PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
March 6, 2019
Calgary, Alberta

KELT REPORTS FINANCIAL AND OPERATING RESULTS FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2018

Kelt Exploration Ltd. ("Kelt" or the "Company") has released its financial and operating results for the fourth quarter and year ended December 31, 2018. The Company's financial results are summarized as follows:

FINANCIAL HIGHLIGHTS	Three months ended December 31			Year ended December 31		
(CA$ thousands, except as otherwise indicated)	**2018**	2017	%	**2018**	2017	%
Petroleum and natural gas revenue, before royalties	**100,350**	80,838	24	**389,277**	257,557	51
Cash provided by operating activities	**63,656**	36,458	75	**186,383**	115,222	62
Adjusted funds from operations (1)	**47,140**	32,898	43	**186,839**	108,011	73
Basic ($/ common share) (1)	**0.26**	0.18	44	**1.02**	0.61	67
Diluted ($/ common share) (1)	**0.26**	0.18	44	**1.01**	0.61	66
Profit (loss) and comprehensive income (loss)	**2,843**	(5,389)	-153	**8,154**	(23,178)	-135
Basic ($/ common share)	**0.02**	(0.03)	-167	**0.04**	(0.13)	-131
Diluted ($/ common share)	**0.02**	(0.03)	-167	**0.04**	(0.13)	-131
Total capital expenditures, net of dispositions	**70,332**	55,778	26	**285,498**	127,977	123
Total assets	**1,423,521**	1,276,567	12	**1,423,521**	1,276,567	12
Net debt (1)	**196,416**	136,729	44	**196,416**	136,729	44
Convertible debentures	**78,390**	74,517	5	**78,390**	74,517	5
Shareholders' equity	**893,796**	845,701	6	**893,796**	845,701	6
Weighted average shares outstanding (000s)						
Basic	**183,994**	178,220	3	**182,576**	176,466	3
Diluted	**184,682**	179,898	3	**184,393**	177,920	4

(1) Refer to advisories regarding non-GAAP financial measures and other key performance indicators.

FINANCIAL STATEMENTS

Kelt's audited annual consolidated financial statements and related notes for the year ended December 31, 2018 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 6, 2019.

Kelt's operating results for the fourth quarter and year ended December 31, 2018 are summarized as follows:

OPERATIONAL HIGHLIGHTS	Three months ended December 31			Year ended December 31		
(CA$ thousands, except as otherwise indicated)	**2018**	2017	%	**2018**	2017	%
Average daily production						
Oil (bbls/d)	**9,301**	7,902	18	**8,403**	6,634	27
NGLs (bbls/d)	**3,783**	3,379	12	**3,186**	2,608	22
Gas (mcf/d)	**93,759**	82,689	13	**92,502**	77,330	20
Combined (BOE/d)	**28,711**	25,063	15	**27,006**	22,130	22
Production per million common shares (BOE/d) (1)	**156**	141	11	**148**	125	18
Average realized prices, before financial instruments(1)						
Oil ($/bbl)	**38.77**	65.13	-40	**65.82**	59.10	11
NGLs ($/bbl)	**27.75**	29.62	-6	**33.81**	27.72	22
Gas ($/mcf)	**6.37**	2.79	128	**3.76**	3.01	25
Operating netbacks ($/BOE) (1)						
Petroleum and natural gas revenue	**37.99**	35.06	8	**39.49**	31.89	24
Cost of purchases	**(1.05)**	(1.32)	-20	**(2.19)**	(0.38)	476
Average realized price, before financial instruments(1)	**36.94**	33.74	9	**37.30**	31.51	18
Realized gain (loss) on financial instruments	**(2.23)**	(0.32)	597	**(0.60)**	(0.13)	362
Average realized price, after financial instruments(1)	**34.71**	33.42	4	**36.70**	31.38	17
Royalties	**(2.10)**	(3.12)	-33	**(3.11)**	(2.92)	7
Production expense	**(8.58)**	(11.01)	-22	**(9.11)**	(10.05)	-9
Transportation expense	**(4.64)**	(3.11)	49	**(3.92)**	(3.13)	25
Operating netback (1)	**19.39**	16.18	20	**20.56**	15.28	35
Undeveloped land						
Gross acres	**710,981**	755,455	-6	**710,981**	755,455	-6
Net acres	**614,644**	637,823	-4	**614,644**	637,823	-4

(1) Refer to advisories regarding non-GAAP financial measures and other key performance indicators.

MESSAGE TO SHAREHOLDERS

The Canadian energy sector experienced high volatility during 2018 with fluctuating commodity prices and macro headlines driven by political decisions and economic factors. WTI crude oil prices averaged a high of US$70.98 per barrel in July, then plummeting 30% to average US$49.52 per barrel in December. Canadian light oil prices and condensate prices also experienced much volatility during the year, trading at unprecedented discounts to the equivalent Canadian dollar WTI oil price during November and December. Kelt was able to mitigate the reduced revenue during the fourth quarter of 2018 resulting from the wide oil differentials through its diversified natural gas marketing strategy whereby the Company realized significantly higher gas prices compared to AECO and Station 2 pricing at its price points in the Sumas, Malin, Chicago and Dawn hubs.

Average production for the three months ended December 31, 2018 was a Company record high quarterly production of 28,711 BOE per day, up 15% compared to average production of 25,063 BOE per day during the fourth quarter of 2017. Daily average production in the fourth quarter of 2018 was 10% higher than average production of 26,204 BOE per day in the third quarter of 2018. In addition, Kelt achieved a record high calendar year average production in 2018. Average production for 2018 was 27,006 BOE per day, up

22% from average production of 22,130 BOE per day in 2017 and within the Company's guidance range. Production for 2018 was weighted 43% oil and NGLs and 57% gas.

Kelt's realized average oil price during the fourth quarter of 2018 was $38.77 per barrel, down 52% from $80.62 per barrel in the third quarter of 2018 and down 40% from $65.13 per barrel in the fourth quarter of 2017. The Company's realized average NGLs price during the fourth quarter of 2018 was $27.75 per barrel, down 33% from $41.20 per barrel in the third quarter of 2017 and down 6% from $29.62 per barrel in the corresponding quarter of 2017. Kelt's realized average gas price for the fourth quarter of 2018 was $6.37 per MCF, up 127% from $2.81 per MCF in the third quarter of 2017 and up 128% from the realized average gas price of $2.79 per MCF in the fourth quarter of the previous year.

For the three months ended December 31, 2018, revenue was $100.3 million and adjusted funds from operations was $47.1 million ($0.26 per share, diluted), compared to $80.8 million and $32.9 million ($0.18 per share, diluted) respectively, in the fourth quarter of 2017. At December 31, 2018, net debt was $196.4 million, up 44% from $136.7 million at December 31, 2017. The ratio of net debt to adjusted funds from operations for the year improved to 1.1 times at December 31, 2018 compared to 1.3 times at December 31, 2017.

Net capital expenditures incurred during the three months ended December 31, 2018 were $70.3 million and for the year ended December 31, 2018, net capital expenditures were $285.5 million. During 2018, the Company spent $168.7 million on drill and complete operations, $118.5 million on equipment, facilities and pipelines (includes $10.0 million of inventory) and $5.5 million on land and seismic. During the year, Kelt realized proceeds of $10.1 million from asset dispositions and incurred $2.9 million on asset acquisitions.

As at December 31, 2018, Kelt's net working interest land holdings were 838,990 acres (1,310 sections) of which 614,644 net acres (960 sections) are undeveloped. Kelt is focused on long-term value creation by accumulating significant undeveloped land acreage on resource style plays, with a primary focus on Triassic Montney oil and liquids-rich gas plays. At December 31, 2018, Kelt's net Montney land holdings were 511,851 acres (800 sections).

At December 31, 2018, Kelt had a significant inventory of drilled and completed horizontal wells, as well as horizontal wells that were drilled but not yet completed (DUCs). Capital expenditures incurred in 2018 associated with these wells were approximately $60.0 million, for which the benefit of production and income are expected to commence in 2019. At Wembley/Pipestone, the Company drilled and completed five horizontal wells and had one DUC horizontal well. Four of these wells are expected to be put on production in the third quarter of 2019 upon completion of the construction of the Tidewater Pipestone Sour Deep-Cut Gas Plant. At Fireweed, the Company had five DUC horizontal wells and on its initial 24-well pad at Inga, Kelt had four DUC horizontal wells. The Inga/Fireweed wells are expected to be put on production in the second and third quarters of 2019.

At Inga, Kelt expects to commence completion operations on the first six wells from its 24-well pad program in March 2019, which is located in an area that is expected to have high liquids ratios. Two wells were drilled targeting each of the Upper Montney, IBZ Middle Montney and Middle Montney formations. The Company plans to complete three wells (one in each formation) using the open hole ball-drop completion method with 50 fracture stages and three wells (one in each formation) using the plug and perf completion method with 28 fracture stages and 3 clusters per stage.

The open hole ball-drop fracturing method is a series of open-hole packers combined with ball-activated fracture ports between each set of packers that allow individual fracs to be pumped into low-permeability, tight-rock formations in order to access reservoir hydrocarbons in one continuous pumping operation. The plug and perf fracturing method is employed in wells with cemented liners, it involves pumping down a bridge plug and perforating guns on electric wireline. Fracture stimulation is pumped through the perforated clusters and the process is repeated along the length of the horizontal lateral until the entire wellbore has been stimulated.

In addition to the comparision of the two completion techniques, the initial six wells on the Inga pad will be monitored using both mircoseismic and chemical tracing techniques. The microseismic program will consist of approximately 20 surface monitoring stations strategically located around the pad, in addition to a 30-level, 3-component, 15 meter spacing downhole array in the 2-4-88-23W6 monitoring well. All six wells will also be chemically traced with both an Oil Soluble and Frac Fluid Tracer in 114 stages over the estimated 24 days of completion operations. This information will provide the Company with data to determine optimal horizontal spacing. Based on the results (productivity and costs) from the two completion methods, the Company will pick the more favourable method to complete the remaining 18 wells on the Inga 24-well pad.

At Wembley/Pipestone, Kelt expects to drill and complete seven horizontal wells during the first half of 2019. These wells, in addition to the four wells from the 2018 capital program, are expected to commence production in the third quarter of 2019 upon completion of the construction of the Tidewater Pipestone Sour Deep-Cut Gas Plant. During the fourth quarter of 2018, Kelt drilled an injection well located at 03-11-072-08W6 which is expected to significantly reduce completion costs and operating expenses. This well is expected to be operational for flowback of the 2019 wells.

2019 GUIDANCE

Kelt has not changed its previously reported 2019 Budget, however, the Company has prepared a 2019 Pro-forma case that reflects lower oil prices and lower capital expenditures, as summarized in the table below:

(CA$ millions, except as otherwise indicated)	**2019 Budget**	2019 Pro-forma	Percent Change
Average Production			
Oil & NGLs (bbls/d)	**15,500 – 16,400**	15,500 – 16,400	N/C
Gas (MMcf/d)	**105.0 – 112.0**	105.0 – 112.0	N/C
Combined (BOE/d)	**33,500 – 34,500**	33,500 – 34,500	N/C
Production per million common shares (BOE/d)	**174 – 179**	174 – 179	N/C
Forecasted Average Commodity Prices			
WTI oil price (US$/bbl)	**67.50**	55.00	− 19%
WTI differential to Mixed Sweet Blend Edmonton (CA$/bbl)	**(19.43)**	(8.85)	54%
Mixed Sweet Blend Edmonton (CA$/bbl)	**66.97**	63.75	− 5%
NYMEX natural gas price (US$/MMBtu)	**3.00**	3.00	N/C
AECO natural gas price (US$/MMBtu)	**1.60**	1.50	− 6%
Average exchange rate (US$/CA$)	**0.781**	0.758	− 3%
Capital Expenditures			
Drilling & completions	**201.0**	171.0	− 15%
Facilities, pipeline & well equipment	**60.0**	60.0	N/C
Land, seismic & property acquisitions	**9.0**	9.0	N/C
Net Capital Expenditures	**270.0**	240.0	− 11%
Adjusted funds from operations	**240.0**	220.0	− 8%
Per common share, diluted	**1.23**	1.13	− 8%
Net debt, at year-end (1)	**225.0**	220.0	− 2%
Net debt to adjusted funds from operations ratio	**0.9 x**	1.0 x	+ 11%
Weighted average common shares outstanding (MM) (1)	**192.4**	192.4	N/C

(1) In addition to bank debt, the Company has $89.9 million principal amount of convertible debentures outstanding with a coupon of 5% per annum, maturing May 31, 2021. 2019 Budget and Pro-forma estimates have been prepared assuming the convertible debentures convert to 16.3 million common shares on July 1, 2019.

The Company will re-evaluate its spending plans for the remainder of 2019 after the first quarter is complete. Kelt expects to update shareholders with its updated 2019 forecasts at the same time as when it reports its 2019 first quarter results, on or about May 8, 2019.

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 advisories regarding forward-looking statements and to the cautionary statement below.

The information set out herein 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 the calendar year 2019. 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”, “execute”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends”, “forecasted” and similar expressions are intended to identify forward-looking information or statements. In particular, this press release contains forward-looking statements pertaining to the following: Kelt’s expected price realizations and future commodity prices; expectations for operating costs, transportation expenses and royalties, the cost and timing of future capital expenditures and expected well results; anticipated production volumes; the expected timing of well completions, the expected timing of wells bring brought on-production, the expected timing of facility expenditures, the expected timing of facility start-up dates, the expected timing of production additions from capital expenditures; and the Company's expected future financial position 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, 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; 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.

Any reference in this press release to IP rates is useful in confirming the presence of hydrocarbons. IP rates are not determinative of the rates at which wells will continue production and decline thereafter and are not necessarily indicative of long term performance. While encouraging, readers are cautioned not to place reliance on such rates in calculating aggregate production for the Company.

NON-GAAP FINANCIAL MEASURES AND OTHER KEY PERFORMANCE INDICATORS

This press release contains certain financial measures, as described below, which do not have standardized meanings prescribed by GAAP. In addition, this press release contains other key performance indicators ("KPI"), financial and non-financial, that do not have standardized meanings under the applicable securities legislation. As these non-GAAP financial measures and KPI 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.

Non-GAAP financial measures

"Operating income" is calculated by deducting royalties, production expenses and transportation expenses from petroleum and natural gas revenue, net of the cost of purchases and after realized gains or losses on associated financial instruments. The Company refers to operating income expressed per unit of production as an "operating netback".

"Adjusted funds from operations" is calculated as cash provided by operating activities before changes in non-cash operating working capital, and adding back (if applicable): transaction costs associated with acquisitions and dispositions, provisions for potential credit losses, and settlement of decommissioning obligations. Adjusted 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. Adjusted 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.

The following table reconciles cash provided by operating activities to adjusted funds from operations:

	Three months ended December 31			Year ended December 31		
(CA$ thousands, unless otherwise indicated)	**2018**	2017	%	**2018**	2017	%
Cash provided by operating activities	**63,656**	36,458	75	**186,383**	115,222	62
Change in non-cash working capital	**(16,623)**	(4,044)	311	**(538)**	(8,723)	-94
Funds from operations	**47,033**	32,414	45	**185,845**	106,499	75
Provision for potential credit losses	**(128)**	-	-	**(128)**	-	-
Settlement of decommissioning obligations	**235**	484	-51	**1,122**	1,512	-26
Adjusted funds from operations	**47,140**	32,898	43	**186,839**	108,011	73

Throughout this press release, reference is made "average realized prices". "Average realized prices" are calculated based on "Kelt Revenue" divided by production and reflect the Company's realized selling prices plus the net benefit of oil blending/marketing activities, which commenced during the fourth quarter of 2017. "Kelt Revenue" is a non-GAAP measure and is calculated by deducting the cost of purchases from petroleum and natural gas revenue (before royalties). In addition to using its own production, the Company may purchase butane and crude oil from third parties for use in its blending operations, with the objective of selling the blended oil product at a premium. Marketing revenue from the sale of third party volumes is included in total petroleum and natural gas revenue as reported in the Consolidated Statement of Profit (Loss) and Comprehensive Income (Loss) in accordance with GAAP. Given the Company's per unit operating statistics disclosed throughout this press release are calculated based on Kelt's production volumes, management believes that disclosing its average realized prices based on Kelt Revenue is more appropriate and useful, because the cost of third party volumes purchased to generate the incremental marketing revenue has been deducted.

"Average realized prices" referenced throughout this press release are before financial instruments, except as otherwise indicated as being after financial instruments.

The term "net debt" is used synonymously with, and is equal to, "bank debt, net of working capital". "Net debt" is calculated by adding the working capital deficiency to bank debt. The working capital deficiency is equal to total current assets net of total current liabilities. The Company uses a "net debt to trailing adjusted funds from operations ratio" as a benchmark on which management monitors the Company's capital structure and short-term financing requirements. Management believes that this ratio, which is a non-GAAP financial measure, provides investors with information to understand the Company's liquidity risk. The "net debt to trailing adjusted funds from operations ratio" is also indicative of the "debt to cash flow" calculation used to determine the applicable margin for a quarter under the Company's Credit Facility agreement (though the calculation may not always be a precise match, it is representative).

"Production per million common shares" is calculated by dividing total production by the basic weighted average number of common shares outstanding rounded to millions, as determined in accordance with GAAP.

MEASUREMENTS

All dollar amounts are referenced in thousands of Canadian dollars, except when noted otherwise. This press release contains various references to the abbreviation BOE which means barrels of oil equivalent. Where amounts are expressed on a 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 and is significantly different than the value ratio based on the current price of crude oil and natural gas. This conversion factor is an industry accepted norm and is not based on either energy content or current prices. Such abbreviation may be misleading, particularly if used in isolation. References to "oil" in this press release include crude oil and field condensate. References to "natural gas liquids" or "NGLs" include pentane, butane, propane, and ethane. References to "liquids" include field condensate and NGLs. References to "gas" in this discussion include natural gas and sulphur.

ABBREVIATIONS

bbls	barrels
bbls/d	barrels per day
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
mmcf	million cubic feet
mmcf/d	million cubic feet per day
tcf	trillion cubic feet
MMBTU	million British Thermal Units
GJ	gigajoule
BOE	barrel of oil equivalent
BOE/d	barrel of oil equivalent per day
NGLs	natural gas liquids
LNG	liquefied natural gas
AECO	Alberta Energy Company "C" Meter Station of the NOVA Pipeline System
NIT	NOVA Inventory Transfer ("AB-NIT"), being the reference price at the AECO Hub
WTI	West Texas Intermediate
NYMEX	New York Mercantile Exchange
Station 2	Spectra Energy receipt location
US$	United States dollars
CA$	Canadian dollars
TSX	the Toronto Stock Exchange

KEL	trading symbol for Kelt Exploration Ltd. common shares on the TSX
KEL.DB	trading symbol for Kelt Exploration Ltd. 5% convertible debentures on the TSX
CDE	Canadian Development Expenses, as defined by the *Income Tax Act* (Canada)
CEE	Canadian Exploration Expenses, as defined by the *Income Tax Act* (Canada)
GAAP	Generally Accepted Accounting Principles

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