PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
March 11, 2014
Calgary, Alberta

KELT REPORTS FINANCIAL AND OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2013

Kelt Exploration Ltd. ("Kelt" or the "Company") has released its financial and operating results for the quarter and year ended December 31, 2013. The Company's financial results are summarized as follows:

(CA$ thousands, except as otherwise indicated)	Three months ended December 31, 2013	Year ended December 31, 2013
Revenue, before royalties and financial instruments	18,543	46,656
Funds from operations(1)	9,396	23,656
Basic ($/ common share)(1)	0.09	0.32
Diluted ($/ common share)(1)	0.09	0.32
Profit (loss)	(1,838)	(5,115)
Basic ($/ common share)	(0.02)	(0.07)
Diluted ($/ common share)	(0.02)	(0.07)
Capital expenditures, prior to completion of the Arrangement	(6)	23,247
Capital expenditures, subsequent to completion of the Arrangement	231,335	305,896
Total capital expenditures	231,329	329,143
Total assets	485,201	485,201
Bank debt	-	-
Working capital surplus	20,500	20,500
Shareholders' equity	392,872	392,872
Weighted average common shares outstanding (000's)		
Basic	99,244	74,554
Diluted	100,242	75,093

(1) Refer to advisory regarding non-GAAP measures

FINANCIAL STATEMENTS

Kelt's audited annual financial statements and related notes for the year ended December 31, 2013 will be available to the public on SEDAR at www.sedar.com and will also be posted on the Company's website at www.keltexploration.com on March 11, 2014.

Kelt's operating results for the quarter and year ended December 31, 2013 are summarized as follows:

	Three months ended December 31, 2013	Year ended December 31, 2013
Average daily production		
Oil (bbls/d)	809	516
NGLs (bbls/d)	487	297
Gas (mcf/d)	26,660	18,888
Combined (BOE/d)[2]	5,739	3,961
Production per million common shares (BOE/d)[1]	58	53
Average realized prices, after financial instruments		
Oil ($/bbl)	81.35	86.77
NGLs ($/bbl)	57.00	52.76
Gas ($/mcf)	3.97	3.51
Operating netbacks[1] ($/BOE)		
Oil and gas revenue	35.12	32.27
Cash premium on financial instruments	-	0.16
Realized loss on financial instruments	(0.38)	(0.40)
Average realized price, after financial instruments	34.74	32.03
Royalties	(4.71)	(4.37)
Production and transportation expense	(11.36)	(10.69)
Operating netback[1]	18.67	16.97
Drilling Activity		
Total wells	6	19
Working interest wells	4.2	12.2
Success rate on working interest wells	100%	100%
Undeveloped land		
Gross acres		299,142
Net acres		184,082
Reserves – proved plus probable		
Oil (mbbls)		11,808
NGLs (mbbls)		5,002
Gas (mmcf)		254,329
Combined (mBOE)		59,198

(1) Refer to advisory regarding non-GAAP measures

(2) Average daily production reported above is calculated over the 365 day period ended December 31, 2013. Production for the 308 day period following commencement of active operations on February 27, 2013, averaged 4,694 BOE per day.

MESSAGE TO SHAREHOLDERS

The Company is pleased to report its fourth quarter interim results and full year results to shareholders for the period ended December 31, 2013.

Kelt was incorporated on October 11, 2012 for the purpose of participating in a Plan of Arrangement between ExxonMobil Canada Ltd., ExxonMobil Celtic ULC and Celtic Exploration Ltd. and Kelt (the "Arrangement"). The Arrangement was completed on February 26, 2013, at which time Kelt commenced active operations.

Kelt achieved production levels in 2013 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). During the fourth quarter of 2013, production averaged 5,739 BOE per day, up 24% from average production of 4,636 BOE per day during the third quarter of 2013. 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), representing a 173% increase from the average production of 3,588 BOE per day for the 33-day period ended March 31, 2013.

For the three months ended December 31, 2013, revenue was $18.5 million and funds from operations was $9.4 million. At December 31, 2013, Kelt did not have any outstanding bank debt on its $100.0 million demand loan facility, with a chartered bank in Canada. The working capital surplus position, including cash and cash equivalents, at the end of the fourth quarter was $20.5 million.

On December 3, 2013, the Company completed an equity financing issuing 12.4 million common shares at a price of $8.15 per share, resulting in aggregate gross proceeds of $101.1 million. Certain insiders participated in the private placement, acquiring 2.4 million of these common shares for an aggregate subscription price of $19.6 million.

On December 20, 2013, Kelt completed the acquisition of oil and gas assets located at Pouce Coupe/Spirit River, in close proximity to the city of Grande Prairie, Alberta. The Company paid $192.0 million, before closing adjustments, for approximately 4,800 BOE (40% oil and 60% gas) per day of production. Subsequently, on February 10, 2014, the Company disposed of approximately 210 barrels per day of oil production for proceeds of $20.0 million, before closing adjustments.

Kelt drilled 19 gross (12.2 net) wells during 2013, with a 100% success rate. The Company drilled 11 gross (4.4 net) wells at Inga, British Columbia. The target at Inga is condensate-rich natural gas in the Doig (8 gross/3.2 net wells) and Montney (3 gross/1.2 net wells) formations. The Company drilled 6 gross (5.8 net) wells at Karr targeting the Montney oil formation. In addition, Kelt drilled a Wilrich/Falher test at Chicken/Grande Cache and an exploration test in west central Alberta, both at 100% working interest.

On March 5, 2014, Kelt entered into an agreement with a syndicate of underwriters to issue, on a private placement basis, 8.5 million common shares at a price of $11.60 per common share and 1.53 million common shares on a “flow-through” basis in respect of Canadian development expenses at a price of $12.75 per flow-through common share. In addition, certain directors, officers and employees of the Company subscribed to 1.105 million flow-through common shares or 10% of the total offering (collectively, the “Private Placements). The Private Placements, which will result in aggregate gross proceeds of $132.2 million, are expected to close on or about March 25, 2014. The underwriters have been granted an over-allotment option, exercisable for a 30 day period following closing, to purchase an additional 1.275 million common shares at the same offering price of $11.60 per common share, which would result in additional gross proceeds of $14.8 million if exercised. The proceeds of the Private Placements will be used to partially fund the Company’s $250.0 million capital expenditure program, and for general working capital purposes.

As at March 10, 2014, the Company has 110.0 million common shares issued and outstanding. Directors and officers of Kelt own (including shares that they exercise control or direction over) 23.3 million common shares or 21.2% of the total shares outstanding.

Entering 2014, Kelt is well positioned financially and expects that it will have sufficient financial flexibility to carry out its operations during the year and pursue new opportunities as they arise. Management is excited about the Company’s prospects and looks forward to updating shareholders with further results in the near future.

2014 GUIDANCE

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 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.

Kelt's Board of Directors has approved a 2014 capital expenditure budget of $250.0 million, net of dispositions (previously $130.0 million). In aggregate, the Company expects to spend $198.0 million on drilling and completing wells, $34.5 million on facilities, equipment and pipelines, and $30.0 million on land and seismic. Proceeds from dispositions, net of acquisitions, are expected to be $12.5 million.

Kelt expects production in 2014 to average approximately 11,000 (previously 10,500) BOE per day. Production is expected to be weighted 20% oil, 8% NGLs, and 72% gas; however, operating income in 2014 is expected to be derived 41% from oil production, 12% from NGLs production, and 47% from gas production.

The Company's average commodity price assumptions for 2014 are US$90.00 (previously US$87.50) per barrel for WTI oil, US$4.65 (previously US$3.95) per MMBTU for NYMEX natural gas, $4.50 (previously $3.50) per GJ for AECO natural gas and a US/Canadian dollar exchange rate of US$0.920 (previously US$0.952). These prices compare to average calendar 2013 prices of US$97.98 per barrel for WTI oil, US$3.68 per MMBTU for NYMEX natural gas, $2.97 per GJ for AECO natural gas and a US/Canadian dollar exchange rate of US$0.971. After giving effect to the aforementioned production and commodity price assumptions as well as the increased capital expenditure budget and the Private Placements funds from operations for 2014 is forecasted to be approximately $102.0 million or $0.85 per common share, diluted (previously $78.0 million or $0.69 per common share, diluted).

Kelt estimates that the Company's bank indebtedness, net of working capital, will be approximately $17.9 million (previously $52.0 million) at December 31, 2014, after giving effect to proceeds from dispositions realized in February 2014 as well as proceeds from the Private Placements (not including the over-allotment option). Kelt has established a demand operating loan facility with a Canadian chartered bank with an authorized borrowing limit of $100.0 million.

Changes in forecasted commodity prices and variances in production estimates can have a significant impact on estimated funds from operations and profit. Please refer to the cautionary statement on forward-looking statements and information set out below.

The information set out herein under the heading "2014 Guidance" is "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 2014. Readers are cautioned that this financial outlook may not be appropriate for other purposes.

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 expected closing of the Private Placements and the extent and size of Kelt's reserves.

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.

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 income” is calculated by deducting royalties, production expenses and transportation expenses from oil and gas revenue, after realized financial instruments and cash premiums. The Company refers to operating income expressed per unit of production as an “Operating netback”. “Funds from operations” is calculated by adding back settlement of decommissioning obligations and change in non-cash operating working capital to cash provided by operating activities. Funds from operations per common share is calculated on a consistent basis with profit (loss) per common share, using basic and diluted weighted average common shares as determined in accordance with GAAP. Funds from operations and operating income or netbacks are used by Kelt as key measures of performance and are not intended to represent operating profits nor should they be viewed as an alternative to cash provided by operating activities, profit or other measures of financial performance calculated in accordance with GAAP.

“Production per common share” is calculated by dividing total production by the basic weighted average number of common shares outstanding, as determined in accordance with GAAP.

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
mcf	thousand cubic feet
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

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