PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
May 14, 2015
Calgary, Alberta

KELT REPORTS FINANCIAL AND OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2015

Kelt Exploration Ltd. ("Kelt" or the "Company") has released its financial and operating results for the three months ended March 31, 2015. The Company's financial results are summarized as follows:

FINANCIAL HIGHLIGHTS	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2015**	2014	%
Revenue, before royalties and financial instruments	**39,383**	47,793	-18%
Funds from operations[(1)]	**13,980**	26,112	-46%
Basic ($/ common share)[(1)]	**0.11**	0.24	-54%
Diluted ($/ common share)[(1)]	**0.11**	0.23	-52%
Profit (loss) and comprehensive income (loss)	**(16,524)**	4,851	-
Basic ($/ common share)	**(0.13)**	0.04	-
Diluted ($/ common share)	**(0.13)**	0.04	-
Total capital expenditures, net of dispositions	**77,700**	40,933	90%
Total assets	**966,613**	666,257	45%
Bank debt	**105,117**	-	-
Working capital deficiency (surplus)	**33,633**	(123,150)	-
Shareholders' equity	**635,708**	539,410	18%
Weighted average shares outstanding (000's)			
Basic	**128,194**	110,991	15%
Diluted	**128,920**	112,788	14%

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

FINANCIAL STATEMENTS

Kelt's unaudited condensed interim financial statements and related notes for the quarter ended March 31, 2015 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 14, 2015.

Kelt's operating results for the three months ended March 31, 2015 are summarized as follows:

OPERATIONAL HIGHLIGHTS	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2015**	2014	%
Average daily production			
Oil (bbls/d)	**4,957**	2,428	104%
NGLs (bbls/d)	**1,379**	654	111%
Gas (mcf/d)	**58,016**	42,367	37%
Combined (BOE/d)	**16,005**	10,143	58%
Production per million common shares (BOE/d)(1)	**125**	91	37%
Average realized prices, after financial instruments			
Oil ($/bbl)	**45.42**	89.62	-49%
NGLs ($/bbl)	**40.52**	69.36	-42%
Gas ($/mcf)	**3.05**	6.00	-49%
Operating netbacks(1) ($/BOE)			
Oil and gas revenue	**27.34**	52.36	-48%
Realized gain (loss) on financial instruments	**1.27**	(1.37)	-
Average realized price, after financial instruments	**28.61**	50.99	-44%
Royalties	**(3.29)**	(6.52)	-50%
Production and transportation expense	**(14.54)**	(15.07)	-4%
Operating netback(1)	**10.78**	29.40	-63%
Drilling Activity			
Total wells	**7**	8	-13%
Working interest wells	**5.5**	6.9	-21%
Success rate on working interest wells	**100%**	100%	-
Undeveloped land			
Gross acres	**511,550**	346,120	48%
Net acres	**339,783**	227,284	49%

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

MESSAGE TO SHAREHOLDERS

Kelt is pleased to report its first quarter interim results to shareholders for the three months ended March 31, 2015.

Kelt achieved record production levels in the first quarter of 2015. Average production for the three months ended March 31, 2015 was 16,005 BOE per day, up 58% from the average production of 10,143 BOE per day during the first quarter of 2014. On a production per share basis, the first quarter of 2015 was up 37% compared to the first quarter of 2014. Daily average production in the first quarter of 2015 was 3% higher than the average production of 15,559 BOE per day in the fourth quarter of 2014. Kelt showed quarter over quarter production growth despite having approximately 930 BOE per day of production downtime during the first quarter of 2015 resulting from third party transportation restrictions and third party plant downtime. Kelt had anticipated the production downtime and therefore it has no impact on previously disclosed 2015 production guidance.

For the three months ended March 31, 2015, Kelt's revenue was $39.4 million, funds from operations was $14.0 million ($0.11 per share, diluted) and the loss was $16.5 million ($0.13 per share, diluted). At March 31, 2015, Kelt's bank debt, net of working capital was $138.8 million representing only 46% of its $300 million bank credit facility.

During the three months ended March 31, 2015, Kelt drilled 7 gross (5.5 net) oil and gas wells, with a 100% success rate. Five wells targeted the Montney formation in the Company's core areas at Pouce Coupe, Karr and Inga. In addition, a Chinook oil exploratory well was drilled at Grande Cache and a lower working interest well targeting Halfway oil was drilled at Progress.

Net capital expenditures incurred during the first quarter were $77.7 million, of which $37.6 million was for drilling and completing wells, $29.4 million was for facilities, pipelines and well equipment and $10.7 million was for land and property acquisitions. The Company remains on track to spend $150.0 million in capital expenditures during 2015, excluding the acquisition of Artek Exploration Ltd. ("Artek").

In April 2015, Kelt completed the acquisition of Artek, pursuant to which Kelt acquired all of the issued and outstanding common shares of Artek. 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, the deemed acquisition price was approximately $311.1 million, comprised of the issuance of approximately 26.9 million Kelt common shares and the assumption of approximately $93.2 million of estimated net debt as of April 16, 2015 ($97.7 million net of $4.5 million of intercompany balances that were extinguished as a result of the acquisition).

Recent well performance in both the Triassic Doig and Montney formations in the Company's Inga-Fireweed British Columbia core area, where wells have been completed using slick-water fractures, has shown very encouraging results to date with production significantly outperforming wells previously completed using other fracture systems. Two Doig wells that were completed using slick-water in the fourth quarter of 2014 have shown increases of almost 100% in productivity compared to the average Doig type well using propane completions. In just under six months, raw production to date from these two Inga Doig wells is approximately 232,000 BOE (48% free condensate) and 160,000 BOE (52% free condensate) respectively. In addition, three Montney wells have now been completed using slick-water fracture systems. Two of the Montney wells were in Fireweed where the IP30 was 1,147 BOE per day (60% free condensate) and 903 BOE per day (57% free condensate) respectively. The third Montney well, in Inga, has recently just been put on production and has shown similar initial characteristics to the two Fireweed Montney wells, however, the well has not been on production long enough to comment on actual productivity. The Company is excited about these results and is re-positioning its remaining 2015 drilling program to re-allocate budgeted spending to drill additional wells in its Inga-Fireweed property in British Columbia. Kelt's land holdings include approximately 167 net sections with Doig rights and approximately 157 net sections with Montney rights in its Inga-Fireweed-Stoddart British Columbia core area, which gives the Company inventory to pursue drilling operations for many years to come.

Given the recent change in government in Alberta, Kelt has elected to direct capital spending to its core area in British Columbia. This direction by Kelt is expected to continue until clarity from the new Alberta government on energy policies and taxation is determined. Capital spending in Alberta during the remainder of 2015 will be limited to well re-completions, partner joint operations and strategic acquisitions. In addition, during the remainder of 2015, Kelt will continue with its projects to pipeline connect the majority of its oil and liquids production in core producing areas, eliminating higher cost trucking operations.

In view of the current energy business environment with much lower oil and gas prices compared to 2014, Kelt has taken steps to take advantage of acquisition opportunities and has positioned itself financially to create sufficient financial flexibility to carry out its operations during the remainder of the year. Management is excited about the Company's prospects and looks forward to updating shareholders with 2015 second quarter results on or about August 11, 2015.

2015 GUIDANCE

The oil and gas industry in North America continues to operate in a challenging commodity price environment as a result of low oil and gas prices. Due to market instability and volatile commodity prices, many oil and gas companies, including Kelt, 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 is optimistic about the long-term outlook for oil and gas commodity prices. 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.

The table below outlines the Company's financial and operating guidance for 2015:

(CA$ millions, except as otherwise indicated)	2015 Guidance
Average Production	
Oil (bbls/d)	6,250
NGLs (bbls/d)	2,000
Gas (mmcf/d)	70.50
Combined (BOE/d)	20,000
Production per million common shares (BOE/d)	137
Oil / NGLs / Gas production weighting	31%/10%/59%
Forecasted Average Commodity Prices	
WTI oil price (USD/bbl)	59.50
NYMEX natural gas price (USD/MMBTU)	3.25
AECO natural gas price ($/GJ)	3.10
Capital Expenditures	
Drilling & completions	88.0
Facilities, pipeline & well equipment	30.0
Land, seismic & property "tuck-in" acquisitions	32.0
Corporate Acquisition	307.0
Total Capital Expenditures	457.0
Funds from operations	114.4
Per share, diluted	0.75
Bank debt, net of working capital, at year-end	198.0
Debt/Trailing funds from operations ratio(1)	1.7 x
Weighted average common shares outstanding (MM)	149.9
Common shares issued & outstanding (MM)	158.4

(1) 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.

Kelt has a revolving committed Credit Facility with a syndicate of financial institutions, and as at May 14, 2015, the authorized borrowing amount is $300.0 million.

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 herein.

The information set out herein under the heading "2015 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 2015. 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 pertaining to Kelt’s 2015 capital expenditure budget as well as the Company’s expected future financial position and operating results. The amount of net debt assumed pursuant to the Artek acquisition was estimated based on information available at the time of this press release. Actual amounts recognized by the Company once the acquisition accounting is finalized may differ materially from these estimates.

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 transaction costs associated with acquisitions and dispositions, settlement of decommissioning obligations and the 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

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.

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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