahoma
MSW	Mixed Sweet Blend, a benchmark for light sweet crude oil in Edmonton, Alberta
NYMEX	New York Mercantile Exchange
US$	United States dollars
CA$	Canadian dollars
TSX	the Toronto Stock Exchange
KEL	trading symbol for Kelt Exploration Ltd. common shares on the TSX

KEL.DB	trading symbol for Kelt Exploration Ltd. 5% convertible debentures on the TSX
GAAP	Generally Accepted Accounting Principles
COVID-19	an infectious disease caused by a newly discovered strain of coronavirus

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