PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
May 8, 2019
Calgary, Alberta

KELT REPORTS FINANCIAL AND OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2019

Kelt Exploration Ltd. ("Kelt" or the "Company") has released its financial and operating results for the three months ended March 31, 2019. The Company's financial results are summarized as follows:

FINANCIAL HIGHLIGHTS	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2019**	2018	%
Petroleum and natural gas revenue, before royalties	**102,585**	89,993	14
Cash provided by operating activities	**53,813**	53,663	-
Adjusted funds from operations [1]	**51,441**	45,724	13
Basic ($/ common share) [1]	**0.28**	0.25	12
Diluted ($/ common share) [1]	**0.28**	0.25	12
Profit (loss) and comprehensive income (loss)	**9,369**	(23)	-
Basic ($/ common share)	**0.05**	-	-
Diluted ($/ common share)	**0.05**	-	-
Total capital expenditures, net of dispositions	**107,962**	92,037	17
Total assets	**1,515,227**	1,337,688	13
Net debt [1]	**258,351**	173,587	49
Convertible debentures	**79,426**	75,443	5
Shareholders' equity	**904,835**	857,019	6
Weighted average shares outstanding (000s)			
Basic	**184,017**	180,125	2
Diluted	**184,617**	181,706	2

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

FINANCIAL STATEMENTS

Kelt's unaudited consolidated interim financial statements and related notes for the quarter ended March 31, 2019 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 8, 2019.

Kelt's operating results for the first quarter ended March 31, 2019 are summarized as follows:

OPERATIONAL HIGHLIGHTS	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2019**	2018	%
Average daily production			
Oil (bbls/d)	**7,806**	8,494	-8
NGLs (bbls/d)	**3,903**	3,439	13
Gas (mcf/d)	**92,089**	90,271	2
Combined (BOE/d)	**27,057**	26,978	-
Production per million common shares (BOE/d) (1)	**147**	150	-2
Average realized prices, before financial instruments(1)			
Oil ($/bbl)	**67.17**	68.16	-1
NGLs ($/bbl)	**25.20**	30.56	-18
Gas ($/mcf)	**5.18**	3.20	62
Operating netbacks ($/BOE) (1)			
Petroleum and natural gas revenue	**42.12**	37.06	14
Cost of purchases	**(1.48)**	(0.99)	49
Average realized price, before financial instruments(1)	**40.64**	36.07	13
Realized gain (loss) on financial instruments	**(0.33)**	-	-
Average realized price, after financial instruments(1)	**40.31**	36.07	12
Royalties	**(2.01)**	(2.75)	-27
Production expense	**(10.14)**	(9.45)	7
Transportation expense	**(4.77)**	(3.40)	40
Operating netback (1)	**23.39**	20.47	14
Undeveloped land			
Gross acres	**695,321**	766,196	-9
Net acres	**600,275**	648,802	-7

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

MESSAGE TO SHAREHOLDERS

Kelt Exploration Ltd. ("Kelt" or the "Company") reports its financial and operating results to shareholders for the first quarter ended March 31, 2019.

Average production for the three months ended March 31, 2019 was 27,057 BOE per day, relatively unchanged compared to average production of 26,978 BOE per day during the first quarter of 2018. Quarter-over-quarter, daily average production in the first quarter of 2019 was 6% lower than average production of 28,711 BOE per day in the fourth quarter of 2018. Production for the three months ended March 31, 2019 was weighted 43% oil and NGLs and 57% gas. However, operating income was weighted 66% oil and NGLs and 34% gas.

Kelt's realized average oil price during the first quarter of 2019 was $67.17 per barrel, down 1% from $68.16 per barrel in the first quarter of 2018. The realized average NGLs price during the first quarter of 2019 was $25.20 per barrel, down 18% from $30.56 per barrel in the same quarter of 2018. Kelt's realized average gas price for the first quarter of 2019 was $5.18 per Mcf, up 62% from $3.20 per Mcf in the corresponding quarter of the previous year. Kelt benefits with premium natural gas price realizations compared to AECO as a result of its gas market diversification portfolio.

For the three months ended March 31, 2019, revenue was $102.6 million and adjusted funds from operations was $51.4 million ($0.28 per share, diluted), compared to $90.0 million and $45.7 million ($0.25 per share, diluted) respectively, in the first quarter of 2018. Funds from operations for the first quarter of 2019 was a record high quarterly amount reported by the Company for any given quarter since Kelt commenced operations in February 2013. At March 31, 2019, bank debt, net of working capital was $258.4 million, up from $173.6 million at March 31, 2018. The Company and its lenders have amended Kelt's credit facility increasing the amount of borrowings available by 26% to $315.0 million, up from the previous borrowing base amount of $250.0 million.

Net capital expenditures incurred during the three months ended March 31, 2019 were $108.0 million. During the first quarter of 2019, the Company spent $67.4 million on drill and complete operations, $37.1 million on equipment, facilities and pipelines and $0.5 million on land and seismic. Asset acquisitions, net of dispositions were $3.0 million. Kelt was ahead of schedule with its pipeline construction projects at Inga/Fireweed during the quarter.

During the first quarter of 2019, Kelt drilled four horizontal Upper Montney (D3/D4) wells at Wembley/Pipestone. These wells are expected to be completed prior to August 2019 in anticipation of the start-up of the Tidewater Pipestone Sour Deep-Cut Gas Plant in late August/early September. Kelt plans to drill and complete three additional wells at Wembley/Pipestone prior to the Gas Plant start-up.

At Fireweed, the Company completed five Montney wells that were previously drilled from the same pad in 2018. Three of these wells were in the Upper Montney and two of the wells were in the Middle Montney. Kelt expects to have these five wells on production by the start of the third quarter in 2019. Also at Fireweed, Kelt drilled a Doig well located at D-002-A/94-A-13. This well is expected to be completed during the month of May with production start-up expected during the month of June 2019. Two Inga Doig wells that commenced production in 2017 and two additional Doig wells that commenced production in late 2018 are all expected to payback the drill, complete and tie-in capital costs in less than a year.

At Inga, Kelt has drilled and completed the first six wells on its 24-well pad Montney cube development program. The next six wells have also now been drilled and are expected to be completed by July 2019. The average drill and complete cost per well for the first six wells was $5.0 million, 7% below budgeted costs of $5.4 million per well. All six wells are currently tied-in to Kelt's Inga 2-10 facility. After flowing frac fluid back on clean-up, aggregate sales production volumes from these six wells for seven days (168 producing hours) was 7,453 BOE per day (83% oil and NGLs). The Company completed three wells using the open hole ball-drop completion method and three wells using the plug and perf completion method, as summarized in the table below:

Well	Montney Zone	Completion Technology	Drill & Complete	Total Proppant	Proppant per Metre	Total Frac Fluid	Avg. Frac Intensity
			(MM)	(tonnes)	(tonnes)	(m3)	(m3/min)
03/16-33 (5-9)	IBZ	Open Hole Ball-Drop	$ 5.1	2,471	1.03	18,587	10.9
04/16-33 (A5-9)	Middle	Open Hole Ball-Drop	$ 5.0	3,210	1.42	21,311	11.5
05/16-33 (B5-9)	Upper	Open Hole Ball-Drop	$ 5.2	3,371	1.48	22,604	11.5
06/16-33 (C5-9)	IBZ	Plug and Perf	$ 4.7	2,721	1.25	22,152	10.5
03/15-33 (D5-9)	Upper	Plug and Perf	$ 5.0	3,323	1.52	25,131	11.4
04/15-33 (E5-9)	Middle	Plug and Perf	$ 4.7	3,348	1.53	23,261	11.2

At Stoddart, the Company drilled and completed a Middle Montney well located at 00/16-08-087-21W6. This is the first Montney test on the south-east portion of Kelt's 220-section contiguous land block at Inga/Fireweed/Stoddart. Initial production results from the well are very encouraging. The well was drilled with a horizontal lateral of approximately 2,614 metres and was completed using the open hole ball-drop hydraulic fracturing method with 3,082 tonnes (1.18 tonnes per metre) of proppant. Frac fluid was pumped at an average rate of 10.4 cubic metres per minute. The well was flowed back to clean up for 13 days. The well was shut in for two weeks for tie-in, after which it was brought on production with the average sales volumes in the last six days (144 producing hours) of approximately 945 BOE per day (67% oil and NGLs). Kelt is pleased with the initial results from this well and will monitor the well for a longer term production profile, as this could unlock a significant amount of additional drilling inventory on the Company's south-east portion of its Inga/Fireweed/Stoddart land block.

The amount of Kelt's 2019 capital expenditure budget of $270.0 million, previously approved by the Company's Board of Directors in November 2018, remains unchanged. In addition, Kelt's production guidance for 2019 remains unchanged at 33,500 to 34,500 BOE per day. However, the Company has made changes to its forecasted commodity prices as outlined in the table below:

Average Commodity Prices	Current 2019 Forecast	Previous 2019 Budget	Change
WTI crude oil (US$/bbl)	60.00	67.50	− 11%
WTI differential to MSW Edmonton (CA$/bbl)	(7.23)	(19.43)	− 63%
MSW Edmonton (CA$/bbl)	73.17	66.97	+ 9%
NYMEX natural gas (US$/MMBtu)	2.85	3.00	− 5%
AECO gas daily index (US$/MMBtu)	1.30	1.60	− 19%
STATION 2 gas monthly index (US$/MMBtu)	0.90	1.30	− 31%
Exchange rate (CA$/US$)	1.340	1.280	+ 5%
Exchange rate (US$/CA$)	0.746	0.781	− 4%

Forecasted 2019 funds from operations remains unchanged from the original 2019 budgeted amount of $240.0 million. Bank debt, net of working capital at the end of 2019 is forecasted to be $235.0 million or 0.9 times forecasted 2019 funds from operations.

The Company is well positioned financially to execute its capital program during the remainder of 2019 and expects to exit 2019 with six to nine horizontal wells that will be drilled and awaiting production start-up in early 2020.

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 wells drilled and completions in 2019; 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 initial production rates or short term production 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 March 31		
(CA$ thousands, unless otherwise indicated)	**2019**	2018	%
Cash provided by operating activities	**53,813**	53,663	-
Change in non-cash working capital	**(3,450)**	(8,526)	-60
Funds from operations	**50,363**	45,137	12
Provision for potential credit losses	**(18)**	-	-
Settlement of decommissioning obligations	**1,096**	587	87
Adjusted funds from operations	**51,441**	45,724	13

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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