PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
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KELT REPORTS SIGNIFICANT INCREASES IN RESERVES AND PRODUCTION IN 2014

Kelt Exploration Ltd. ("Kelt" or the "Company") has released its reserves and operating results for the year ended December 31, 2014. A summary of results is as follows:

	December 31, 2014	December 31, 2013	Percent Change
Reserves			
Oil [Mbbls]	**23,474**	11,808	99%
NGLs [Mbbls]	**10,800**	5,002	116%
Gas [MMcf]	**389,014**	254,329	53%
Combined [MBOE]	**99,110**	59,198	67%
Finding, development & acquisition ("FD&A") costs			
Proved ("1P"), including future development capital ("FDC") [$/BOE]	**$ 19.25**	$ 18.82	2%
Proved plus probable ("2P"), including FDC [$/BOE]	**$ 13.42**	$ 13.23	2%
2P recycle ratio	**1.9 x**	1.3 x	46%
2014 FD&A costs – excluding Capio acquisition			
1P including FDC [$/BOE]	**$ 17.21**		
2P including FDC [$/BOE]	**$ 12.01**		
2P recycle ratio	**2.1 x**		
Land Holdings (net acres)			
Developed	**142,445**	113,273	26%
Undeveloped	**318,743**	184,082	73%
Total	**461,188**	297,355	55%
Annual Average Production			
Oil [bbls/d]	**3,413**	516	561%
NGLs [bbls/d]	**924**	297	211%
Gas [Mcf/d]	**50,516**	18,888	167%
Combined [BOE/d]	**12,756**	3,961	222%
Fourth Quarter Average Production			
Oil [bbls/d]	**4,691**	809	480%
NGLs [bbls/d]	**1,037**	487	113%
Gas [Mcf/d]	**58,984**	26,660	121%
Combined [BOE/d]	**15,559**	5,739	171%
Net asset value [$M]	**$ 1,071,426**	$ 639,868	67%
Diluted common shares outstanding [000's]	**130,721**	114,070	15%
Net asset value per share [$]	**$ 8.20**	$ 5.61	46%

PRODUCTION

Kelt achieved record production levels in 2014. Average production for 2014 was 12,756 BOE per day, up 222% from average production of 3,961 BOE per day in 2013. Production per million shares was 105 BOE per day, up 98% from 53 BOE per day in 2013. Production for 2014 was weighted 27% oil, 7% NGLs and 66% gas.

Average production for the fourth quarter of 2014 was 15,559 BOE per day, up 171% from average production of 5,739 BOE per day in the fourth quarter of 2013. Production per million shares was 123 BOE per day, up 112% from 58 BOE per day in the fourth quarter of 2013. Production for the fourth quarter of 2014 was weighted 30% oil, 7% NGLs and 63% gas.

RESERVES

Kelt retained Sproule Associates Limited ("Sproule"), an independent qualified reserve evaluator to prepare a report on its oil and gas reserves. The Company has a Reserves Committee which oversees the selection, qualifications and reporting procedures of the independent engineering qualified reserve evaluator. Reserves as at December 31, 2014 were determined using the guidelines and definitions set out under National Instrument 51-101 ("NI 51-101").

At December 31, 2014, Kelt's proved plus probable reserves were 99.1 million BOE. The Company's net present value of proved plus probable reserves at December 31, 2014, discounted at 10% before tax, was $1.1 billion, up 92% from $557 million at December 31, 2013. Sproule's forecasted commodity prices for 2015 used to determine the present value of the Company's reserves at December 31, 2014, were US$65.00/bbl for WTI oil and CA$3.15/GJ for AECO gas. Forecasted commodity prices for future years are shown in the table below.

The following table outlines a summary of the Company's reserves at December 31, 2014:

SUMMARY OF RESERVES					
	Oil [Mbbls]	NGLs [Mbbls]	Gas [MMcf]	Combined [MBOE]	% of 2P
Proved Developed Producing	6,713	2,430	105,940	26,800	27%
Proved Developed Non-producing	678	192	5,054	1,712	2%
Proved Undeveloped	7,548	3,687	128,111	32,587	33%
Total Proved	**14,939**	**6,309**	**239,105**	**61,099**	**62%**
Probable Additional	8,535	4,491	149,909	38,011	38%
Total Proved plus Probable	**23,474**	**10,800**	**389,014**	**99,110**	**100%**

Proved developed producing reserves at December 31, 2014 were 26.8 million BOE, an increase of 47% from December 31, 2013. Total proved reserves at December 31, 2014 were 61.1 million BOE, up 73% from December 31, 2013. Proved plus probable reserves at December 31, 2014 were 99.1 million BOE, an increase of 67% from December 31, 2013.

The following table shows the change in reserves year over year by category:

[MBOE]	**December 31, 2014**	December 31, 2013	Percent Change
Proved Developed Producing	**26,800**	18,228	47%
Proved Developed Non-producing	**1,712**	369	364%
Proved Undeveloped	**32,587**	16,664	96%
Total Proved	**61,099**	35,260	73%
Probable Additional	**38,011**	23,938	59%
Total Proved plus Probable	**99,110**	59,198	67%

Future development capital ("FDC") expenditures of $383 million are included in the reserve evaluation for total proved reserves and are expected to be spent as follows: $119 million in 2015, $122 million in 2016, $66 million in 2017 and $76 million thereafter. FDC expenditures of $505 million are included for proved plus probable reserves and are expected to be spent as follows: $134 million in 2015, $167 million in 2016, $115 million in 2017 and $89 million thereafter.

The following table outlines FDC expenditures by major core area included in the December 31, 2014 reserve evaluation:

FDC EXPENDITURES				
	1P FDC ($M)	1P Gross/Net Wells	2P FDC ($M)	2P Gross/Net Wells
Inga/Fireweed/Stoddart	120,900	40 / 17.4	190,600	64 / 28.0
Grande Prairie	229,900	41 / 36.9	260,800	46 / 40.7
Karr	32,000	5 / 5.0	53,900	8 / 8.0
Total FDC Expenditures	**382,800**	**86 / 59.3**	**505,300**	**118 / 76.7**

The WTI oil price during the years 2012 to 2014 was range bound averaging between US$93.00 and US$97.98 per barrel. After a precipitous decline since December 2014, Sproule is forecasting an average WTI oil price of US$65.00 per barrel in 2015. Natural gas prices were much more volatile during the 2012 to 2014 period, during which AECO-C prices averaged between $2.30 and $4.27 per GJ. Sproule is forecasting an average AECO-C gas price of $3.15 per GJ in 2015.

In the Company's December 31, 2014 reserve evaluation, Sproule is forecasting WTI oil prices to average US$83.81 per barrel over the next five years from 2015 to 2019, 10% lower than the average price of US$92.70 per barrel used in the December 31, 2013 evaluation, over the same five year period. For natural gas, AECO-C natural gas prices are forecasted to average $3.88 per GJ over the 2015 to 2019 period, a decrease of 11% from the average price of $4.36 per GJ used in the December 31, 2013 evaluation, over the same five year period.

The following table outlines forecasted future prices that Sproule has used in their evaluation of the Company's reserves:

COMMODITY PRICES	**December 31, 2014 Evaluation**			December 31, 2013 Evaluation		
	WTI Cushing Crude Oil [US$/bbl]	**USD/CAD Exchange [US$]**	**AECO-C Natural Gas [$/GJ]**	WTI Cushing Crude Oil [US$/bbl]	USD/CAD Exchange [US$]	AECO-C Natural Gas [$/GJ]
2012 (historical)	**94.19**	**1.001**	**2.30**	94.19	1.001	2.30
2013 (historical)	**97.98**	**0.971**	**2.97**	97.98	0.971	2.97
2014 (historical)	**93.00**	**0.905**	**4.27**	94.65	0.940	3.79
2015 (future)	**65.00**	**0.850**	**3.15**	88.37	0.940	3.78
2016 (future)	**80.00**	**0.870**	**3.52**	84.25	0.940	3.79
2017 (future)	**90.00**	**0.870**	**3.70**	95.52	0.940	4.67
2018 (future)	**91.35**	**0.870**	**4.24**	96.96	0.940	4.75
2019 (future)	**92.72**	**0.870**	**4.79**	98.41	0.940	4.83
Five Year Future Average	**83.81**	**0.866**	**3.88**	**92.70**	**0.940**	**4.36**

The Company's net present value of proved plus probable reserves, discounted at 10% before tax was $1.1 billion and the undiscounted future net cash flow, before tax, was $2.3 billion.

The following table is a net present value summary (before tax) as at December 31, 2014:

NET PRESENT VALUE SUMMARY (BEFORE TAX)				
	Undiscounted [$MM]	NPV 5% BT [$MM]	NPV 8% BT [$MM]	NPV 10% BT [$MM]
Proved Developed Producing	623	487	433	404
Total Proved	1,238	882	743	669
Total Proved plus Probable	**2,271**	**1,481**	**1,209**	**1,072**

The Company's net present value of proved plus probable reserves, discounted at 10% after tax was $885 million and the undiscounted future net cash flow, after tax, was $1.8 billion.

The following table is a net present value summary (after tax) as at December 31, 2014:

NET PRESENT VALUE SUMMARY (AFTER TAX)				
	Undiscounted [$MM]	NPV 5% AT [$MM]	NPV 8% AT [$MM]	NPV 10% AT [$MM]
Proved Developed Producing	614	482	429	401
Total Proved	1,076	771	652	589
Total Proved plus Probable	**1,848**	**1,216**	**996**	**885**

During 2014, the Company's capital expenditures (unaudited), net of dispositions, resulted in proved plus probable reserve additions of 44.6 million BOE, resulting in 2P FD&A costs of $13.42 per BOE, including FDC costs. Proved reserve additions in 2014 were 30.5 million BOE, resulting in 1P FD&A costs of $19.25 per BOE, including FDC costs.

Excluding the acquisition of Capio Exploration Ltd., the Company's 2014 capital expenditures (unaudited) resulted in proved plus probable reserve additions of 32.4 million BOE, resulting in 2P F&D costs of $12.01 per BOE, including FDC costs. Proved reserve additions were 22.0 million BOE, resulting in 1P F&D costs of $17.21 per BOE, including FDC costs.

The recycle ratio is a measure for evaluating the effectiveness of a company's re-investment program. The ratio measures the efficiency of capital investment. It accomplishes this by comparing the operating netback per BOE to that years' reserve FD&A cost per BOE. Since inception, Kelt has successfully added high quality reserves at an all-in 2P FD&A cost of $13.31 per BOE. Since inception, corporate operating netbacks have averaged $23.56 per BOE, giving the Company an inception to date recycle ratio of 1.8 times. This has been primarily a result of the Company's successful exploration and development drilling programs combined with strategic acquisitions.

Kelt's 2014 capital investment program resulted in net reserve additions that replaced 2014 production by a factor of 6.5 times on a proved basis and 9.6 times on a proved plus probable basis.

The following table provides detailed calculations relating to FD&A costs and recycle ratios for 2014 and 2013:

	Year ended December 31, 2014	Year ended December 31, 2013	**Inception to December 31, 2014**
1P RESERVES			
Capital expenditures [$000's] *[2014 unaudited]*	**423,900**	329,143	**753,043**
Value of assets conveyed from Celtic Exploration Ltd.	**-**	141,961	**141,961**
Change in FDC costs required to develop reserves [$000's]	**163,200**	219,600	**382,800**
Total capital costs [$000's]	**587,100**	690,704	**1,277,804**
Reserve additions, net [MBOE]	**30,495**	36,705	**67,200**
FD&A cost, including FDC [$/BOE]	**19.25**	18.82	**19.02**
Operating netback [$/BOE] *[2014 unaudited]*	**25.62**	16.97	**23.56**
Recycle ratio – proved	**1.3 x**	0.9 x	**1.2 x**
2P RESERVES			
Capital expenditures [$000's] *[2014 unaudited]*	**423,900**	329,143	**753,043**
Value of assets conveyed from Celtic Exploration Ltd.	**-**	141,961	**141,961**
Change in FDC costs required to develop reserves [$000's]	**174,000**	331,300	**505,300**
Total capital costs [$000's]	**597,900**	802,404	**1,400,304**
Reserve additions, net [MBOE]	**44,568**	60,643	**105,211**
FD&A cost, including FDC [$/BOE]	**13.42**	13.23	**13.31**
Operating netback [$/BOE] *[2014 unaudited]*	**25.62**	16.97	**23.56**
Recycle ratio – proved plus probable	**1.9 x**	1.3 x	**1.8 x**

In calculating finding and development ("F&D") costs, NI 51-101 requires that exploration and development costs incurred in the year and the change in FDC be aggregated and divided by reserve additions in the year. Under NI 51-101, the F&D calculation expressly excludes acquisitions. The Company believes that by excluding the effect of acquisitions, the provisions of NI 51-101 do not fully reflect Kelt's ongoing reserve replacement costs. Since acquisitions can have a significant impact on annual reserve replacement costs, the Company believes that excluding acquisitions could result in an inaccurate representation of Kelt's cost structure. It is further noted that, for the year ended December 31, 2013, the assets conveyed from Celtic Exploration Ltd. to Kelt pursuant to the February 26, 2013 Plan of Arrangement are reflected as an acquisition in the Sproule Report, therefore it is impracticable to calculate F&D for the previous year and the cumulative F&D cost since incorporation. Accordingly, the Company presents its finding and development costs, inclusive of acquisitions, as shown in the table above.

RESERVES RECONCILIATION

A reconciliation of Kelt's proved reserves is provided in the table below:

PROVED RESERVES				
	Oil [Mbbls]	**NGLs** [Mbbls]	**Gas** [MMcf]	**Combined** [MBOE]
Balance, December 31, 2013	**6,670**	**2,641**	**155,696**	**35,260**
Extensions	3,411	883	45,354	11,853
Infill drilling	633	375	5,416	1,911
Technical revisions	1,395	1,384	21,515	6,365
Acquisitions	4,593	1,371	30,410	11,032
Dispositions	(497)	-	-	(497)
Economic factors	(20)	(8)	(848)	(169)
Net additions	**9,515**	**4,005**	**101,847**	**30,495**
Less: 2014 Production	(1,246)	(337)	(18,438)	(4,656)
Balance, December 31, 2014	**14,939**	**6,309**	**239,105**	**61,099**

A reconciliation of Kelt's proved plus probable reserves is provided in the table below:

PROVED PLUS PROBABLE RESERVES				
	Oil [Mbbls]	**NGLs** [Mbbls]	**Gas** [MMcf]	**Combined** [MBOE]
Balance, December 31, 2013	**11,808**	**5,002**	**254,329**	**59,198**
Extensions	5,268	1,625	90,348	21,951
Infill drilling	615	258	2,975	1,369
Technical revisions	1,125	2,015	14,824	5,611
Acquisitions	6,554	2,243	46,164	16,491
Dispositions	(632)	-	-	(632)
Economic factors	(18)	(6)	(1,188)	(222)
Net additions	**12,912**	**6,135**	**153,123**	**44,568**
Less: 2014 Production	(1,246)	(337)	(18,438)	(4,656)
Balance, December 31, 2014	**23,474**	**10,800**	**389,014**	**99,110**

NET ASSET VALUE

Kelt's net asset value per share at December 31, 2014 was $9.19 (P&NG reserves discounted at 8% BT) and $8.20 (P&NG reserves discounted at 10% BT). Details of the calculation are shown in the table below:

NET ASSET VALUE PER SHARE		
	NPV discounted @ 8% [$ 000's]	NPV discounted @ 10% [$ 000's]
Present value of P&NG reserves, discounted, before tax	1,209,300	1,072,300
Present value of decommissioning obligations, before tax	(19,555)	(12,758)
Undeveloped land	103,212	103,212
Bank debt, net of working capital *[Unaudited]*	(104,430)	(104,430)

Proceeds from exercise of stock options	13,102	13,102
Net asset value	**1,201,629**	**1,071,426**
Diluted common shares outstanding (000's) *[1]*	130,721	130,721
Net asset value per share ($/share)	**9.19**	**8.20**

[1] The calculation of proceeds from exercise of stock options and the diluted number of common shares outstanding only include stock options that are "in-the-money" based on the closing price of KEL of $7.00 per common share as at December 31, 2014.

Kelt remains optimistic about its future prospects. The Company is opportunity driven and is confident that it can grow its production base by building on its current inventory of development projects and by adding new exploration prospects. Kelt will endeavor to maintain a high quality product stream that on a historical basis receives a superior price with reasonably low production and transportation costs. In addition, the Company will focus its exploration efforts in areas of multi-zone hydrocarbon potential, primarily in west central Alberta and northeastern British Columbia.

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", "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 concerning the timing of future development capital expenditures. Statements relating to "reserves" or "resources" are deemed to be forward looking statements as they involve the implied assessment, based on current estimates and assumptions that the reserves and resources can be profitably produced in the future.

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 failure to obtain necessary regulatory approvals for planned operations and 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; health, safety and environmental risks; commodity price and exchange rate fluctuations; and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures).

The forward-looking statements contained in this press release are made as of the date hereof and Kelt does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Please refer to Kelt's Annual Information Form dated March 28, 2014 for additional risk factors relating to Kelt which is available for viewing on www.sedar.com.

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 MEASURES

This document contains certain financial measures, as described below, which do not have standardized meanings prescribed by GAAP. As these measures 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.

"Operating netback" is calculated by deducting royalties, production expenses and transportation expenses from oil and gas revenue. Operating netback is used by Kelt as a key measure of performance and is not intended to represent operating profits nor should it be viewed as an alternative to cash provided by operating activities, profit or other measures of financial performance calculated in accordance with GAAP. "Finding, development and acquisition" or "FD&A" cost is the sum of capital expenditures incurred in the period and the change in future development capital required to develop reserves. FD&A cost per BOE is determined by dividing current period net reserve additions into the corresponding period's FD&A cost. "Recycle ratio" is a measure for evaluating the effectiveness of a company's re-investment program. The ratio measures the efficiency of capital investment by comparing the operating netback per BOE to FD&A cost per BOE.

"Net asset value per share" is calculated by adding the present value of petroleum and natural gas reserves, undeveloped land value and proceeds from exercise of stock options, less the present value of decommissioning obligations and bank debt, net of working capital, and dividing by the diluted number of common shares outstanding. The calculation of proceeds from exercise of stock options and the diluted number of common shares outstanding only include stock options that are "in-the-money" based on the closing price of KEL common shares as at the calculation date.

MEASUREMENTS AND ABBREVIATIONS

All dollar amounts are referenced in thousands of Canadian dollars, except when noted otherwise. Where amounts are expressed on a barrel of oil equivalent ("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. References to oil in this discussion include crude oil and field condensate. References to natural gas liquids ("NGLs") include, pentane, butane, propane, and ethane. References to gas in this discussion include natural gas and sulphur.

bbls	Barrels
Mbbls	thousand barrels
Mcf	thousand cubic feet
MMcf	million cubic feet
MBOE	thousand barrels of oil equivalent
MMBTU	million British Thermal Units
AECO-C	Alberta Energy Company "C" Meter Station of the Nova Pipeline System
WTI	West Texas Intermediate
NYMEX	New York Mercantile Exchange
$M	thousand dollars
FD&A	finding, development and acquisition
1P	proved reserves
2P	proved plus probable reserves
BT	before tax
AT	after tax
NPV	net present value
P&NG	petroleum and natural gas

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