



PRESS RELEASE

(Stock Symbol “KEL” – TSX)

March 11, 2021

Calgary, Alberta

**KELT REPORTS FINANCIAL AND OPERATING RESULTS
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2020**

Kelt Exploration Ltd. (“Kelt” or the “Company”) has released its financial and operating results for the fourth quarter and year ended December 31, 2020. The Company’s financial results are summarized as follows:

FINANCIAL HIGHLIGHTS <i>(CA\$ thousands, except as otherwise indicated)</i>	Three months ended December 31			Year ended December 31		
	2020	2019	%	2020	2019	%
Petroleum and natural gas sales	41,961	97,763	-57	207,156	394,356	-47
Cash provided by operating activities	3,288	35,396	-91	59,279	162,488	-64
Adjusted funds from operations ⁽¹⁾	10,758	46,655	-77	58,832	182,521	-68
Basic (\$/ common share) ⁽¹⁾	0.06	0.25	-76	0.31	0.99	-69
Diluted (\$/ common share) ⁽¹⁾	0.06	0.25	-76	0.31	0.99	-69
Profit (loss) and comprehensive income (loss)	26,018	(2,628)	-1090	(324,807)	6,572	-5042
Basic (\$/ common share)	0.14	(0.01)	-1500	(1.73)	0.04	-4425
Diluted (\$/ common share)	0.14	(0.01)	-1500	(1.73)	0.04	-4425
Total capital expenditures, net of dispositions	24,470	63,983	-62	(353,957)	315,624	-212
Total assets	759,987	1,605,465	-53	759,987	1,605,465	-53
Net bank debt (surplus) ⁽¹⁾	(26,261)	328,080	-108	(26,261)	328,080	-108
Convertible debentures	-	82,789	-100	-	82,789	-100
Shareholders' equity	603,684	923,062	-35	603,684	923,062	-35
Weighted average shares outstanding (000s)						
Basic	188,551	184,763	2	188,093	184,302	2
Diluted	189,270	185,108	2	188,093	184,946	2

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

FINANCIAL STATEMENTS

Kelt’s audited annual consolidated annual financial statements and related notes for the year ended December 31, 2020 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 March 11, 2021.

Kelt's operating results for the fourth quarter and year ended December 31, 2020 are summarized as follows:

OPERATIONAL HIGHLIGHTS (CA\$ thousands, except as otherwise indicated)	Three months ended December 31			Year ended December 31		
	2020	2019	%	2020	2019	%
Average daily production						
Oil (bbls/d)	4,057	9,900	-59	7,057	9,361	-25
NGLs (bbls/d)	2,722	4,888	-44	4,161	4,490	-7
Gas (mcf/d)	58,179	98,844	-41	82,646	96,658	-14
Combined (BOE/d)	16,476	31,262	-47	24,992	29,961	-17
Production per million common shares (BOE/d) ⁽¹⁾	87	169	-49	133	163	-18
Average realized prices, before financial instruments ⁽¹⁾						
Oil (\$/bbl)	50.30	63.25	-20	40.80	66.94	-39
NGLs (\$/bbl)	22.42	21.01	7	15.04	20.62	-27
Gas (\$/mcf)	2.91	2.95	-1	2.33	3.26	-29
Operating netbacks (\$/BOE) ⁽¹⁾						
Petroleum and natural gas sales	27.69	33.99	-19	22.65	36.06	-37
Cost of purchases	(1.28)	(1.35)	-5	(0.92)	(1.53)	-40
Average realized price, before financial instruments ⁽¹⁾	26.41	32.64	-19	21.73	34.53	-37
Realized gain (loss) on financial instruments	(2.51)	(0.11)	2182	0.99	(0.08)	-1338
Average realized price, after financial instruments ⁽¹⁾	23.90	32.53	-27	22.72	34.45	-34
Royalties	(2.13)	(1.25)	70	(1.13)	(1.76)	-36
Production expense	(9.54)	(9.09)	5	(9.56)	(9.18)	4
Transportation expense	(3.83)	(3.54)	8	(3.62)	(4.62)	-22
Operating netback ⁽¹⁾	8.40	18.65	-55	8.41	18.89	-55
Total landholdings						
Gross acres	800,270	1,053,445	-24	800,270	1,053,445	-24
Net acres	579,764	819,557	-29	579,764	819,557	-29

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

MESSAGE TO SHAREHOLDERS

Kelt Exploration Ltd. ("Kelt" or the "Company") reports its financial and operating results to shareholders for the fourth quarter and year ended December 31, 2020.

The energy sector experienced a tumultuous year in 2020 that began with the unprecedented impact to global oil demand destruction resulting from the COVID-19 pandemic, as well as excess oil supplies, as many oil producing nations ramped up oil production as they sought to gain global market share.

Kelt was pro-active and took several initiatives to preserve shareholder value during a period of economic uncertainty including cost-cutting measures, financial hedge contracts, production shut-ins and application to certain government programs.

On August 21, 2020, Kelt completed the sale of its Inga/Fireweed/Stoddart Division (the "Inga Assets") for net cash proceeds of \$503.9 million. Proceeds from the sale of the Inga Assets were directed towards repayment of outstanding amounts under the Company's syndicated credit facility and towards the redemption of Kelt's outstanding convertible debentures, leaving the Company with a positive working capital position at December 31, 2020.

Average production for the three months ended December 31, 2020 was 16,476 BOE per day, down 47% compared to average production of 31,262 BOE per day during the fourth quarter of 2019. Daily average production in the fourth quarter of 2020 was 7% higher than pro-forma (excluding production related to the Inga Assets) production of 15,444 BOE per day for the fourth quarter of 2019.

Kelt's 2020 fourth quarter production exceeded its previous guidance for the quarter by 17% as the Company brought on-stream two Wembley/Pipestone wells earlier than anticipated. Production for the three months ended December 31, 2020 was weighted 41% to oil and NGLs and 59% to gas.

Kelt's realized average oil price during the fourth quarter of 2020 was \$50.30 per barrel, down 20% from \$63.25 per barrel in the fourth quarter of 2019. The Company's realized average NGLs price during the fourth quarter of 2020 was \$22.42 per barrel, up 7% from \$21.01 per barrel in the fourth quarter of 2019. Kelt's realized average gas price for the fourth quarter of 2020 was \$2.91 per MCF, down 1% from \$2.95 per MCF in the fourth quarter of 2019.

For the three months ended December 31, 2020, revenue was \$42.0 million and adjusted funds from operations was \$10.8 million (\$0.06 per share, diluted), compared to \$97.8 million and \$46.7 million (\$0.25 per share, diluted) respectively, in the fourth quarter of 2019. At December 31, 2020, Kelt had no bank debt and a working capital surplus of \$26.3 million compared to net bank debt of \$328.1 million and outstanding convertible debentures of \$89.9 million at December 31, 2019.

Net capital expenditures incurred during the three months ended December 31, 2020 were \$24.5 million, down 62% compared to net capital expenditures of \$64.0 million during the fourth quarter of 2019. During the fourth quarter of 2020, the Company spent \$16.5 million on drill and complete operations and \$7.3 million on equipment, facilities and pipelines.

As at December 31, 2020, Kelt's net working interest land holdings were 579,764 acres (906 sections). Kelt is focused on long-term value creation by accumulating significant land acreage on resource style plays, with a primary focus on the Triassic Montney oil and liquids-rich gas plays. At December 31, 2020, Kelt's net Montney land holdings were 370,564 acres (579 sections). In addition, Kelt holds 74,714 net acres (117 sections) in the Triassic Charlie Lake play in Alberta.

At Oak/Flatrock, Kelt currently has two Montney wells that have been drilled, completed and tested and eight additional wells that have been drilled and are awaiting completion. The Company expects to construct a gas compression and oil battery facility at Oak during the third quarter of 2021 and expects to bring on production, ten new wells during October 2021.

At Pouce Coupe, Kelt drilled two high deliverability Montney gas wells during the fourth quarter of 2020 and subsequently, in early 2021, the Company completed and tied-in both wells. The two wells have initially come on-stream at a combined rate in excess of 20.0 MMcf per day. The Company has an inventory of 32 additional locations on its high deliverability gas land block at Pouce Coupe West.

At Wembley/Pipestone, Kelt currently has three Montney wells that have been drilled, completed and tested and two additional wells that have been drilled and are awaiting completion ("DUCs"). The Company expects to complete the two DUCs and tie-in the wells by mid-year 2021.

In anticipation of rising steel prices and given the upcoming completion programs, both at Oak and at Wembley, Kelt has pre-purchased casing and line pipe in order to mitigate higher capital costs.

Kelt has actively reduced its exposure to rental equipment in all of its areas of operation in an effort to reduce future operating expenses. Kelt is committed to its goal of being a low-cost producer.

With the strong performance in crude oil pricing, Kelt has revised its 2021 outlook and guidance. The Company has changed its 2021 forecasted average commodity prices to reflect current futures strip pricing as follows: WTI crude oil prices are expected to average US\$59.95 per barrel, up 56% from the previous

forecast of US\$38.50 per barrel; and NYMEX Henry Hub natural gas prices are expected to average US\$2.82 per MMBtu, down 9% from the previous forecast of US\$3.10 per MMBtu. The Company will continue to monitor commodity prices and expects to provide updated 2021 guidance, if necessary, by mid-year.

Kelt has increased its 2021 capital expenditure program to \$120.0 million, up by 33% or \$30.0 million from its previous guidance. Production in 2021 is forecasted to average 19,000 BOE per day, up by 9% or 1,500 BOE per day from the Company's previous guidance. Adjusted funds from operations are forecasted to be \$107.0 million in 2021, up by 61% or \$40.5 million from Kelt's previous forecast. Kelt does not plan to have any bank debt at December 31, 2021. The Company's working capital surplus position is expected to be \$7.0 million at the end of 2021, up by 75% or \$4.0 million compared to the Kelt's previous forecast.

Kelt expects to report to shareholders its 2021 first quarter results on or about May 6, 2021.

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 2021. Readers are cautioned that this financial outlook may not be appropriate for other purposes.

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "execute", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "forecasted" and similar expressions are intended to identify forward-looking information or statements. In particular, this press release contains forward-looking statements pertaining to the following: Kelt's expected price realizations and future commodity prices; expectations for operating costs, transportation expenses and royalties, the cost and timing of future capital expenditures and expected well results; anticipated production volumes; the expected timing of well completions, the expected timing of wells brought on-production, the expected timing of facility expenditures, the expected timing of facility start-up dates, the expected timing of production additions from capital expenditures; and the Company's expected future financial position and operating results.

Although Kelt believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Kelt cannot give any assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general, operational risks in development, exploration and production; risks associated with the COVID-19 pandemic; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; failure to obtain necessary regulatory approvals for planned operations; health, safety and environmental risks; uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures; volatility of commodity prices, currency exchange rate fluctuations; imprecision of reserve estimates; as well as general economic conditions, stock market volatility; and the ability to access sufficient capital. We caution that the foregoing list of risks and uncertainties is not exhaustive.

In addition, the reader is cautioned that historical results are not necessarily indicative of future performance. The forward-looking statements contained herein are made as of the date hereof and the Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements, whether as

a result of new information, future events or otherwise unless expressly required by applicable securities laws.

Certain information set out herein may be considered as “financial outlook” within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding Kelt’s reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

Any reference in this press release to IP rates is useful in confirming the presence of hydrocarbons. IP rates are not determinative of the rates at which wells will continue production and decline thereafter and are not necessarily indicative of long term performance. While encouraging, readers are cautioned not to place reliance on such rates in calculating aggregate production for the Company.

NON-GAAP FINANCIAL MEASURES AND OTHER KEY PERFORMANCE INDICATORS

This press release contains certain financial measures, as described below, which do not have standardized meanings prescribed by GAAP. In addition, this press release contains other key performance indicators (“KPI”), financial and non-financial, that do not have standardized meanings under the applicable securities legislation. As these non-GAAP financial measures and KPI are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

Non-GAAP financial measures

“Operating income” is calculated by deducting royalties, production expenses and transportation expenses from petroleum and natural gas sales, 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, annualized quarterly adjusted funds from operations and operating income or netbacks are non-GAAP measures used by management to measure operating performance. Adjusted funds from operations, annualized quarterly adjusted funds from operations, and operating income or netbacks 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. The following table reconciles cash provided by operating activities reported in accordance with GAAP to *Adjusted funds from operations*:

<i>(CA\$ thousands, except as otherwise indicated)</i>	Three months ended December 31			Year ended December 31		
	2020	2019	%	2020	2019	%
Cash provided by operating activities	3,288	35,396	-91	59,279	162,488	-64
Change in non-cash working capital	6,620	11,045	-40	(2,392)	17,699	-114
Funds from operations	9,908	46,441	-79	56,887	180,187	-68
Settlement of decommissioning obligations	850	214	297	1,945	2,334	-17
Adjusted funds from operations	10,758	46,655	-77	58,832	182,521	-68

Throughout this press release, reference is made to “total revenue”, “Kelt Revenue” and “average realized prices”. “Total revenue” refers to petroleum and natural gas sales (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 sales (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. In addition to using its own production, the Company may purchase butane and crude oil from fourth 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 sales 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.

"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 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).

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 <i>Income Tax Act</i> (Canada)
CEE	Canadian Exploration Expenses, as defined by the <i>Income Tax Act</i> (Canada)
GAAP	Generally Accepted Accounting Principles

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