PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
May 9, 2018
Calgary, Alberta

KELT REPORTS FINANCIAL AND OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2018

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

FINANCIAL HIGHLIGHTS	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2018**	2017	%
Petroleum and natural gas revenue, before royalties	**89,993**	60,225	49
Cash provided by operating activities	**53,663**	25,890	107
Adjusted funds from operations [1]	**45,724**	26,823	70
Basic ($/ common share) [1]	**0.25**	0.15	67
Diluted ($/ common share) [1]	**0.25**	0.15	67
Profit (loss) and comprehensive income (loss)	**(23)**	(2,267)	-99
Basic ($/ common share)	**-**	(0.01)	-100
Diluted ($/ common share)	**-**	(0.01)	-100
Total capital expenditures, net of dispositions	**92,037**	(35,364)	360
Total assets	**1,337,688**	1,193,644	12
Bank debt, net of working capital [1]	**173,587**	75,765	129
Convertible debentures	**75,443**	71,810	5
Shareholders' equity	**857,019**	842,351	2
Weighted average shares outstanding (000s)			
Basic	**180,125**	175,715	3
Diluted	**181,706**	176,782	3

(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, 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 May 9, 2018.

Kelt's operating results for the first quarter ended March 31, 2018 are summarized as follows:

OPERATIONAL HIGHLIGHTS	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2018**	2017	%
Average daily production			
Oil (bbls/d)	**8,494**	5,797	47
NGLs (bbls/d)	**3,439**	2,358	46
Gas (mcf/d)	**90,271**	72,295	25
Combined (BOE/d)	**26,978**	20,204	34
Production per million common shares (BOE/d) (1)	**150**	115	30
Average realized prices, before financial instruments (1)			
Oil ($/bbl)	**68.16**	60.21	13
NGLs ($/bbl)	**30.56**	27.79	10
Gas ($/mcf)	**3.20**	3.52	-9
Operating netbacks ($/BOE) (1)			
Petroleum and natural gas revenue	**37.06**	33.12	12
Cost of purchases	**(0.99)**	-	-
Average realized price, before financial instruments (1)	**36.07**	33.12	9
Realized gain (loss) on financial instruments	**-**	0.01	-100
Average realized price, after financial instruments (1)	**36.07**	33.13	9
Royalties	**(2.75)**	(3.64)	-24
Production expense	**(9.45)**	(9.61)	-2
Transportation expense	**(3.40)**	(3.25)	5
Operating netback (1)	**20.47**	16.63	23
Undeveloped land			
Gross acres	**766,196**	756,540	1
Net acres	**648,802**	636,637	2

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

MESSAGE TO SHAREHOLDERS

Average production for the three months ended March 31, 2018 was a Company record high quarterly production of 26,978 BOE per day, up 34% compared to average production of 20,204 BOE per day during the first quarter of 2017. Quarter-over-quarter, average production in the first quarter of 2018 was 8% higher than average production of 25,063 BOE per day in the fourth quarter of 2017. Production for the three months ended March 31, 2018 was weighted 44% oil and NGLs and 56% gas. However, operating income was weighted 82% oil and NGLs and 18% gas.

Kelt's realized average oil price during the first quarter of 2018 was $68.16 per barrel, up 13% from $60.21 per barrel in the first quarter of 2017. The realized average NGLs price during the first quarter of 2018 was $30.56 per barrel, up 10% from $27.79 per barrel in the same quarter of 2017. Kelt's realized average gas price for the first quarter of 2017 was $3.20 per Mcf, down 9% from $3.52 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. The Company recently added transportation on an additional 9.3 MMcf per day of gas onto the Alliance pipeline for the summer (May-October) of 2018 for sales at Chicago-City Gate prices, further diversifying away from the AECO market which is expected to be weak over the summer.

For the three months ended March 31, 2018, revenue was $90.0 million and adjusted funds from operations was $45.7 million ($0.25 per share, diluted), compared to $60.2 million and $26.8 million ($0.15 per share, diluted) respectively, in the first quarter of 2017. At March 31, 2018, bank debt, net of working capital was $173.6 million, up from $75.8 million at March 31, 2017.

Subsequent to the quarter-end, in April 2018, Kelt completed non-brokered private placements by issuing flow-through shares resulting in gross proceeds of $24.8 million. Kelt issued 2.35 million shares at $8.85 per share and 0.41 million shares at $9.75 per share. The Company is obligated to incur $20.8 million in CDE expenditures and $4.0 million in CEE expenditures prior to December 31, 2018 to satisfy its flow-through share obligations pursuant to these private placements.

Net capital expenditures incurred during the three months ended March 31, 2018 were $92.0 million. During the first quarter of 2018, the Company spent $64.5 million on drill and complete operations, $22.9 million on equipment, facilities and pipelines and $3.0 million on land and seismic. Asset acquisitions, net of dispositions were $1.6 million.

During the first quarter of 2018, Kelt drilled two horizontal Upper Montney wells at Oak and Flatrock. Both the wells have been flowed back and production tests are planned in the summer. The Oak well is adjacent to existing infrastructure and will be tied-in prior to testing which will allow for a longer term production test.

At Wembley/Pipestone, the Company drilled three horizontal Upper Montney wells and one Middle Montney well. Two of the Upper Montney wells have been completed and the other two wells are expected to be completed after spring break-up. Kelt expects to have production tests on all of the Wembley/Pipestone wells by the end of the third quarter of 2018.

At Progress, Kelt drilled two horizontal Halfway oil wells (56.25% WI) adjacent to its large contiguous Montney acreage. These wells were tied-in to the Company's existing infrastructure at Progress and initial results indicate oil and NGL production ratio of approximately 70%.

At Inga/Fireweed, the Company drilled a 3-well pad targeting each of the Upper, IBZ and Middle Montney intervals and expects to complete these wells in the second quarter of 2018. This will be the first pad to test all three Montney intervals from the same pad completed concurrently. Kelt has tested paired fracture completions in the same Montney interval resulting in higher productivity than single well completions, however, the Company has not tested this concept vertically with three Montney intervals stacked on top of one another.

In addition, Kelt completed the five wells at Pouce Coupe that were previously drilled from a single pad in 2017. Due to competitor fracing operations in adjacent offsetting lands, production from the Company's Pouce Coupe field was shut-in intermittently and the newly completed wells only started to come on-stream towards the end of the quarter.

OUTLOOK AND GUIDANCE

Oil and NGLs prices have exceeded the Company's previous forecasts year-to-date; however, the futures market is currently indicating lower natural gas prices than previously forecasted. As a result, Kelt has changed its 2018 commodity price forecasts as indicated in the table below. The Company is forecasting funds from operations in 2018 of $215.0 million, up 8% from its previous forecast of $200.0 million.

The Company's Board of Directors have agreed to increase the 2018 capital expenditure budget by $65.0 million. The table below summarizes Kelt's revised guidance for 2018. Kelt has not changed its 2018 average production guidance of 28,500 to 29,500 BOE per day as the incremental spending is expected to add production in early 2019 (described in more detail following the table below).

	2018 Forecast	Previous Forecast	Change
Commodity Prices:			
WTI Crude Oil (USD/bbl)	65.00	58.50	+ 11%
NYMEX Natural Gas (USD/MMBtu)	2.90	3.05	− 5%
DAWN Gas Daily Index (USD/MMBtu)	2.75	2.80	− 2%
CHICAGO City Gate Gas Daily Index (USD/MMBtu)	2.70	2.85	− 5%
MALIN Gas Monthly Index (USD/MMBtu)	2.35	2.48	− 5%
SUMAS Gas Monthly Index (USD/MMBtu)	2.25	2.43	− 7%

AECO 5A Gas Daily Index (USD/MMBtu)	1.50	1.63	− 8%
Station 2 Gas NGX Daily Index (USD/MMBtu)	1.20	1.33	− 10%
Exchange Rate (USD/CAD)	0.787	0.790	0%
Capital expenditures, net of dispositions ($ MM)	275.0	210.0	+ 31%
Funds from operations (“FFO”) ($ MM)	215.0	200.0	+ 8%
Per common share, diluted ($)	1.17	1.10	+ 6%
Bank debt, net of working capital, at year-end ($ MM)	165.0	140.0	+ 18%
Net bank debt to trailing FFO ratio	0.8 x	0.7 x	

Kelt’s 2018 capital expenditure program was increased by $65.0 million to add the following projects:

(a) a 4-well Middle Montney pad at Pouce Coupe – drill costs only (expected completions in early 2019);
(b) a Middle Montney well at Progress (50% WI) – drill and complete;
(c) a 6-well Upper/IBZ/Middle Montney pad at Inga – drill costs only (expected completions in early 2019); and
(d) an incremental $30.0 million of capital for facilities, pipelines and infrastructure, mostly at Inga/Fireweed.

The 4-well Middle Montney pad at Pouce Coupe will be the Company’s third pad at Pouce Coupe. The five wells from Kelt’s first pad at Pouce Coupe came on production in the first quarter of 2017 and have all paid back the drill and complete costs in under a year. The five wells from the Company’s second pad at Pouce Coupe have recently been put on production. This third 4-well pad is expected to be completed in the first quarter of 2019.

Kelt will commence drilling operations on its first 5-well pad at Fireweed in the second quarter of 2018 and expects to have these wells completed and on production by the end of the year. The Company has added a 6-well pad at Inga to its drilling program in 2018. This pad will be designed for 24 wells with 8 wells in each Montney interval: the Upper, IBZ and Middle Montney. Eventually two additional 24-well pads will be added encompassing six sections of land for a total of 72 wells as illustrated in Diagram 1.

Diagram 1 – Inga/Fireweed Montney Development Plan

Illustration of a 6-section/3-pad/72-well potential Development Program at Inga/Fireweed:

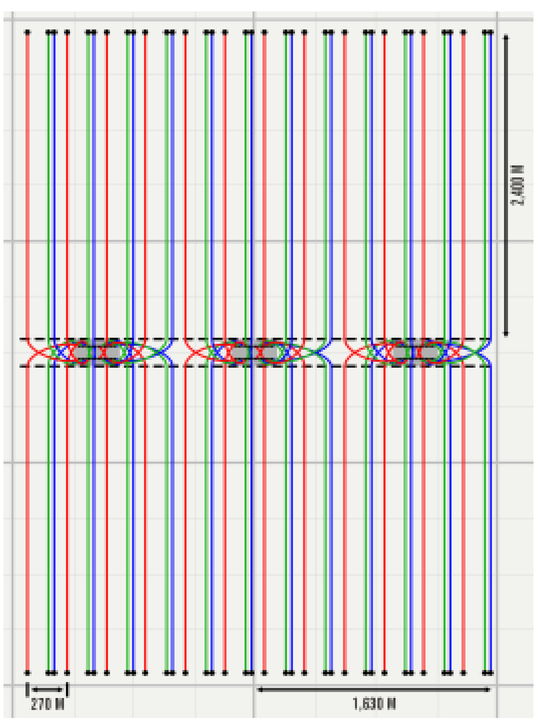
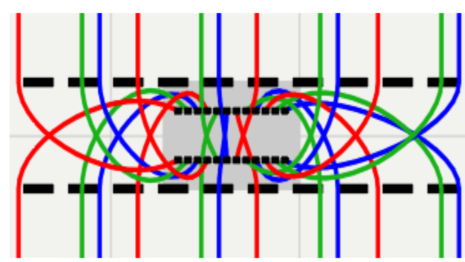


Illustration of a 24-well pad with 8 wells in the Upper Montney, 8 wells in the IBZ Montney and 8 wells in the Middle Montney:



Upper Montney
Middle Montney
IBZ Montney

The increase of $30.0 million in facility, pipeline and equipment spending will allow the Company to expand its infrastructure at Inga/Fireweed giving Kelt the ability to handle significantly higher production volumes in the future as the Company moves to large scale development in the Montney.

Infrastructure buildouts are planned north, south and west from the Company's new facility which is currently being constructed at Inga located at 10-02-088-23W6. This infrastructure will be comprised of large diameter gas and emulsion pipelines as well as a large diameter water line which will enable Kelt to reuse frac water as well as access additional water from two large water ponds at the new Inga 10-02 facility site. This new infrastructure will allow for wells from future drilling pads to be placed on production without "backing out" existing production as the Company continues to develop the three Montney intervals over Kelt's contiguous 204-section land block.

By the end of 2018, Kelt expects to have 10 Montney horizontal wells drilled from its pads at Pouce Coupe and Inga/Fireweed that it will endeavour to complete in the first quarter of 2019 putting the Company on solid footing and providing momentum for future production growth. In addition, Kelt expects to have five wells drilled and completed at Wembley/Pipestone where the Company has entered into a gas processing arrangement on a new facility to be constructed in 2019. These 15 wells are expected to provide Kelt with a strong start for production growth in 2019, giving the Company the opportunity to deliver another year of increased production growth in the 20% to 25% range.

The Company is well positioned financially to execute its capital program during the remainder of 2018 and expects to exit 2018 with an annual net bank debt to funds from operations ratio of 0.8 times.

The following table outlines the Company's revised financial and operating guidance for 2018 compared to both the previously announced 2018 guidance from March 6, 2018 and the Company's actual 2017 results:

(CA$ millions, except as otherwise indicated)	**Current 2018 Guidance**	Previous 2018 Guidance (March 6, 2018)	Percent Change	2017 Actual	Percent Change
Average Production					
Oil & NGLs (bbls/d)	**13,300 – 14,200**	13,400 - 13,900		9,242	44% - 54%
Gas (mmcf/d)	**90.0 – 96.0**	90.6 - 93.6		77.3	16% - 24%
Combined (BOE/d)	**28,500 – 29,500**	28,500 - 29,500		22,130	29% - 33%
Production per million common shares (BOE/d)	**156 – 162**	158 – 164		125	25% - 30%
Forecasted Average Commodity Prices					
WTI oil price (US$/bbl)	**65.00**	58.50	11%	50.95	28%
Canadian Light Sweet (CA$/bbl)	**78.11**	69.80	12%	61.85	26%
NYMEX natural gas price (US$/MMBTU)	**2.90**	3.05	- 5%	3.07	- 6%
AECO natural gas price (CA$/GJ)	**1.81**	1.96	- 8%	2.04	- 11%
Average Exchange Rate (US$/CA$)	**0.787**	0.79	N/C	0.770	2%
Capital Expenditures					
Drilling & completions	**170.0**	135.0	26%	154.7	10%
Facilities, pipeline & well equipment	**95.0**	65.0	46%	78.0	22%
Land, seismic & property acquisitions	**12.5**	10.0	N/C	11.6	- 14%
Property dispositions	**(2.5)**	-	N/C	(116.3)	Nm
Net Capital Expenditures	**275.0**	210.0	31%	128.0	115%
Adjusted funds from operations	**215.0**	200.0	8%	108.0	99%

Per common share, diluted	**1.17**	1.1	6%	0.61	92%
Bank debt, net of working capital, at year-end (1)	**165.0**	140.0	18%	136.7	21%
Net bank debt to trailing annual funds from operations ratio	**0.8 x**	0.7 x	14%	1.3X	-38%
Weighted average common shares outstanding (millions)	**182.6**	179.0	2%	176.5	3%

(1) In addition to bank debt, the Company has $90.0 million principal amount of convertible debentures outstanding with a coupon of 5% per annum, maturing May 31, 2021.

Kelt is currently unhedged in 2018. As a result, a 10% increase (decrease) in the Company's forecasted average oil/NGLs price for 2018 would increase (decrease) forecasted funds from operations by approximately $26.3 million ($26.5 million). A 10% increase (decrease) in the Company's average gas price forecasted for 2018 would increase (decrease) funds from operations by approximately $9.9 million ($9.8 million). An increase (decrease) in the forecasted average exchange rate by CA$/US$0.05 would increase (decrease) funds from operations by approximately $13.8 million ($13.9 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 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 2018. 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", "potentially" 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; the cost and timing of future capital expenditures and expected results; the Company's ability to continue accumulating land at a low-cost in its core operating areas and potentially monetize non-core assets; Kelt's intention to incur sufficient qualifying expenditures to fully satisfy the Company's commitments in respect of the Private Placements of flow-through shares; the Company's expected future financial position and operating results; the expected timing of well completions and production tests at Wembley/Pipestone; the timing of the completion of the 3-well pad at Inga/Fireweed; the timing of the drilling and completion of the 4-well pad at Pouce Coupe, 5-well pad at Fireweed and the 6-well pad at Inga; the cost and timing of the infrastructure buildouts at Inga; and, the eventual drilling of two 24-well pads at Inga/Fireweed.

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 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, except as otherwise indicated)	**2018**	2017	%
Cash provided by operating activities	**53,663**	25,890	107
Change in non-cash working capital	**(8,526)**	272	-3,235
Funds from operations	**45,137**	26,162	73
Settlement of decommissioning obligations	**587**	661	-11
Adjusted funds from operations	**45,724**	26,823	70%

Throughout this press release, reference is made to "total revenue", "Kelt Revenue" and "average realized prices". "Total revenue" refers to petroleum and natural gas revenue (before royalties) as reported in the consolidated financial statements in accordance with GAAP, and is before realized gains or losses on financial instruments. "Kelt Revenue" is a non-GAAP measure and is calculated by deducting the cost of purchases from petroleum and natural gas revenue (before royalties). "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. 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 bank debt" is used synonymously with, and is equal to, "bank debt, net of working capital". "Net bank 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 bank 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 bank 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 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. 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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