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

KELT REPORTS RESERVES AT DECEMBER 31, 2013, PROVIDES PRODUCTION UPDATE AND ANNOUNCES NON-CORE PROPERTY DISPOSITION

Kelt Exploration Ltd. ("Kelt" or the "Company") has released its reserves and operating results for the year ended December 31, 2013. A summary of results is as follows:

Reserves		*Weighting*
Oil [mbbls]	**11,808**	**20%**
NGLs [mbbls]	**5,002**	**8%**
Gas [mmcf]	**254,329**	**72%**
Combined [MBOE]	**59,198**	**100%**
Finding, development & acquisition ("FD&A") costs		*Recycle Ratio*
Proved, including future development capital ("FDC") [$/BOE]	**$ 18.82**	**1.3 x**
Proved plus probable, including FDC [$/BOE]	**$ 13.23**	**1.8 x**
Drilling Activity	*Gross Wells*	*Net Wells*
Wells drilled	**19**	**12.1**
Success rate	**100%**	**100%**
Land Holdings	*Gross Acres*	*Net Acres*
Developed	**255,320**	**113,273**
Undeveloped	**299,142**	**184,082**
Total	**554,462**	**297,355**
2013 Average Production	*Calendar year (365 days)*	*Since commencement of active operations (308 days)*
Oil [bbls/d]	**516**	**611**
NGLs [bbls/d]	**297**	**352**
Gas [mmcf/d]	**18,888**	**22,384**
Combined [BOE/d]	**3,961**	**4,694**
Q4 2013 Average Production		*Weighting*
Oil [bbls/d]	**809**	**14%**
NGLs [bbls/d]	**487**	**8%**
Gas [mmcf/d]	**26,660**	**78%**
Combined [BOE/d]	**5,739**	**100%**
	P&NG Reserves discounted @ 8%	*P&NG Reserves discounted @ 10%*
Net asset value [$M]	**$ 706,405**	**$ 640,905**
Fully diluted common shares outstanding [000's]	**114,069**	**114,069**
Net asset value per share [$]	**$ 6.19**	**$ 5.62**

PRODUCTION

Kelt achieved production levels that exceeded its public guidance. Average production for 2013 was 3,961 BOE per day (4,694 BOE per day for the 308 operating day period commencing on February 27, 2013) and production for the fourth quarter was 5,739 BOE per day. After giving effect to the Pouce Coupe/Spirit River acquisition that was completed on December 20, 2013, exit 2013 production was approximately 9,800 BOE per day (29% oil and NGLs and 71% gas).

RESERVES

Kelt retained Sproule Associates Limited ("Sproule"), an independent qualified reserve evaluator to prepare a report on 100% of its oil and gas reserves. The Company has a Reserves Committee which oversees the selection, qualifications and reporting procedures of the independent engineering consultants. Reserves as at December 31, 2013 were determined using the guidelines and definitions set out under National Instrument 51-101 ("NI 51-101").

At December 31, 2013, Kelt's proved plus probable reserves were 59.2 million BOE. The Company's net present value of proved plus probable reserves at December 31, 2013, discounted at 10% before tax, was $557.4 million. Forecasted commodity prices for 2014 used to determine the present value of the Company's reserves were US$94.65/bbl for WTI oil and CA$3.79/GJ for AECO gas. Forecasted commodity prices for future years are shown in the table below.

The reserve life index for proved plus probable reserves was 13.9 years. At December 31, 2013, the weighting of proved plus probable reserves was 20% oil, 8% NGLs and 72% gas.

The following table outlines a summary of the Company's reserves at December 31, 2013:

SUMMARY OF RESERVES				
	Oil [mbbls]	NGLs [mbbls]	Gas [mmcf]	Combined [MBOE]
Proved Developed Producing	4,500	1,082	75,873	18,228
Proved Developed Non-producing	180	28	966	369
Proved Undeveloped	1,990	1,531	78,857	16,664
Total Proved ("1P")	**6,670**	**2,641**	**155,696**	**35,260**
Probable Additional	5,138	2,361	98,633	23,938
Total Proved plus Probable ("2P")	**11,808**	**5,002**	**254,329**	**59,198**

Future development capital ("FDC") expenditures of $219.6 million included in the reserve evaluation for total proved reserves are expected to be spent as follows: $64.2 million in 2014, $89.5 million in 2015 and $41.9 million in 2016 and $24.0 million thereafter. FDC of $331.3 million included for proved plus probable reserves are expected to be spent as follows: $114.1 million in 2014, $108.9 million in 2015, $75.4 million in 2016 and $32.9 million thereafter.

The following table outlines FDC expenditures by major prospect included in the December 31, 2013 reserve evaluation:

FDC EXPENDITURES			
	2P FDC ($M)	2P Gross Drills	2P Net Drills
Inga/Fireweed – Doig/Montney	142,318	50	21.3
Karr – Montney	60,869	8	8.0
Pouce Coupe – Montney	113,210	15	15.0
Spirit River – Charlie Lake	9,080	2	2.0
Other costs	5,823	-	-
Total FDC Expenditures	**331,300**	**75**	**46.3**

The WTI oil price during the years 2011 to 2013 were range bound averaging between US$94.19 and US$97.98 per barrel. After a precipitous decline in natural gas prices in 2012 during which AECO-C averaged $2.30 per GJ, prices increased to average $2.97 per GJ in 2013. Significantly higher prices have been realized to date in 2014.

Sproule is forecasting WTI oil prices to average US$91.95 per bbl over the next five years,7% higher than the average price of US$85.65 per bbl over the past five years. For natural gas, AECO-C natural gas prices are forecasted to average $4.16 per GJ over the 2014 to 2018 period, an increase of 25% from the average price of $3.34 per GJ during the 2009 to 2013 period.

The following table outlines forecasted future prices that Sproule has used in their evaluation of the Company's reserves at December 31, 2013:

FUTURE COMMODITY PRICE FORECAST			
	WTI Cushing Crude Oil [US$/bbl]	USD/CAD Exchange [US$]	AECO-C Natural Gas [$/GJ]
2014	94.65	0.940	3.79
2015	88.37	0.940	3.78
2016	84.25	0.940	3.79
2017	95.52	0.940	4.67
2018	96.96	0.940	4.75
Five Year Average	**91.95**	**0.940**	**4.16**

The Company's net present value of proved plus probable reserves, discounted at 10% before tax was $557.4 million. The undiscounted future net cash flow, before tax, was $1.1 billion.

The following table is a net present value summary (before tax) as at December 31, 2013:

NET PRESENT VALUE SUMMARY (BEFORE TAX)				
	Undiscounted [$000's]	NPV 5% BT [$000's]	NPV 8% BT [$000's]	NPV 10% BT [$000's]
Proved Developed Producing	**379,455**	**306,367**	**275,300**	**258,152**
Total Proved	**584,807**	**428,854**	**366,000**	**332,214**
Total Proved plus Probable	**1,097,640**	**749,914**	**622,900**	**557,361**

The Company's net present value of proved plus probable reserves, discounted at 10% after tax was $437.2 million. The undiscounted future net cash flow, after tax, was $860.3 million.

The following table is a net present value summary (after tax) as at December 31, 2013:

NET PRESENT VALUE SUMMARY (AFTER TAX)				
	Undiscounted [$000's]	NPV 5% AT [$000's]	NPV 8% AT [$000's]	NPV 10% AT [$000's]
Proved Developed Producing	**323,689**	**265,704**	**240,800**	**226,993**
Total Proved	**477,653**	**351,813**	**300,800**	**273,376**
Total Proved plus Probable	**860,322**	**588,831**	**488,900**	**437,163**

During 2013, the Company's capital expenditures (unaudited), net of dispositions, resulted in proved plus probable reserve additions of 60.6 million BOE, resulting in FD&A costs of $13.23 per BOE, including FDC costs. Proved reserve additions in 2013 were 36.7 million BOE, resulting in FD&A costs of $18.82 per BOE, including FDC costs.

During its first year of operations, Kelt has successfully added high quality reserves at a low FD&A cost per BOE. This has been primarily a result of the Company's successful exploration and development drilling programs at Karr in Alberta and Inga in British Columbia. At Karr, the Company is at an early stage in the delineation and de-risking of a potential Montney oil (with associated gas) multi-year development play.

At Inga, Kelt has participated with its partner in developing a condensate-rich natural gas Doig resource play, and with recent success, it appears to have extended the size of the resource on the Company's southern land block. Also at Inga, Kelt, along with its partner, has commenced exploration drilling on its Montney lands where initial results have been encouraging.

In addition to its drilling program, Kelt completed a significant acquisition in the Pouce Coupe and Spirit River area of Alberta. The acquisition was completed on December 20, 2013 and the Company has identified 136 gross (112 net) horizontal drilling locations primarily targeting the Montney, Doig and Charlie Lake formations. In the December

31, 2013 reserve evaluation, 17 gross (17 net) horizontal locations are included in future development capital in this area, leaving the Company with a significant inventory of potential un-booked reserves.

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. Using the operating netback for the December 20th to 31st, 2013 period, which would include operations from the assets acquired at Pouce Coupe and Spirit River on December 20, 2013, the proved plus probable recycle ratio was 1.8 times. As the Company commences development of these acquired assets, it expects to have a future recycle ratio in excess of 2.0 times.

Kelt's 2013 capital investment program resulted in net reserve additions that replaced 2013 production by a factor of 25.4 times on a proved basis and 42.0 times on a proved plus probable basis.

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

	Year ended December 31, 2013
1P RESERVES	
Capital expenditures [$000's] *[unaudited]*	**329,143**
Value of assets conveyed from Celtic Exploration Ltd.	**141,961**
Change in FDC costs required to develop reserves [$000's]	**219,600**
Total capital costs [$000's]	**690,704**
Reserve additions, net [MBOE]	**36,705**
FD&A cost, before FDC [$/BOE]	**8.97**
FD&A cost, including FDC [$/BOE]	**18.82**
Operating netback [$/BOE] [unaudited] [1]	**23.74**
Recycle ratio – proved	**1.3 x**
2P RESERVES	
Capital expenditures [$000's] [unaudited]	**329,143**
Value of assets conveyed from Celtic Exploration Ltd.	**141,961**
Change in FDC costs required to develop reserves [$000's]	**331,300**
Total capital costs [$000's]	**802,404**
Reserve additions, net [MBOE]	**60,643**
FD&A cost, before FDC [$/BOE]	**5.43**
FD&A cost, including FDC [$/BOE]	**13.23**
Operating netback [$/BOE] [unaudited] [1]	**23.74**
Recycle ratio – proved plus probable	**1.8 x**

[1] Operating netback is for the period from December 20, 2013 to December 31, 2013, as this period reflects production from the Pouce Coupe/Spirit River acquisition that was completed on December 20, 2013.

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, 2012	**0**	**0**	**0**	**0**
Extensions	1,180	742	19,094	5,104
Infill drilling	179	171	4,463	1,094
Discoveries	82	20	348	160
Technical revisions	0	0	0	0
Economic factors	0	0	0	0
Acquisitions	5,417	1,816	138,685	30,347
Dispositions	0	0	0	0
Net additions	**6,858**	**2,749**	**162,590**	**36,705**
2013 Production	(188)	(108)	(6,894)	(1,445)
Balance, December 31, 2013	**6,670**	**2,641**	**155,696**	**35,260**

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, 2012	**0**	**0**	**0**	**0**
Extensions	3,996	2,058	49,616	14,323
Infill drilling	234	220	5,755	1,413
Discoveries	113	28	480	221
Technical revisions	0	0	0	0
Economic factors	0	0	0	0
Acquisitions	7,653	2,804	205,372	44,686
Dispositions	0	0	0	0
Net additions	**11,996**	**5,110**	**261,223**	**60,643**
2013 Production	(188)	(108)	(6,894)	(1,445)
Balance, December 31, 2013	**11,808**	**5,002**	**254,329**	**59,198**

NET ASSET VALUE

Kelt's net asset value per share at December 31, 2013 was $6.19 (P&NG reserves discounted at 8% BT) and $5.62 (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% BT [$ 000's]	NPV discounted @ 10% BT [$ 000's]
Present value of P&NG reserves, discounted, before tax	622,900	557,400
Undeveloped land	63,384	63,384
Working capital surplus [1] *[Unaudited]*	2,578	2,578
Proceeds from exercise of stock options	17,543	17,543
Net asset value	**706,405**	**640,905**
Diluted common shares outstanding (000's)	114,069	114,069
Net asset value per share ($/share)	**6.19**	**5.62**

[1] Working capital excludes assets held for sale and non-cash items.

NON-CORE PROPERTY DISPOSITION

On February 10, 2014, Kelt completed the disposition of non-core and non-operated assets that were part of the assets included in the acquisition that was completed on December 20, 2013 in northwestern Alberta. The Company received proceeds of $20.0 million, before closing adjustments. Current net production from these assets is estimated to be approximately 210 barrels per day of oil. Proved reserves, as at December 31, 2013, were 500,500 barrels and proved plus probable reserves were 635,100 barrels. Kelt had not assigned any future development capital or future potential drilling locations to these assets.

Kelt will continue to seek optimization of its asset base by building on its core properties and monetizing non-core assets.

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 and the extent of the size of resource. 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, 2013 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 value of petroleum and natural gas reserves, undeveloped land value, working capital surplus and proceeds from exercise of stock options, and dividing by the diluted number of common shares outstanding.

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
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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