PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
May 7, 2013
Calgary, Alberta

KELT REPORTS FINANCIAL AND OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2013

Kelt Exploration Ltd. ("Kelt" or the "Company") has released its financial and operating results for the three months ended March 31, 2013. Summary of results are as follows:

(CA$ thousands, except as otherwise noted)	**Three months ended March 31, 2013**
Revenue, before royalties	**3,865**
Funds from operations[(1)]	**2,179**
Basic ($/common share)[(1)]	**0.09**
Diluted ($/common share)[(1)]	**0.09**
Profit (loss)	**(140)**
Basic ($/common share)	**(0.01)**
Diluted ($/common share)	**(0.01)**
Capital expenditures, prior to completion of the Arrangement	**22,856**
Capital expenditures, subsequent to completion of the Arrangement	**17,354**
Total capital expenditures	**40,210**
Total assets	**141,834**
Bank debt	**-**
Working capital deficiency	**24,471**
Shareholders' equity	**98,138**
Weighted average common shares outstanding (000's)	
Basic	**25,359**
Diluted	**25,359**

(1) Refer to advisory regarding non-GAAP measures

FINANCIAL STATEMENTS

Kelt's unaudited interim financial statements and related notes for the quarter ended March 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 May 7, 2013.

Kelt's operating results for the 90 day quarter ended March 31, 2013 are summarized in the table below:

(CA$ thousands, except as otherwise noted)	**Three months ended March 31, 2013**
Average daily production	
Oil (bbls/d)	**158**
NGLs (bbls/d)	**82**
Gas (mcf/d)	**6,454**
Combined (BOE/d)(2)	**1,316**
Production per million common shares (BOE/d)	**52**
Average realized prices	
Oil ($/bbl)	**87.84**
NGLs ($/bbl)	**70.96**
Gas ($/mcf)	**3.60**
Operating netbacks(1) ($/BOE)	
Revenue	**32.64**
Royalties	**(4.36)**
Production and transportation expense	**(9.00)**
Operating netback(1)	**19.28**
Undeveloped land	
Gross acres	**134,238**
Net acres	**72,166**

(1) Refer to advisory regarding non-GAAP measures

(2) Average daily production reported in the table above is calculated over the 90 day period ended March 31, 2013. Production for the 33 day period following commencement of active operations on February 27, 2013, averaged 3,588 BOE per day.

MESSAGE TO SHAREHOLDERS

The Company is pleased to report its first quarterly results to shareholders after it commenced trading on the Toronto Stock Exchange on March 1, 2013.

Kelt was incorporated on October 11, 2012 for the purpose of participating in a Plan of Arrangement (the "Arrangement") involving ExxonMobil Canada Ltd., ExxonMobil Celtic ULC, Celtic Exploration Ltd. and Kelt. The Plan of Arrangement was completed on February 26, 2013, following which time, Kelt commenced active operations. As a result, production, revenue and funds from operations included in this first quarter interim report were generated during the 33 day period from February 27, 2013 to March 31, 2013.

Kelt is an oil and gas exploration, development and production company with land holdings in three core areas in Western Canada:

- 71,363 gross (28,149 net) acres in a condensate-rich gas property at Inga in northeastern British Columbia;
- 105,920 gross (57,214 net) acres in a gas property at Grande Cache in west central Alberta; and
- 22,400 gross (22,080 net) acres in an oil exploration prospect at Karr in west central Alberta.

This suite of assets provides the Company with a mix of lower risk development and higher risk exploration plays, as well as, a diversified portfolio of natural gas, condensate and light oil production.

Having exposure to the different commodity price points will benefit the Company during periods of volatile price fluctuations. During the first quarter of 2013, the price for Edmonton sweet light oil averaged $88.65 per barrel, up 2% from $86.57 per barrel in the year 2012. During the first quarter of 2013, the price for condensate averaged $108.11 per barrel, up 7% from $100.76 per barrel in the year 2012. During the first quarter of 2013, the price for AECO gas averaged $3.08 per MMBTU, up 27% from $2.43 per MMBTU in the year 2012.

Since commencing active operations on February 27, 2013 and during the 33 day period ended March 31, 2013, production averaged 3,588 BOE per day (82% gas and 18% oil & NGLs), revenue was $3.9 million and funds from operations was $2.2 million. Production averaged 1,316 BOE per day during the 90 day quarter ended March 31, 2013.

At March 31, 2013, Kelt did not have any outstanding bank debt on its $40.0 million demand loan facility with a chartered bank in Canada. The working capital position at the end of the first quarter was a deficiency of $24.5 million.

Subsequent to the quarter-end, on April 5, 2013, the Company completed equity financings resulting in aggregate gross proceeds of $94.35 million. 11.0 million common shares were issued at a price of $5.55 per share pursuant to a brokered private placement for gross proceeds of $61.05 million and 6.0 million common shares were issued at a price of $5.55 per share pursuant to a non-brokered private placement to certain directors, officers and employees of the Company for gross proceeds of $33.3 million.

As at May 6, 2013, the Company has 84.1 million common shares issued and outstanding. Directors and officers of Kelt own (including shares that they exercise control or direction over) 19.9 million common shares or 23.7% of the total shares outstanding.

Entering the second quarter of 2013, 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.

2013 GUIDANCE

Kelt is 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 prospects and by adding new exploration prospects. Kelt will endeavour 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 2013 capital expenditure budget of $52.0 million. In addition, and in connection with the Arrangement, approximately $25.0 million was expected to be incurred by Kelt with respect to capital projects, including land acquisitions, prior to the completion of the Arrangement on February 26, 2013. In aggregate, the Company expects to spend $54.7 million on drilling and completing wells, $11.0 million on facilities, equipment and pipelines, and $11.3 million on land and seismic.

Kelt expects production in 2013 to average between 3,100 and 3,300 BOE per day during the 365 day year (3,700 and 3,900 BOE per day, for the 308 day period following commencement of active operations on February 27, 2013). At the mid-level of the range of 2013's average production forecast, production is expected to be weighted 22% oil & NGLs and 78% gas; however, operating income in 2013 is expected to be generated 52% from oil & NGL production and 48% from gas production.

The Company's average commodity price assumptions for the period from February 27, 2013 to December 31, 2013 are US$89.00 per barrel for WTI oil, US$4.15 per MMBTU for NYMEX natural gas, $3.50 per GJ for AECO natural gas and a US/Canadian dollar exchange rate of US$0.9900. These prices compare to average calendar 2012 prices of US$94.20 per barrel for WTI oil, US$2.80 per MMBTU for NYMEX natural gas, $2.26 per GJ for AECO natural gas and a US/Canadian dollar exchange rate of US$0.9994. After giving effect to the aforementioned production and commodity price assumptions, funds from operations for 2013 is forecasted to be approximately $23.6 million or $0.28 per common share, diluted.

Kelt estimates 2013 year-end bank debt to be nil and cash, net of working capital, to be approximately $53.0 million. Kelt has established a demand operating loan facility with a Canadian chartered bank with an authorized borrowing limit of $40.0 million. The Company expects to increase its authorized borrowing limit as new production and reserves are added.

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.

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

Certain information with respect to the Company contained herein, including expectations, beliefs, plans, goals, objectives, assumptions, information and statements about future events, conditions, results of operations, performance, Kelt's planned capital expenditure program, or management's assessment of future potential, contains forward-looking statements. These forward-looking statements are based on assumptions and are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency exchange rate fluctuations, imprecision of reserve estimates, environmental risks, competition from other explorers, stock market volatility, and ability to access sufficient capital. We caution that the foregoing list of risks and uncertainties is not exhaustive.

Kelt's actual results, performance or achievement could differ materially from those expressed or implied by these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur. As a result, undue reliance should not be placed on forward-looking statements.

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 netback" is calculated by deducting royalties, production expenses and transportation expenses from oil and gas revenue. "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 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.

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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