PRESS RELEASE
(Stock Symbol "KEL" – TSX)
February 25, 2021
Calgary, Alberta

KELT PROVIDES RESULTS OF ITS OIL & GAS RESERVES EVALUATION EFFECTIVE DECEMBER 31, 2020

Kelt Exploration Ltd. ("Kelt" or the "Company") is pleased to report on its oil & gas reserves and production for the year ended December 31, 2020. Kelt retained Sproule Associates Limited ("Sproule"), an independent qualified reserve evaluator to prepare a report on its oil and gas reserves.

The report is effective as of December 31, 2020. The Company has a Reserves Committee which oversees the selection, qualifications and reporting procedures of the independent qualified reserves evaluator. Reserves as at December 31, 2020 and at December 31, 2019 were determined using the guidelines and definitions set out under National Instrument 51-101 ("NI 51-101"). Additional reserves disclosure as required under NI 51-101 will be included in Kelt's Annual Information Form which will be filed on SEDAR on or before March 31, 2021.

The audit of Kelt's 2020 annual consolidated financial statements has not been completed and accordingly all financial amounts relating to 2020 referred to in this press release are unaudited and represent management's estimates. Readers are advised that these financial estimates are subject to audit and may be subject to change.

On August 21, 2020, Kelt completed the sale of its Inga/Fireweed/Stoddart assets (the "Inga Assets"), one of the Company's four main divisions. During 2020, primarily during the period subsequent to the sale of the Inga Assets, Kelt was active operationally in its remaining three main divisions, resulting in increases in all categories of reserves compared to the previous year, despite a significant reduction in Sproule's future commodity price forecasts that resulted in negative reserve revisions due to economic factors in the 2020 reserve report. Crude oil prices have moved significantly higher subsequent to December 31, 2020 and based on current prices, a significant portion of reserves that were written down due to economic factors would be reinstated.

Superior well performance and an improved cost structure led to significant positive technical revisions in the December 31, 2020 report. Refer to the table under the paragraph entitled "Reserves Reconciliation" for detailed information relating to reserve changes, by category, during the year.

RESERVES HIGHLIGHTS

Sproule, an independent qualified reserve evaluator, prepared the December 31, 2019 oil and gas reserves report. For illustrative purposes, the comparative December 31, 2019 amounts in the Reserves Highlights table below are pro-forma, excluding the Inga Assets ("pro-forma December 31, 2019").

A table reconciling reported December 31, 2019 reserves information with pro-forma December 31, 2019 amounts is also included in this press release.

	December 31, 2020		Pro-forma December 31, 2019 [1]		Change
	% Weight	**Amount**	% Weight	Amount	
Proved Developed Producing ("PDP") Reserves					
Oil & NGLs [Mbbls]	**34%**	**10,200**	41%	10,080	**+ 1%**
Gas [MMcf]	**66%**	**116,437**	59%	88,011	**+ 32%**
Combined [MBOE]	**100%**	**29,606**	100%	24,749	**+ 20%**
Proved Reserves					
Oil & NGLs [Mbbls]	**40%**	**37,903**	38%	32,792	**+ 16%**
Gas [MMcf]	**60%**	**348,315**	62%	314,668	**+ 11%**
Combined [MBOE]	**100%**	**95,956**	100%	85,237	**+ 13%**
Proved plus Probable ("P+P") Reserves					
Oil & NGLs [Mbbls]	**42%**	**75,619**	40%	63,887	**+ 18%**
Gas [MMcf]	**58%**	**618,975**	60%	574,399	**+ 8%**
Combined [MBOE]	**100%**	**178,782**	100%	159,620	**+ 12%**
Oil & NGLs Mix - P+P Reserves [Mbbls]					
Light Oil, Condensate and Pentane	**62%**	**46,538**	60%	38,602	**+ 21%**
Butane	**10%**	**7,678**	10%	6,372	**+ 20%**
Propane	**13%**	**10,009**	13%	8,187	**+ 22%**
Ethane	**15%**	**11,394**	17%	10,726	**+ 6%**
Total Oil & NGLs	**100%**	**75,619**	100%	63,887	**+ 18%**

Notes:

[1] December 31, 2019 amounts are pro-forma, adjusted to exclude amounts relating to the Inga Assets which were sold in 2020.

[2] Refer to advisories regarding Measurements and Abbreviations.

RESERVES

The Company's net present value of proved plus probable reserves at December 31, 2020, discounted at 10% before tax, was $932 million, a decrease of 16% from $1,111 million, pro-forma December 31, 2019. Despite an increase in reserves, the net present value decreased as a result of significantly lower forecasted oil and gas prices for the future years in the December 31, 2020 evaluation (see "Commodity Prices" table included below). Sproule's forecasted commodity prices for 2021 used to determine the net present value of the Company's reserves at December 31, 2020, are USD $46.00 per barrel for WTI oil, USD $3.00 per MMBtu for NYMEX Henry Hub natural gas and a USD/CAD exchange rate of USD $0.770.

Proved developed producing reserves at December 31, 2020 were 29.6 million BOE, an increase of 20% from 24.7 million BOE, pro-forma December 31, 2019. Total proved reserves at December 31, 2020 were 96.0 million BOE, up 13% from 85.2 million BOE, pro-forma December 31, 2019. Proved plus probable reserves increased by 19.2 million BOE or 12% from 159.6 million BOE, pro-forma December 31, 2019 to 178.8 million BOE at December 31, 2020.

The following table outlines a summary of the Company's reserves by category as at December 31, 2020:

SUMMARY OF RESERVES					
	Oil & NGLs [Mbbls]	Gas [MMcf]	Combined [MBOE]	NPV10% BT [$M]	NPV10% BT [$/BOE]
Proved Developed Producing	10,200	116,437	29,606	202,517	6.84
Total Proved	37,903	348,315	95,956	429,977	4.48
Total Proved plus Probable	**75,619**	**618,975**	**178,782**	**931,756**	**5.21**

The following table shows the change in reserves year-over-year by reserve category:

CHANGE IN RESERVES				
[MBOE]	December 31, 2020	Pro-forma December 31, 2019	Change in Reserves	Percent Change
Proved Developed Producing	29,606	24,749	+ 4,857	+ 20%
Total Proved	95,956	85,237	+ 10,719	+ 13%
Total Proved plus Probable	178,782	159,620	+ 19,162	+ 12%

FUTURE DEVELOPMENT CAPITAL EXPENDITURES

Future development capital ("FDC") expenditures of $537 million are included in the evaluation for total **proved reserves** and are expected to be incurred over five years as follows: $33 million in 2021, $144 million in 2022, $152 million in 2023, $115 million in 2024 and $93 million in 2025.

FDC expenditures of $927 million are included in the evaluation of **proved plus probable reserves** and are expected to be incurred over five years as follows: $49 million in 2021, $210 million in 2022, $255 million in 2023, $215 million in 2024 and $198 million in 2025.

The following table outlines FDC expenditures and future wells to be drilled by province, included in the December 31, 2020 reserve evaluation:

FUTURE DEVELOPMENT CAPITAL EXPENDITURES				
	December 31, 2020 Proved Reserves		December 31, 2020 P+P Reserves	
	FDC [$M]	Net Wells	FDC [$M]	Net Wells
Alberta Montney wells	397,535	73.3	670,593	121.3
British Columbia Montney wells	24,329	4.0	58,076	11.0
Total Montney wells	421,864	77.3	728,669	132.3
Other formations (including Doig/Charlie Lake)	65,859	18.4	148,778	42.0
Other expenditures	48,983	–	49,103	–
Total FDC Expenditures	536,706	95.7	926,550	174.3

COMMODITY PRICE FORECAST

The WTI oil price during 2020 averaged USD $39.24 per barrel, 36% lower than Sproule's 2020 forecast of USD $61.00 per barrel provided in the December 31, 2019 evaluation. Sproule is forecasting an average WTI oil price of USD $46.00 per barrel in 2021, a 29% decline from its previous forecast of USD $65.00 per barrel. The NYMEX gas price during 2020 averaged USD $2.08 per MMBtu, 26% lower than Sproule's 2020 forecast of USD $2.80 per MMBtu provided in the December 31, 2019 evaluation. Sproule is forecasting an average NYMEX gas price of USD $3.00 per MMBtu in 2021., no change from its previous forecast.

The following table outlines forecasted future prices that Sproule has used in their evaluation of the Company's reserves:

COMMODITY PRICES									
	December 31, 2020 Evaluation						December 31, 2019 Evaluation		
	WTI Cushing Crude Oil [USD/bbl]		NYMEX Henry Hub [USD/MMBtu]		USD/CAD Exchange [USD]		WTI Cushing Crude Oil [USD/bbl]	NYMEX Henry Hub [USD/MMBtu]	USD/CAD Exchange [USD]
2016 (historical)	43.32		2.55		0.755		43.32	2.55	0.755
2017 (historical)	50.88		3.07		0.770		50.88	3.07	0.770
2018 (historical)	64.94		3.04		0.771		64.94	3.04	0.771
2019 (historical)	56.98		2.62		0.754		56.98	2.62	0.754
2020 (historical/future)	39.24	− 36%	2.08	− 26%	0.746	− 2%	61.00	2.80	0.760
2021 (future)	46.00	− 29%	3.00	0%	0.770	0%	65.00	3.00	0.770
2022 (future)	48.00	− 28%	3.00	− 8%	0.770	− 4%	67.00	3.25	0.800
2023 (future)	53.00	− 22%	3.00	− 10%	0.770	− 4%	68.34	3.32	0.800
2024 (future)	54.06	− 22%	3.06	− 9%	0.770	− 4%	69.71	3.38	0.800

Note:

Percent change in the above table shows the change in price used in the December 31, 2020 evaluation compared to the price used in the December 31, 2019 evaluation for the respective calendar years from 2020 to 2024.

FINDING, DEVELOPMENT, ACQUISITION & DISPOSITION COSTS

During 2020, the Company's capital expenditures, net of dispositions, resulted in net proved plus probable reserve dispositions of 273.1 million BOE, resulting in P+P finding, development, acquisition and disposition ("FDA&D") costs of $6.89 per BOE, including FDC expenditures. Net proved reserve dispositions in 2020 were 119.5 million BOE, resulting in proved FDA&D costs of $10.01 per BOE, including FDC expenditures.

Estimated capital expenditures, after dispositions, in 2020 were negative $354.0 million (unaudited). The Company completed the disposition of reserves relating to the Inga Assets at a price that exceeded the FD&A cost to add reserves in all of the Company's other assets. Despite significantly lower commodity prices in 2020, Kelt was able to generate a P+P recycle ratio of 1.2 times for the year.

The recycle ratio is a measure for evaluating the effectiveness of a company's re-investment program. The ratio measures the efficiency of capital investment (or divestment). It accomplishes this by comparing the operating netback per BOE to the same period's reserve FDA&D cost per BOE. With the construction of facilities and infrastructure in 2019 and 2020, along with historic land acquisitions, Kelt has positioned itself to achieve further efficiencies in production additions and finding and development costs over the upcoming years, as it continues to proceed with development and pad drilling.

The following table provides detailed calculations relating to FDA&D costs for 2020 and 2019:

	Year ended December 31, 2020	Year ended December 31, 2019
PROVED RESERVES		
Capital expenditures, net of dispositions [$M] *(2020 unaudited)*	**(353,957)**	**315,624**
Change in FDC costs required to develop reserves [$M]	**(842,190)**	**507,348**
Total capital costs [$M]	**(1,196,147)**	**822,972**
Reserve additions, net of dispositions [MBOE]	**(119,491)**	**77,053**
FDA&D cost, including FDC [$/BOE]	**10.01**	**10.68**
Operating netback [$/BOE] *(2020 unaudited)*	**8.41**	**18.89**
Recycle ratio – proved	**0.8 x**	**1.8 x**
PROVED PLUS PROBABLE RESERVES		
Capital expenditures, net of dispositions [$M] *(2020 unaudited)*	**(353,957)**	**315,624**
Change in FDC costs required to develop reserves [$M]	**(1,527,897)**	**980,349**
Total capital costs [$M]	**(1,881,854)**	**1,295,973**
Reserve additions, net of dispositions [MBOE]	**(273,064)**	**169,217**
FDA&D cost, including FDC [$/BOE]	**6.89**	**7.66**
Operating netback [$/BOE] *(2020 unaudited)*	**8.41**	**18.89**
Recycle ratio – proved plus probable	**1.2 x**	**2.5 x**

RESERVES RECONCILIATION

Kelt's 2020 capital investment program, excluding dispositions, resulted in proved plus probable reserve additions of 25.0 million BOE, that replaced pro-forma 2020 production by a factor of 4.3 times.

A reconciliation of Kelt's proved plus probable reserves is provided in the table below:

PROVED PLUS PROBABLE RESERVES			
	Oil & NGLs [Mbbls]	Gas [MMcf]	Combined [MBOE]
Balance, December 31, 2019	**216,324**	**1,467,941**	**460,981**
Extensions	11,549	42,604	18,650
Technical revisions	5,578	53,357	14,472
Economic factors	(3,173)	(29,979)	(8,170)
Dispositions	(150,553)	(884,776)	(298,016)
Additions, net of dispositions	**(136,599)**	**(818,794)**	**(273,064)**
Less: 2020 Production *[1]*	(4,106)	(30,172)	(9,135)
Balance, December 31, 2020	**75,619**	**618,975**	**178,782**

Note:

[1] Sulphur production of 7,599 Lt (76 MMcfe or 13 MBOE) has been excluded in the above table.

Continued outperformance of existing producing wells compared with the previous year's forecasts resulted in significant positive technical revisions to both producing wells and offsetting future development locations. Kelt added 14.5 million BOE of P+P reserves resulting from positive technical revisions. The Company's P+P reserves were reduced by 8.2 million BOE due to economic factors (primarily lower commodity price forecasts). Kelt expects to add back these reserves in the future as commodity prices increase from the forecasts used in the December 31, 2020 reserves evaluation.

NET ASSET VALUE

Kelt's calculated net asset value per share at December 31, 2020 was $5.44, 202% above the $1.80 closing trading price of the Company's common shares on the Toronto Stock Exchange on December 31, 2020. Details of the net asset value calculation are shown in the table below:

NET ASSET VALUE PER SHARE		
	$ M	**$/share**
P&NG proved plus probable reserves, NPV10% BT *[1]*	**931,756**	**4.87**
Undeveloped land	**80,196**	**0.42**
Working capital surplus *[unaudited]*	**26,261**	**0.14**
Proceeds from exercise of stock options *[2]*	**2,331**	**0.01**
Net asset value	**1,040,544**	**5.44**
Diluted common shares outstanding (000's) *[2]*	**191,271**	

Notes:

[1] Includes the net present value of the Company's estimated decommissioning obligations.
[2] The calculation of proceeds from exercise of stock options and the diluted number of common shares outstanding only include stock options that are "in-the-money" based on the closing price of KEL of $1.80 as at December 31, 2020. All outstanding RSUs are included in diluted common shares outstanding.

PRODUCTION

Kelt's average production for 2020 was 24,992 BOE per day, down 17% from average production of 29,961 BOE per day in 2019. Production in 2020 only includes production from the Inga Assets up to the disposition date of August 21, 2020. Production for 2020 was weighted 45% oil and NGLs and 55% gas. Average production for 2020 was 2% above the Company's guidance of 24,400 BOE per day. Average production for the fourth quarter of 2020 was 16,476 BOE per day, weighted 41% oil and NGLs and 59% gas.

Production for 2020 compared to 2019 is summarized in the following table:

$M unless otherwise stated	**December 31, 2020**		December 31, 2019		**Change**
	% Weight	**Amount**	% Weight	Amount	
Annual Average Production					
Oil & NGLs [bbls/d]	**45%**	**11,218**	46%	13,851	**- 19%**
Gas [Mcf/d]	**55%**	**82,646**	54%	96,658	**- 14%**
Combined [BOE/d]	**100%**	**24,992**	100%	29,961	**- 17%**

On August 21, 2020, Kelt completed the sale of its Inga Assets. Pro-forma production, excluding the Inga Assets, for 2020 compared to 2019 is summarized in the following table:

$M unless otherwise stated	**Pro-forma December 31, 2020**		Pro-forma December 31, 2019		**Change**
	% Weight	**Amount**	% Weight	Amount	
Pro-forma Annual Average Production					
Oil & NGLs [bbls/d]	**40%**	**6,322**	38%	6,247	**+ 1%**
Gas [Mcf/d]	**60%**	**57,708**	62%	61,744	**- 7%**
Combined [BOE/d]	**100%**	**15,940**	100%	16,538	**- 4%**

RECONCILIATION OF DECEMBER 31, 2019 RESERVES

On August 21, 2020, Kelt completed the sale of its Inga Assets. The following table shows reserves amounts at December 31, 2019, as originally reported, and pro-forma excluding the Inga Assets:

$M unless otherwise stated	Reported December 31, 2019		**Pro-forma December 31, 2019**		Change
	% Weight	Amount	**% Weight**	**Amount**	
PDP Reserves					
Oil & NGLs [Mbbls]	44%	21,522	**41%**	**10,080**	- 53%
Gas [MMcf]	56%	163,994	**59%**	**88,011**	- 46%
Combined [MBOE]	100%	48,854	**100%**	**24,749**	- 49%
Proved Reserves					
Oil & NGLs [Mbbls]	46%	103,292	**38%**	**32,792**	- 68%
Gas [MMcf]	54%	727,740	**62%**	**314,668**	- 57%
Combined [MBOE]	100%	224,582	**100%**	**85,237**	- 62%
P+P Reserves					
Oil & NGLs [Mbbls]	47%	216,324	**40%**	**63,887**	- 70%
Gas [MMcf]	53%	1,467,941	**60%**	**574,399**	- 61%
Combined [MBOE]	100%	460,981	**100%**	**159,620**	- 65%
Oil & NGLs Mix - P+P Reserves [Mbbls]					
Light Oil, Condensate and Pentane	62%	133,150	**60%**	**38,602**	- 71%
Butane	11%	24,282	**10%**	**6,372**	- 74%
Propane	22%	46,746	**13%**	**8,187**	- 82%
Ethane	5%	12,146	**17%**	**10,726**	- 12%
Total Oil & NGLs	100%	216,324	**100%**	**63,887**	- 70%

Changes in forecasted commodity prices and variances in production estimates can have a significant impact on estimated reserves values, adjusted funds from operations and profit. Please refer to the cautionary statement on forward-looking statements and information set out below.

ADVISORY REGARDING 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”, “forecast”, “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 forecasted future commodity prices used by Sproule in their evaluation, markets for future gas production, future development capital expenditures, expectations, exploration and development activities and future drilling plans, including future drilling locations, achieving further efficiencies in production additions and FDC expenditures over the upcoming years as Kelt continues to proceed with development and pad drilling. Statements relating to "reserves" or “resources” 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.

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. Kelt has made assumptions regarding, but not limited to: existing production sales contracts remaining in place, future commodity prices, timing and amount of capital expenditures, future production expenses, future cash flow, future debt levels and future production volumes. 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.

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGLs reserves and the future net revenue attributed to such reserves, including many factors beyond the control of Kelt. The reserves and associated future net revenue information set forth in this press release are estimates only. In general, estimates of economically recoverable oil, natural gas and NGLs reserves and the future net revenue therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserves recovery, the timing and amount of capital expenditures, marketability of oil, natural gas and NGLs, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For these reasons, estimates of the economically recoverable oil, natural gas and NGLs reserves attributable to any particular group of properties, the classification of such reserves based on risk of recovery and estimates of future net revenue associated with reserves prepared by different engineers, or by the same engineer at different times, may vary. Kelt's actual production, revenue, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Corporation's reserves estimated by the Corporation's independent qualified reserves evaluators represent the fair market value of those reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. Actual oil, natural gas and NGLs reserves may be greater than or less than the estimates provided herein and variances could be material. With respect to the disclosure of reserves contained herein relating to portions of Kelt's properties, the estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. In this press release, unless otherwise stated all references to "reserves" are to Kelt's gross company reserves before deduction of royalties and without including and royalty interests of Kelt.

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. Readers are cautioned that this 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.

"Net bank debt (surplus)" is equal to "bank debt", net of "working capital deficit (surplus)". Working capital deficit (surplus) excludes current bank debt, current convertible debentures, and assets and liabilities held for sale. "Net bank debt (surplus)" is calculated by adding the working capital deficit (surplus) to bank debt. The Company uses a "net bank debt (surplus) and working capital deficit (surplus) to annualized quarterly adjusted funds from operations ratio" and a as a benchmark on which management monitors the Company's capital structure and short-term financing requirements. Management believes that this ratio, as well as the Company's "net bank debt (surplus)", provides investors with information to understand the Company's liquidity risk. The "net bank debt (surplus) and working capital deficit (surplus) to annualized quarterly adjusted funds from operations ratio" is also indicative of the "net debt (surplus) 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).

"Operating income" is calculated by deducting royalties, production expenses and transportation expenses from petroleum and natural gas ("P&NG") 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". Management believes that operating netback ($ per BOE) is a key industry benchmark and is a useful measure of operating performance which assists management and investors in assessing Kelt's profitability".

"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, annualized quarterly adjusted funds from operations, and operating income are Non-GAAP measures used by management as a key measure to assess the ability of the Company to fund operating activities, capital expenditures and the repayment of debt however; it is not intended to be viewed as an alternative to cash provided by operating activities, profit or other measures of financial performance calculated in accordance with GAAP.

"Finding, development, acquisition and disposition" ("FDA&D") cost is the sum of capital expenditures incurred in the period, less proceeds from the disposition of assets during the period and the change in future development capital ("FDC") required to develop reserves. FDA&D cost per BOE is determined by dividing current period net reserve additions into the corresponding period's FDA&D cost. Readers are cautioned that the aggregate of capital expenditures incurred in the year, comprised of exploration and development costs and acquisition costs, and proceeds from the disposition of assets, and the change in estimated FDC generally will not reflect total FDA&D costs related to net reserve additions in the year.

"Recycle ratio" is a measure for evaluating the effectiveness of a company's re-investment program. The ratio measures the efficiency of capital investment by comparing the operating netback per BOE to FDA&D cost per BOE.

"Net asset value per share" is calculated by adding the net present value of P&NG reserves, undeveloped land value and proceeds from exercise of stock options, less the net present value of decommissioning obligations and net bank debt, and dividing by the diluted number of common shares outstanding. The calculation of proceeds from exercise of stock options and the diluted number of common shares outstanding only include stock options that are "in-the-money" based on the closing price of KEL common shares as at the calculation date. All outstanding RSUs are included in diluted common shares outstanding.

UNAUDITED INFORMATION

All financial and operating information in this press release for the fourth quarter and year ended December 31, 2020, such as FDA&D costs, recycle ratio, working capital surplus, capital expenditures, production and operating netback is based on unaudited estimated results and have not been reviewed by the Corporation's auditors. These estimates are subject to change upon completion of audited financial statements for the year ended December 31, 2020, and changes could be material. Kelt anticipates filing its audited financial statements and related management's discussion and analysis for the year ended December 31, 2020 on SEDAR on March 11, 2021.

MEASUREMENTS AND ABBREVIATIONS

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 “gas” in this discussion include natural gas and sulphur.

TSX	the Toronto Stock Exchange
KEL	trading symbol for Kelt Exploration Ltd. on the Toronto Stock Exchange
bbls	barrels
bbls/d	barrels per day
Mbbls	thousand barrels
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMcf	million cubic feet
MMcfe	million cubic feet equivalent
MMcf/d	million cubic feet per day
MMBtu	million British thermal units
GJ	gigajoule
Lt	long ton
BOE	barrel of oil equivalent
MBOE	thousand barrels of oil equivalent
BOE/d	barrel of oil equivalent per day
NGLs	natural gas liquids
C2	ethane
C3	propane
C4	butane
C5+	pentane plus all other heavier natural gas liquids
AECO	Alberta Energy Company “C” Meter Station of the NOVA Pipeline System
NYMEX	New York Mercantile Exchange
WTI	West Texas Intermediate
USD	United States dollars
CAD	Canadian dollars
$	Canadian dollars
$M	thousand dollars
GAAP	Generally Accepted Accounting Principles
P&NG	petroleum and natural gas
FDA&D	finding, development, acquisition and disposition
FDC	future development capital
NPV	net present value
NPV 10%	net present value discounted at ten percent
BT	before tax

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