PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
May 6, 2021
Calgary, Alberta

KELT REPORTS FINANCIAL AND OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2021

Kelt Exploration Ltd. ("Kelt" or the "Company") reports its financial and operating results to shareholders for the first quarter ended March 31, 2021. The Company's financial results are summarized as follows:

FINANCIAL HIGHLIGHTS	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2021**	2020	%
Petroleum and natural gas sales	**59,835**	70,918	-16
Cash provided by operating activities	**26,582**	50,172	-47
Adjusted funds from operations (1)	**27,451**	27,360	-
Basic ($/ common share) (1)	**0.15**	0.15	-
Diluted ($/ common share) (1)	**0.14**	0.15	-7
Profit (loss) and comprehensive income (loss)	**2,854**	(74,085)	-104
Basic ($/ common share)	**0.02**	(0.39)	-105
Diluted ($/ common share)	**0.02**	(0.39)	-105
Total capital expenditures, net of dispositions	**29,446**	91,126	-68
Total assets	**775,033**	1,608,870	-52
Net bank debt (surplus) (1)	**(19,971)**	344,664	-106
Convertible debentures	**-**	83,957	-100
Shareholders' equity	**607,285**	850,486	-29
Weighted average shares outstanding (000s)			
Basic	**188,585**	187,794	-
Diluted	**189,944**	187,794	1

(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, 2021 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 6, 2021.

Kelt's operating results for the first quarter ended March 31, 2021 are summarized as follows:

OPERATIONAL HIGHLIGHTS	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2021**	2020	%
Average daily production			
Oil (bbls/d)	**3,972**	9,684	-59
NGLs (bbls/d)	**3,429**	4,583	-25
Gas (mcf/d)	**68,752**	99,236	-31
Combined (BOE/d)	**18,860**	30,806	-39
Production per million common shares (BOE/d) (1)	**100**	164	-39
Average realized prices, before financial instruments (1)			
Oil ($/bbl)	**67.47**	45.58	48
NGLs ($/bbl)	**34.28**	14.37	139
Gas ($/mcf)	**3.77**	2.35	60
Operating netbacks ($/BOE) (1)			
Petroleum and natural gas sales	**35.25**	25.30	39
Cost of purchases	**(1.08)**	(1.25)	-14
Average realized price, before financial instruments (1)	**34.17**	24.05	42
Realized gain (loss) on financial instruments	**(1.10)**	2.60	-142
Average realized price, after financial instruments (1)	**33.07**	26.65	24
Royalties	**(2.70)**	(1.02)	165
Production expense	**(9.45)**	(10.85)	-13
Transportation expense	**(3.25)**	(3.50)	-7
Operating netback (1)	**17.67**	11.28	57
Total landholdings			
Gross acres	**795,790**	1,051,212	-24
Net acres	**575,648**	819,285	-30

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

MESSAGE TO SHAREHOLDERS

The COVID-19 pandemic that began over a year ago has had a substantial impact on people's lives and continues to impact the way companies conduct their business. Kelt's highest priority remains the health and safety of its employees, partners and the communities where it operates. The Company continues to enforce measures that were introduced to protect the well-being of these stakeholders and is proud of the dedication of its workforce to maintain safe operations and business continuity during a challenging environment.

During 2020, revenue generated by sales of oil and gas was adversely affected by the precipitous decline in oil and gas prices as a result of the unprecedented destruction in demand for the commodities due to global lockdowns and business interruptions. Several pharmaceutical companies have now developed vaccines as a measure to prevent or reduce infections. As the global economy recovers, the demand for oil and gas has also commenced a recovery, with both oil and gas current prices trading at or above pre-pandemic levels.

Kelt's average production for the three months ended March 31, 2021 was 18,860 BOE per day, down 39% from average production of 30,806 BOE per day during the first quarter of 2020. Lower production in 2021 compared to the previous year reflects the sale of the Company's Inga assets completed in August 2020. Average production from the assets disposed for the first quarter of 2020 was approximately 14,369 BOE per day. Quarter over quarter, Kelt recorded significant production growth of 14% from average production of 16,476 BOE per day during the fourth quarter of 2020. In addition, production for the first quarter of 2021 was higher than the Company's internal estimates primarily due to better-than-expected performance from new wells that came on-stream in the Pouce Coupe area of Alberta. Production for the three months ended March 31, 2021 was weighted 39% oil and NGLs, and 61% gas.

Kelt's realized average oil price during the first quarter of 2021 was $67.47 per barrel, up 48% from $45.58 per barrel in the first quarter of 2020. The realized average NGLs price during the first quarter of 2021 was $34.28 per barrel, up 139% from $14.37 per barrel in the same quarter of 2020. Kelt's realized average gas price for the first quarter of 2021 was $3.77 per Mcf, up 60% from $2.35 per Mcf in the corresponding quarter of the previous year.

For the three months ended March 31, 2021, sales revenue was $59.8 million and adjusted funds from operations was $27.5 million ($0.14 per share, diluted); compared to $70.9 million and $27.4 million ($0.15 per share, diluted) respectively, in the first quarter of 2020. At March 31, 2021, the Company had no bank debt outstanding and a working capital surplus of $20.0 million; compared to aggregate bank debt, principal amount of convertible debentures outstanding and working capital deficit of $434.6 million, at March 31, 2020.

Net capital expenditures incurred during the three months ended March 31, 2021 were $29.5 million. During the first quarter of 2021, the Company spent $17.7 million on drill and complete operations and $11.4 million on facilities and pipelines. Part of the infrastructure spending during the quarter was opportunistic, as other companies reduced their capital spending budgets, allowing Kelt to acquire both casing and line pipe at below market prices. This inventory of casing and line pipe will be used by the Company during the remainder of 2021 when it commences tie-ins on numerous wells, as described below.

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 ("DUCs"). Completion operations on the eight DUCs are expected to commence in the second quarter of 2021. The Company expects to construct a gas compression and oil battery facility at Oak during the third quarter of 2021. Production is expected to commence from the ten new Oak wells during October 2021.

At Pouce Coupe, Kelt commenced production from two high deliverability Montney gas wells during the first quarter of 2021. Both wells combined produced in excess of 22.0 MMcf per day during the month of March 2021. The Company has an inventory of 32 additional locations on its high deliverability gas land block at Pouce Coupe West. The Company has commenced a three-well drilling program in the oilier part of its central Pouce Coupe land block. These wells are expected to be completed and brought on production during the third quarter of 2021.

At Spirit River, Kelt drilled two wells from the same pad in the Charlie Lake formation; one targeting the Lower Charlie Lake and the other targeting the Upper Charlie Lake. These DUCs are expected to be completed and brought on production early in the third quarter of 2021.

At Wembley/Pipestone, Kelt currently has three Montney wells that have been drilled, completed and tested and two additional wells that are DUCs. The Company expects to complete the two DUCs and tie-in both the wells by mid-year 2021. The three drilled and completed Montney wells are expected to be tied-in during the first half of 2022, along with three additional wells that are expected to be drilled during the second half of 2021. Kelt plans to drill, complete and tie-in one more Wembley Montney well that is located in close proximity to existing infrastructure, during the second half of 2021.

Despite better-than-expected production results in the first quarter of 2021, Kelt's 2021 financial and operating outlook and guidance remains unchanged from its previous report included in the Company's press release dated March 11, 2021. Crude oil prices continue to perform better than forecasted and Kelt expects to review its capital spending plans over the next two months.

Despite the roll-out of vaccinations, COVID-19 infections continue to rise in certain countries around the world that may affect the recovery of global oil consumption. Kelt has a strong financial position and has the flexibility operationally to increase capital spending on its portfolio of high rate of return projects. The Company will continue to monitor commodity prices and with continued strength in oil and gas prices, will announce any changes to its 2021 guidance accordingly.

Management looks forward to updating shareholders with 2021 second quarter results on or about August 5, 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: the expected timing of well completions, the expected timing of wells being 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.

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*:

	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2021**	2020	%
Cash provided by operating activities	**26,582**	50,172	-47
Change in non-cash working capital	**(312)**	(22,916)	-99
Funds from operations	**26,270**	27,256	-4
Settlement of decommissioning obligations	**1,181**	104	1036
Adjusted funds from operations	**27,451**	27,360	-

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 *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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