PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
August 12, 2014
Calgary, Alberta

KELT REPORTS FINANCIAL AND OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2014

Kelt Exploration Ltd. ("Kelt" or the "Company") has released its financial and operating results for the three and six months ended June 30, 2014. The Company's financial results are summarized as follows:

FINANCIAL HIGHLIGHTS	Three months ended June 30			Six months ended June 30		
(CA$ thousands, except as otherwise indicated)	**2014**	2013	%	**2014**	2013	%
Revenue, before royalties and financial instruments	**51,366**	11,860	333%	**99,159**	15,725	531%
Funds from operations[1]	**27,956**	6,608	323%	**54,040**	8,787	515%
Basic ($/ common share)[1]	**0.23**	0.08	188%	**0.46**	0.16	188%
Diluted ($/ common share)[1]	**0.22**	0.08	175%	**0.45**	0.16	181%
Profit (loss)	**3,336**	(737)	-	**8,187**	(877)	-
Basic ($/ common share)	**0.03**	(0.01)	-	**0.07**	(0.02)	-
Diluted ($/ common share)	**0.03**	(0.01)	-	**0.07**	(0.02)	-
Total capital expenditures, net of dispositions	**36,559**	15,376	138%	**77,492**	55,586	39%
Total assets	**669,098**	229,370	192%	**669,098**	229,370	192%
Bank debt	**-**	-	-	**-**	-	-
Working capital surplus	**116,488**	58,058	101%	**116,488**	58,058	101%
Shareholders' equity	**544,735**	191,256	185%	**544,735**	191,256	185%
Weighted average shares outstanding (000's)						
Basic	**122,456**	83,379	47%	**116,755**	54,529	114%
Diluted	**124,728**	83,659	49%	**118,832**	54,630	118%

(1) Refer to advisory regarding non-GAAP measures.

FINANCIAL STATEMENTS

Kelt's unaudited condensed interim financial statements and related notes for the quarter ended June 30, 2014 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 August 12, 2014.

Kelt's operating results for the three and six months ended June 30, 2014 are summarized as follows:

OPERATIONAL HIGHLIGHTS	Three months ended June 30			Six months ended June 30		
(CA$ thousands, except as otherwise indicated)	**2014**	2013	%	**2014**	2013	%
Average daily production						
Oil (bbls/d)	**2,590**	523	395%	**2,509**	342	634%
NGLs (bbls/d)	**826**	258	220%	**740**	171	333%
Gas (mcf/d)	**47,792**	19,894	140%	**45,094**	13,211	241%
Combined (BOE/d)	**11,381**	4,097	178%	**10,765**	2,715	297%
Production per million common shares (BOE/d)[1]	**93**	49	90%	**92**	50	84%
Average realized prices, after financial instruments						
Oil ($/bbl)	**96.08**	93.28	3%	**92.97**	92.03	1%
NGLs ($/bbl)	**63.60**	40.70	56%	**66.12**	47.94	38%
Gas ($/mcf)	**5.18**	3.69	40%	**5.56**	3.68	51%
Operating netbacks[1] ($/BOE)						
Oil and gas revenue	**49.59**	31.81	56%	**50.89**	32.01	59%
Realized gain/(loss) on financial instruments	**(1.36)**	0.61	-	**(1.37)**	0.47	-
Average realized price, after financial instruments	**48.23**	32.42	49%	**49.52**	32.48	52%
Royalties	**(6.49)**	(2.54)	156%	**(6.50)**	(2.98)	118%
Production and transportation expense	**(14.11)**	(11.46)	23%	**(14.57)**	(10.86)	34%
Operating netback[1]	**27.63**	18.42	50%	**28.45**	18.64	53%
Undeveloped land						
Gross acres	**377,462**	142,973	164%	**377,462**	142,973	164%
Net acres	**244,303**	80,837	202%	**244,303**	80,837	202%

(1) Refer to advisory regarding non-GAAP measures.

MESSAGE TO SHAREHOLDERS

The Company is pleased to report its second quarter interim results to shareholders for the three months ended June 30, 2014.

Kelt achieved record production levels in the second quarter of 2014. Average production for the three months ended June 30, 2014 was 11,381 BOE per day, up 178% from average production of 4,097 BOE per day during the second quarter of 2013. On a production per share basis, the second quarter of 2014 was up 90% compared to the second quarter of 2013. Daily average production in the second quarter of 2014 was 12% higher than the average production of 10,143 BOE per day in the first quarter of 2014.

For the three months ended June 30, 2014, revenue was $51.4 million, funds from operations was $28.0 million ($0.22 per common share, diluted) and profit was $3.3 million ($0.03 per common share, diluted). At June 30, 2014, Kelt did not have any outstanding bank debt and had a working capital surplus position, including cash and cash equivalents, of $116.5 million.

During the three months ended June 30, 2014, Kelt drilled eight gross (5.6 net) oil and gas wells, with a 100% success rate. The Company participated in the drilling of a horizontal well (40% WI) at Inga, British Columbia. This well is part of a ten (4.3 net) well program planned for 2014 in the Inga/Fireweed area where the Company is targeting condensate-rich natural gas in the Triassic formation.

The Company drilled a horizontal well (75% WI) at Karr, Alberta, targeting the Triassic Montney oil formation.

This well is the Company's first well at Karr that is targeting the Middle Montney, as all previous Karr wells were drilled in the Upper Montney.

At Pouce Coupe, Alberta, the Company drilled two horizontal wells (100% WI) in the Triassic Montney formation and participated in the drilling of a horizontal well (15% WI) in the Doig formation and another horizontal well (25% WI) in the Halfway formation. At Spirit River, Alberta, Kelt drilled two horizontal wells (100% WI) in the Triassic Charlie Lake formation.

Kelt's previously disclosed capital expenditure budget of $428.0 million for 2014 remains unchanged. This budget includes the $165.0 million acquisition of Montney assets at Valhalla/La Glace that was completed on July 2, 2014. Kelt drilled 16 (12.5 net) wells during the first six months of the year and capital expenditures, net of proceeds from dispositions, were $77.5 million. As a result, the Company expects to have a very busy second half in 2014, whereby $185.5 million in exploration and development capital expenditures are forecasted. Kelt plans to drill 21 gross (17.3 net) horizontal wells in the second half of 2014.

During the remainder of 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 third quarter results in November 2014.

2014 GUIDANCE

Kelt continues to remain 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 endeavours to maintain a high quality product stream that on a historical basis receives a superior price. In addition, the Company focuses its exploration efforts in areas of multi-zone/stacked hydrocarbon potential, primarily in west central Alberta.

Kelt's Board of Directors has approved a 2014 capital expenditure budget of $428.0 million, net of dispositions. The Company expects to spend $209.0 million on drilling and completing wells, $35.5 million on facilities, equipment and pipelines, and $31.0 million on land and seismic. Acquisitions, net of proceeds from dispositions are expected to be $152.5 million.

Kelt expects production in 2014 to average approximately 12,250 BOE per day (previous forecast was 12,150 BOE per day). Average production for 2014 is expected to be weighted 28% oil, 7% NGLs, and 65% gas; however, operating income in 2014 is expected to be derived 59% from oil production, 9% from NGLs production, and 32% from gas production. The Company's forecasted average production for 2014 accounts for approximately 2,150 BOE per day of volumes at Karr that was shut-in for approximately two weeks during July as a result of the scheduled four year plant turnaround operations at the Karr Gas Plant.

The Company expects to exit 2014 with production of approximately 15,300 BOE per day with a higher weighting towards oil. Exit 2014 production is expected to be weighted 32% oil, 8% NGLs, and 60% gas.

The Company's average commodity price assumptions for 2014 are US$96.00 (previous forecast was US$92.00) per barrel for WTI oil, US$4.40 (previous forecast was US$4.60) per MMBTU for NYMEX natural gas, $4.35 (previous forecast was $4.55) per GJ for AECO natural gas and a US/Canadian dollar exchange rate of US$0.9259 (previous forecast was US$0.9174). In determining the estimated average 2014 prices, the Company has assumed that WTI oil will average US$89.50 per barrel from August 1st to December 31st, 2014 and AECO natural gas will average $3.75 per GJ from August 1st to December 31st, 2014. Estimated average 2014 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$0.9710.

Funds from operations for 2014 are forecasted to be approximately $117.5 million or $0.95 per common share, diluted. Kelt estimates that the Company's bank indebtedness, net of working capital, will be approximately $110.0 million at December 31, 2014. Kelt currently has a committed term credit facility with a syndicate of financial institutions. The lenders approved a borrowing base of $170.0 million (prior to the Company's recently announced acquisition of Montney assets near Grande Prairie), and a commitment amount of $100.0 million. Kelt expects to increase the commitment amount available under its credit facility prior to November 1st, 2014.

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 future financial and operating results.

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 gains or losses on financial instruments. 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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