PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
May 5, 2022
Calgary, Alberta

KELT REPORTS FINANCIAL AND OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2022

Kelt Exploration Ltd. ("Kelt" or the "Company") reports its financial and operating results to shareholders for the first quarter ended March 31, 2022. The Company's financial results are summarized as follows:

FINANCIAL HIGHLIGHTS	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2022**	2021	%
Petroleum and natural gas sales	**138,446**	59,835	131
Cash provided by operating activities	**65,553**	26,582	147
Adjusted funds from operations (1)	**74,169**	27,451	170
Basic ($/ common share) (1)	**0.39**	0.15	160
Diluted ($/ common share) (1)	**0.38**	0.14	171
Net income and comprehensive income	**10,720**	2,854	276
Basic ($/ common share)	**0.06**	0.02	200
Diluted ($/ common share)	**0.06**	0.02	200
Capital expenditures, net of A&D (1)	**83,693**	29,446	184
Total assets	**967,119**	775,033	25
Net debt (surplus) (1)	**34,685**	(24,303)	-243
Shareholders' equity	**739,673**	607,285	22
Weighted average shares outstanding (000s)			
Basic	**189,383**	188,585	-
Diluted	**193,691**	189,944	2

(1) Refer to advisories regarding Non-GAAP and Other Financial Measures.

FINANCIAL STATEMENTS

Kelt's unaudited consolidated interim financial statements and related notes for the quarter ended March 31, 2022 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 5, 2022.

Kelt's operating results for the first quarter ended March 31, 2022 are summarized as follows:

OPERATIONAL HIGHLIGHTS	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2022**	2021	%
Average daily production			
Oil (bbls/d) [2]	**6,081**	3,972	53
NGLs (bbls/d)	**4,012**	3,429	17
Gas (mcf/d)	**103,919**	68,752	51
Combined (BOE/d)	**27,413**	18,860	45
Production per million common shares (BOE/d) [1]	**145**	100	45
Net realized prices, before financial instruments[1]			
Oil ($/bbl) [2]	**113.60**	67.47	68
NGLs ($/bbl)	**63.90**	34.28	86
Gas ($/mcf)	**5.41**	3.77	44
Operating netbacks ($/BOE) [1]			
Petroleum and natural gas sales	**56.12**	35.25	59
Cost of purchases	**(1.03)**	(1.08)	-5
Combined net realized price, before financial instruments [1]	**55.09**	34.17	61
Realized loss on financial instruments	**(5.13)**	(1.10)	366
Combined net realized price, after financial instruments [1]	**49.96**	33.07	51
Royalties	**(6.02)**	(2.70)	123
Production expense	**(9.62)**	(9.45)	2
Transportation expense	**(3.06)**	(3.25)	-6
Operating netback [1]	**31.26**	17.67	77
Landholdings			
Gross acres	**759,781**	795,790	-5
Net acres	**546,615**	575,648	-5

(1) Refer to advisories regarding Non-GAAP and Other Financial Measures.

(2) "Oil" includes crude oil and field condensate combined

MESSAGE TO SHAREHOLDERS

Energy related commodity prices continued to rise in the first quarter of 2022 as the global economy set the stage for a recovery in energy demand as the world began to ease away from lockdowns and business interruptions that were experienced in 2020 and 2021 as a result of the COVID-19 pandemic. In contrast, the pace of energy supply growth slowed with the massive reductions in capital investment on major energy projects around the world, creating a tight supply-to-demand balance.

Kelt opportunistically bucked the trend by increasing capital expenditures on its large inventory of high rate of return drilling opportunities and was able to take advantage of rising oil and gas prices by growing its production base significantly. During this period of strong commodity prices, Kelt is accelerating the development of high rate of return drilling opportunities in all three of its operating divisions. Kelt is targeting per share growth in production, reserves, and funds from operations and at the same time, maintaining a strong financial position. The Company continues to believe that this strategy will create the most value for Kelt shareholders based on the nature of its asset base and long-term objectives.

Kelt's average production for the three months ended March 31, 2022 was 27,413 BOE per day, up 45% from average production of 18,860 BOE per day during the first quarter of 2021. Quarter over quarter, Kelt recorded production growth of 6% from average production of 25,815 BOE per day during the fourth quarter of 2021. Production for the three months ended March 31, 2022 was weighted 37% oil and NGLs and 63% gas.

Kelt's realized average oil price during the first quarter of 2022 was $113.60 per barrel, up 68% from $67.47 per barrel in the first quarter of 2021. The realized average NGLs price during the first quarter of 2022 was $63.90 per barrel, up 86% from $34.28 per barrel in the same quarter of 2021. Kelt's realized average gas price for the first quarter of 2022 was $5.41 per Mcf, up 44% from $3.77 per Mcf in the corresponding quarter of the previous year.

For the three months ended March 31, 2022, revenue from P&NG sales was $138.5 million and adjusted funds from operations was $74.2 million ($0.38 per share, diluted), compared to $59.8 million and $27.5 million ($0.14 per share, diluted) respectively, in the first quarter of 2021. Net income rose by 276% to $10.7 million during the first quarter of 2022 compared to $2.9 million for the three-month period ended March 31, 2021. At March 31, 2022, the Company had net debt of $34.7 million, compared to a net surplus of $24.3 million at March 31, 2021.

Capital expenditures, net of A&D, incurred during the three months ended March 31, 2022 were $83.7 million. During the first quarter of 2022, the Company spent $53.2 million on drill and complete operations and $30.3 million on equipment, facilities and pipelines.

In the Pouce Coupe/Progress/Spirit River Division, Kelt completed two high deliverability Montney gas wells during the first quarter of 2022. The Company has an inventory of 30 additional potential locations on its high deliverability gas land block at Pouce Coupe West. The Company commenced construction of a pipeline from its Pouce Coupe West block that has recently been commissioned providing Kelt with access to additional gas processing at third party facilities in the area.

The Company commenced drilling the first well of a four-well pad drilling program in the oilier part of its central Pouce Coupe land block. These Montney wells are expected to be completed and brought on production during the third quarter of 2022.

At Progress, Kelt drilled and completed two wells (75% working interest) from the same pad in the Charlie Lake formation, targeting the Lower Charlie Lake. These wells are expected to be put on production in the second quarter of 2022.

In the Wembley/Pipestone Division, Kelt completed two DUCs that were previously drilled in 2021. In addition, the Company drilled seven new Montney wells and completed three of these wells during the first quarter. Completion of the remaining four wells were pushed to the second quarter when the Company expects to have better access to water.

In the contiguous south-eastern part of Kelt's large land block at Wembley/Pipestone, the Company has now completed its Phase Two pipeline construction and is in the process of bringing wells in the area on production, including the 00/09-04-073-06W6 well on the eastern boundary of Kelt's lands.

Kelt's board of directors has approved an increase to the Company's capital expenditure program for 2022. Kelt expects to spend $265.0 million in 2022, up 6% from its previous forecast of $250.0 million. The increased spending reflects the drilling and completion of a new Montney well at Wembley/Pipestone, incremental gas compression facilities at Pouce Coupe required to accommodate expected growth in gas production and adjustments to the remaining capital program for the year to account for inflation of approximately 5%.

The Company has increased its commodity price forecast for 2022 to account for the higher prices realized to date and stronger prices expected for the balance of the year. As a result, Kelt's forecasted adjusted funds from operations for 2022 has increased by 13% to an estimated $340.0 million compared to its previous estimate of $300.0 million. Kelt will continue to maintain its strong financial position. At December 31, 2022, the Company expects to have a net surplus position of $50.0 million compared to its previous estimate of $19.0 million. Kelt will re-evaluate its 2022 guidance after the second quarter is complete and has services in place to accelerate additional drilling opportunities from its large inventory of high rate of return wells.

The following table summarizes the percentage changes to 2022 guidance compared to the previous forecast and historical changes to 2022 guidance since the Company's original forecast was prepared in November 2021:

	2022 Guidance (Nov/21)	2022 Guidance (Mar/22)	**2022 Guidance (current)**	Percent Change
Commodity Prices				
WTI Crude Oil (USD/bbl)	72.00	85.00	**90.00**	6%
NYMEX Natural Gas (USD/MMBtu)	4.10	4.15	**5.35**	29%
Exchange Rate (CAD/USD)	1.227	1.250	**1.255**	–
Production				
Oil & NGLs (bbls/d)	11,450	11,580	**11,580**	–
Gas (MMcf/d)	111.30	116.52	**116.52**	–
Combined (BOE/d)	30,000	31,000	**31,000**	–
Financial				
P&NG Sales ($MM)	444.7	518.8	**608.2**	17%
Adjusted funds from operations ($MM)	245.0	300.0	**340.0**	13%
AFFO per share, diluted ($)	1.28	1.55	**1.74**	12%
Capital expenditures, net of A&D ($MM)	210.0	250.0	**265.0**	6%
Net debt (surplus) ($MM)	(23.8)	(19.0)	**(50.0)**	163%

Kelt remains optimistic that commodity prices will continue to be strong during the balance of 2022 and leading into 2023, providing shareholders with high rates of return on capital deployed. The Company will continue to reinvest cash flow into development of its high quality Montney and Charlie Lake pools.

Management looks forward to updating shareholders with 2022 second quarter results on or about August 4, 2022.

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 2022. 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 AND OTHER KEY FINANCIAL MEASURES

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 capital management measures, and supplementary financial measures that do not have standardized meanings under the applicable securities legislation. As these non-GAAP and other financial measures are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

NON-GAAP FINANCIAL MEASURES

Net realized price

Net realized price is a non-GAAP measure and is calculated by deducting the cost of purchases from petroleum and natural gas sales (before royalties), divided by the Company’s production and reflects Kelt’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 Net Income (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 net realized prices based on petroleum and natural gas sales after cost of purchases is more appropriate and useful, because the cost of third-party volumes purchased to generate the incremental marketing revenue has been deducted. Net realized prices referenced throughout this press release are before financial instruments, except as otherwise indicated as being after financial instruments.

Operating netback

Operating netback is a non-GAAP measure 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 also presents operating netbacks on a per boe basis which allows management to better analyze performance against prior periods, on a comparable basis, and is a key industry performance measure of operational efficiency.

See the “Adjusted Funds from Operations” section of Kelt’s Management’s Discussion and Analysis as at and for the three months ended March 31, 2022, which provides a reconciliation of the operating netback from P&NG sales, which is a GAAP measure.

Capital Expenditures

“Capital expenditures, before A&D” and “Capital expenditures, net of A&D” are measures the Company uses to monitor its investment in exploration and evaluation, investment in property plant and equipment, and net investment in acquisition and disposition activities. The most directly comparable GAAP measure is Cash provided by (used in) investing activities. Refer to the "Non-GAAP and Other Financial Measures – Non GAAP Financial Measures" section of Kelt’s Management’s Discussion and Analysis as at and for the three months ended March 31, 2022 for a detailed reconciliation of capital expenditures net of A&D, and capital expenditures before A&D, to Cash provided by (used in) investing activities.

CAPITAL MANAGEMENT MEASURES

Adjusted funds from operations

Management considers adjusted funds from operations and annualized quarterly adjusted funds from operations key capital management measures as it demonstrates the Company’s ability to meet its financial obligations and cash flow available to fund its capital program. Adjusted funds from operations and annualized quarterly adjusted funds from operations are not standardized measures and therefore may not be comparable with the calculation of similar measures by other entities. The most comparable GAAP measure is cash provided by operating activities. Refer to the "Non-GAAP and Other Financial Measures – Non GAAP Financial Measures" section of Kelt’s Management’s Discussion and Analysis as at and for the three months ended March 31, 2022 for a detailed reconciliation of adjusted funds from operations and annualized quarterly adjusted funds from operations back to cash provided by operating activities.

Net debt (surplus)

Management considers net debt (surplus) as a key capital management measure to assess the Company’s liquidity at a point in time and to monitor its capital structure and short-term financing requirements.

“Net debt (surplus)” is equal to bank debt, accounts payable and accrued liabilities, net of cash and cash equivalents, accounts receivables and accrued sales and prepaid expenses and deposits. The Company previously disclosed a “Net bank debt (surplus)” for its non-GAAP measure which was used to understand the Company’s liquidity risk. In the third quarter of 2021, the Company replaced its “Net bank debt (surplus)” non-GAAP measure with a “Net debt (surplus)” non-GAAP measure. “Net bank debt (surplus)” was equal to bank debt, plus current liabilities, less current assets. The Company believes that using a “Net debt (surplus)” non-GAAP measure, which excludes non-cash derivative financial instruments, non-cash lease liabilities, and non-cash decommissioning obligations, provides investors with more useful information to understand the Company’s cash liquidity risk. Refer to the “Capital Resources and Liquidity” section of Kelt’s Management’s Discussion and Analysis as at and for the three months ended March 31, 2022 for a detailed reconciliation of the Company’s net debt (surplus).

SUPPLEMENTARY FINANCIAL MEASURES

“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.

P&NG sales, cost of purchases, realized gain (loss) on financial instruments, royalties, revenue after royalties and financial instruments, production expenses, transportation expenses, financing expenses, G&A expenses, realized gain (loss) on financial instruments, gain (loss) on derivative financial instruments, realized loss (gain) on foreign exchange, other income/expense, stock option expense, expiry of mineral leases, depletion and depreciation, impairment (reversal) on a $/BOE basis is calculated by dividing the amounts by the Company’s total production over the period.

Adjusted funds from operations per share (basis) and net income (loss) and comprehensive income (loss) per share (basis) is calculated by dividing the amounts by the basic weighted average common shares outstanding.

Adjusted funds from operations per share (diluted) and net income (loss) and comprehensive income (loss) per share (diluted) is calculated by dividing the amounts by the diluted weighted average common shares outstanding.

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
MMBTU	million British Thermal Units
$MM	Million of dollars
CAD or CA$	Canadian dollars
USD or US$	United States dollars
A&D	Acquisitions and dispositions
AFFO	Adjusted funds from operations
BOE	barrel of oil equivalent
BOE/d	barrel of oil equivalent per day
CAD	Canadian dollars
DUC	Drilled but uncompleted
G&A	General and administrative
GAAP	Generally Accepted Accounting Principles
KEL	trading symbol for Kelt Exploration Ltd. common shares on the TSX
NGLs	natural gas liquids
NYMEX Henry Hub	New York Mercantile Exchange natural gas pricing hub
P&NG	Petroleum and natural gas
TSX	the Toronto Stock Exchange
WTI	West Texas Intermediate

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