PRESS RELEASE
(Stock Symbol: **KEL** – TSX)
February 23, 2015
Calgary, Alberta

KELT TO CONSOLIDATE ITS BRITISH COLUMBIA MONTNEY AND DOIG ASSETS THROUGH THE ACQUISITION OF ARTEK EXPLORATION

CALGARY, Alberta, Kelt Exploration Ltd. ("Kelt" or the "Company") has entered into an agreement with Artek Exploration Ltd. ("Artek"), pursuant to which Kelt will acquire all of the issued and outstanding common shares of Artek on the basis of 0.34 of a Kelt common share for each Artek common share. The acquisition will be effected by way of a statutory plan of arrangement (the "Arrangement").

Based on the volume-weighted average trading price of the Kelt common shares for the five trading days ended February 20, 2015 of $8.10 on the Toronto Stock Exchange ("TSX"), the deemed acquisition price is approximately $307 million, comprised of the issuance of approximately 26.9 million Kelt common shares and the assumption of an estimated $89.5 million of net debt as of February 20, 2015, which includes estimated associated transaction costs of approximately $5.6 million.

Using the five-day volume-weighted average trading price of the Kelt common shares ending February 20, 2015 of $8.10 and based on the share exchange ratio of 0.34, the implied purchase price per Artek common share is $2.76, which represents a 61% premium to the volume-weighted average trading price of the Artek common shares for the five trading days ending February 20, 2015. The Arrangement is expected to provide Artek shareholders with enhanced liquidity and ownership in a larger growth oriented oil and gas exploration and production company, with a strong record of growth and value creation.

Completion of the Arrangement, which is anticipated to occur on or around April 16, 2015, is subject to, among other things, the approval of at least 66⅔% of votes cast by Artek shareholders voting at a special meeting of shareholders to be held on or around April 16, 2015, the approval of the Court of Queen's Bench of Alberta, receipt of all necessary regulatory and stock exchange approvals and certain closing conditions that are customary for a transaction of this nature.

The Board of Directors of Artek has unanimously approved the Arrangement and, based in part on a fairness opinion from Artek's financial advisor, determined that the Arrangement is in the best interests of Artek and the holders of its common shares, and is fair to Artek's shareholders. Based on the recommendation of the independent committee of the Board of Directors of Artek, the Artek Board of Directors has also resolved to recommend that Artek shareholders vote their common shares in favour of the Arrangement. All of the directors and officers of Artek representing an aggregate of 21.9% of the issued and outstanding Artek common shares, have entered into support agreements pursuant to which they have agreed to vote their Artek common shares in favour of the Arrangement.

Artek has agreed not to solicit or initiate any discussion regarding any other business combination or sale of material assets. Artek has also granted Kelt a right to match any superior proposal and has agreed to pay a termination fee of $8.5 million to Kelt in certain events, including if Artek recommends, approves or enters into an agreement with respect to a superior proposal.

Acquisition Highlights

The acquisition of Artek consolidates the majority of Kelt's land acreage in its Inga-Fireweed-Stoddart, British Columbia core area to 100% and is consistent with the Company's strategy to operate and control all of its major core exploration and development prospects. In addition, Kelt's acquisition of Artek will result in 100% ownership by Kelt in key infrastructure including compression facilities and pipelines in the area. The net present value of Artek's Inga-Fireweed-Stoddart reserves at December 31, 2014 represented approximately 90% of Artek's total corporate reserves value.

Key attributes of Kelt's Acquisition of Artek include:

- The Artek acquisition will be accretive to existing Kelt shareholders on a reserves per share, production per share, funds from operations per share and net asset value per share basis;
- Artek's reserves at December 31, 2014 consist of 24.0 million BOE of proved reserves and 46.4 million BOE of proved plus probable reserves;
- Acquisition cost, including future development capital costs and estimated associated transaction costs, is $20.46 per BOE for proved reserves and $12.89 per BOE for proved plus probable reserves;
- Artek's January 2015 production is estimated to be approximately 5,400 BOE per day; and
- Artek's land holdings at December 31, 2014 were 262,254 net acres of which 202,967 net acres were undeveloped.

Opportunities in the current Business Environment

The oil and gas industry around the world continues to operate in a challenging commodity price environment as a result of the recent precipitous decline in global crude oil prices. Due to market instability and volatile commodity prices, many oil and gas companies have reduced their 2015 capital spending plans. Ultimately, lower capital investment in oil and gas drilling can be expected to balance the supply and demand ratio. Kelt believes that the current business environment creates opportunities to add value at a reasonable cost and at the same time to strengthen the Company's portfolio of future drilling opportunities. As a result, the Company will continue to operate a prudent capital spending program, and at the same time focus on further working interest consolidation opportunities in its existing properties, on other tuck-in property acquisition opportunities and on continued accumulation of land. Kelt remains optimistic about the long-term outlook for oil and gas commodity prices.

2015 Pro-forma

After giving effect to the acquisition of Artek effective April 16, 2015, pro-forma 2015 financial and operating forecasts with comparisons to the Company's 2015 guidance are summarized in the following table:

	2015 Guidance	**2015 Pro-forma**	Percent Change
Average Production			
Oil (bbls/d)	5,050	6,250	24%
NGLs (bbls/d)	1,330	2,000	50%
Gas (mmcf/d)	61.32	70.50	15%
Combined (BOE/d)	**16,600**	**20,000**	**20%**
Production per million common shares (BOE/d)	**131**	**137**	**5%**
Oil / NGLs / Gas production weighting	30%/8%/62%	31%/10%/59%	
Forecasted Average Commodity Prices			
WTI oil price (USD/bbl)	59.50	59.50	
NYMEX natural gas price (USD/MMBTU)	3.25	3.25	
AECO natural gas price ($/GJ)	3.10	3.10	
Capital Expenditures ($MM)			
Drilling & completions	90.0	88.0	-2%
Facilities, pipeline & well equipment	30.0	30.0	-
Land, seismic & property "tuck-in" acquisitions	32.0	32.0	-
Corporate acquisition	-	307.0	-
Total Capital Expenditures	**152.0**	**457.0**	201%
Funds from operations ($MM)	**88.0**	**114.0**	30%
Per share, diluted	**0.68**	**0.77**	13%
Bank debt, net of working capital, at year-end ($MM)	172.0	232.0	35%
Debt/Trailing funds from operations ratio *	2.0 x	2.0 x	
Weighted average common shares outstanding (MM)	126.9	146.2	15%
Common shares issued & outstanding (MM)	126.9	153.8	21%

** Debt/Trailing funds from operations ratio is calculated using estimated bank debt, net of working capital, at December 31st of the year divided by estimated funds from operations for that year.*

Certain 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 2015. Readers are cautioned that this financial outlook may not be appropriate for other purposes. 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.

Kelt Independent Committee

Kelt appointed an independent committee of the Company’s Board of Directors consisting of Robert J. Dales, Neil G. Sinclair and Eldon A. McIntyre to review and evaluate the Artek acquisition. Kelt’s Board of Directors, upon recommendation from the independent committee, has unanimously approved the Artek acquisition. Mr. David J. Wilson, President, Chief Executive Officer and Director of Kelt and also a director of Artek, declared his conflict and recused himself from all Kelt and Artek board discussions and from all Kelt management discussions and abstained from voting on all matters related to the Artek acquisition and the Arrangement.

About Kelt

Kelt is a Calgary, Alberta, Canada-based oil and gas company focused on exploration, development and production of crude oil and natural gas resources, primarily in west central Alberta and northeastern British Columbia.

Cautionary Statement on Forward-Looking Statements and Information

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 pertaining, to the following: the Company's expected future financial position, operating results and its planned 2015 capital expenditure budget; the expected closing of the Arrangement and the pro-forma effect of the Artek acquisition on the Company’s financial position and average daily production, as well as the anticipated accretive impact of the acquisition on reserves per share, production per share, funds from operations per share, and net asset value per share. Statements relating to "reserves" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. Actual reserve volumes may be greater than or less than the estimates provided herein.

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.

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.

"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 is used by Kelt as a key measure of performance and is not intended to represent operating profit nor should it 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

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 press release include natural gas and sulphur.

Abbreviations

M	thousand
MM	million
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
MMBTU	million British Thermal Units
GJ	gigajoule
BOE	barrel of oil equivalent
BOE/d	barrel of oil equivalent per day
NGLs	natural gas liquids
AECO	Alberta Energy Company "C" Meter Station of the Nova Pipeline System
WTI	West Texas Intermediate
NYMEX	New York Mercantile Exchange
USD	United States dollars
CAD	Canadian dollars
$	Canadian dollars
TSX	the Toronto Stock Exchange
KEL-T	trading symbol for Kelt Exploration Ltd. on the Toronto Stock Exchange
GAAP	Generally Accepted Accounting Principles

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