PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
July 6, 2022
Calgary, Alberta

KELT PROVIDES AN OPERATIONS UPDATE AND INCREASES ITS 2022 CAPITAL EXPENDITURE BUDGET BY 13% TO $300 MILLION

Kelt Exploration Ltd. ("Kelt" or the "Company") is providing an operations update and changes to its capital expenditure budget for 2022.

Energy related commodity prices during the first half of 2022 have increased substantially compared to the previous year. The global economy staged a recovery in energy demand as the world began to ease away from lockdowns and business interruptions experienced in 2020 and 2021 due to the COVID-19 pandemic. The pace of near-term energy supply growth continues to be negatively affected by the massive reductions in capital investment on major energy projects around the world, creating a tight supply-to-demand balance.

Kelt's board of directors has approved an increase to the Company's capital expenditure program for 2022. Kelt expects to spend $300.0 million in 2022, up 13% from its previous forecast of $265.0 million. By increasing capital expenditures during the second half of 2022 on its large inventory of high rate of return drilling opportunities, the Company is able to take advantage of historically high oil and gas prices resulting in higher rates of return on invested capital and setting the Company up for significant production increases in 2023.

Kelt continues to target per share growth in production, reserves, and funds from operations, while maintaining a strong financial position. The Company believes that this strategy will create the most value for Kelt shareholders based on the nature of its asset base and long-term objectives.

The following table summarizes average commodity prices during the first five months of 2022 compared to full year average prices during 2020 and 2021:

	Jan-Dec 2020	Jan-Dec 2021	**Jan-May 2022**	**% Change from 2021**
Commodity Prices				
WTI Crude Oil (USD/bbl)	39.24	68.03	**99.06**	**46%**
MSW Oil (CAD/bbl)	45.34	80.29	**123.47**	**54%**
NYMEX Natural Gas (USD/MMBtu)	1.99	3.82	**5.18**	**36%**
DAWN Natural Gas (CAD/MMBtu)	2.49	4.54	**7.01**	**54%**
AECO Natural Gas (CAD/MMBtu)	2.23	3.62	**5.75**	**59%**
Station 2 Natural Gas (CAD/MMBtu)	2.18	3.29	**5.52**	**68%**
Exchange Rate (CAD/USD)	1.341	1.254	**1.269**	**1%**

As part of the Company's ongoing commodity price risk management program, Kelt has entered into the following additional contracts in order to protect a portion of its cash flow supporting future capital expenditures and expected payouts/rates of return:

Commodity	Index	Term	Type	Quantity	Contract Price
Natural Gas	NYMEX Henry Hub	Nov/2022 to Mar/2023	Fixed Price	**10,000 MMBtu/d**	**CAD $10.15/MMBtu** *[equivalent to USD $8.00/MMBtu @ exchange of 1.269]*
Natural Gas	NYMEX – AECO Basis	Nov/2022 to Mar/2023	Fixed Differential	**10,000 MMBtu/d**	**NYMEX minus USD $1.42/MMBtu** *[translates to AECO CAD $8.35/MMBtu at the fixed NYMEX price of CAD $10.15/MMBtu and @ exchange of 1.269]*
Natural Gas	NYMEX Henry Hub	Nov/2022 to Mar/2023	Costless Collar	**10,000 MMBtu/d**	**CAD $9.50 Floor & $17.00/MMBtu Ceiling** *[equivalent to USD $7.49 x $13.40 @ exchange of 1.269]*
Natural Gas	NYMEX Henry Hub	Nov/2022 to Mar/2023	Costless Collar	**10,000 MMBtu/d**	**CAD $9.00 Floor & $16.40/MMBtu Ceiling** *[equivalent to USD $7.09 x $12.92 @ exchange of 1.269]*
Natural Gas	NYMEX Henry Hub	Nov/2022 to Mar/2023	Costless Collar	**10,000 MMBtu/d**	**CAD $9.00 Floor & $18.15/MMBtu Ceiling** *[equivalent to USD $7.09 x $14.30 @ exchange of 1.269]*
Natural Gas	AESO Power	Nov/2022 to Mar/2023	Fixed Heat Factor	**7,458 GJ/d**	**Floating AESO $/MWh divided by 16.95 GJ/MWh** *[translates to an AECO CAD $/GJ price]*

Pouce Coupe/Progress/Spirit River Division

Kelt has been very active in its Pouce Coupe/Progress/Spirit River Division during the first half of 2022. At Pouce Coupe West, the Company completed and brought on production two high deliverability Montney gas wells. At Pouce Coupe, Kelt drilled and completed four Montney oil wells that are expected to be tied-in and commence production in August 2022.

In the Company's Charlie Lake play, four wells were drilled and two of the wells were completed, tied-in and put on production during the second quarter at Progress. The other two wells are expected to be tied-in and commence production during the third quarter. The Company has initiated a six well Charlie Lake development program at Spirit River and expects to have these wells drilled, completed and tied-in by the end of the year.

Wembley/Pipestone Division

Kelt has continued to construct additional infrastructure in the Wembley/Pipestone area providing the Company with scalability for its Wembley/Pipestone Division to become one of Kelt's major production growth areas in the coming years. With its three owned major battery and compression facilities; the recently expanded eastern pipeline system; and access to four gas processing plants, Kelt is in a favourable position to commence larger scale development at Wembley/Pipestone in 2023.

The Company's 2022 capital expenditure program includes 14 (12.6 net) drills and 15 (13.6 net) completions at Wembley/Pipestone. To date in 2022, Kelt has drilled eight wells and completed ten wells. Upon execution of 2022's drilling and completion program in the area, the Company expects to be ahead of its current gas processing capacity which will provide Kelt with the ability to keep production relatively flat until it adds additional gas processing capacity expected in the third quarter of 2023.

Oak/Flatrock Division

The performance of Kelt's first multi-well drilling program at Oak continues to exceed the Company's expectations. The wells are exhibiting lower decline rates compared to other Montney plays in the basin. Kelt has submitted permit applications to the BC Oil and Gas Commission and upon receipt of approved permits, the Company expects to drill an additional four Upper Montney wells at Oak and also complete the previously drilled Middle Montney well at Flatrock located at 13-2-86-16W6 (on the eastern part of Company's land block).

Prior to the end of 2022, Kelt expects to complete its electrification project of its newly constructed Oak 6-35 battery and compression facility. Upon electrification, the Company expects to increase gas compression capacity by approximately 10% to accommodate the new wells planned for the second half of 2022. Electrification of Kelt's facility will result in significant reductions of CO2E emissions and will reduce carbon tax expenses.

The following table summarizes the rate of drilling and completion expenditure payback for the seven Upper Montney wells at Oak that commenced production at various times during November 2021:

Upper Montney Well	D&C Capex [$ MM]	Cumulative Operating Income *(1) (to May/31/22)* [$ MM]	D&C Capex to Recover (Excess Recovered) [$ MM]	Cumulative Production (to May/31/22) [MBOE]	Daily Average Production June 2022 *(field estimates)* [BOE/d]
00/13-05-087-18W6 (sfc 5-31)	6.0	7.9	(1.8)	182.8	635
00/01-09-087-18W6 (sfc 5-33)	6.0	7.6	(1.6)	157.4	779
00/04-10-087-18W6 (sfc A5-33)	5.1	7.7	(2.6)	160.7	711
00/12-12-087-18W6 (sfc B6-35)	5.3	6.5	(1.2)	137.5	557
00/08-11-087-18W6 (sfc C6-35)	5.8	5.8	(0.1)	124.6	470
00/08-16-087-18W6 (sfc C13-12)	5.7	5.4	0.3	122.3	609
02/08-16-087-18W6 (sfc D13-12)	5.2	5.1	0.1	106.4	537
Total	**39.1**	**46.0**	**(6.9)**	**991.7**	**4,298**

(1) Refer to advisories regarding Non-GAPP Measures.

The payback of drilling and completion expenditures for all 12 wells at Oak is forecasted to occur by August 2022 at current strip commodity prices.

Full-cycle economics: despite the short production period for the majority of wells at Oak, Kelt has recovered approximately 41% of all capital expenditures incurred at Oak/Flatrock since inception including acquiring land; geophysical expenditures; drilling and completing wells (including non-producing wells on the eastern land block); well equipment; and facility and pipeline construction.

Facility Downtime

During the second quarter of 2022, the NRM Gordondale East Gas Plant where Kelt processes approximately 35.0 MMcf per day of raw gas was shut-in for just over two weeks for its planned periodic (every 3-5 years) plant turnaround maintenance.

Recently drilled wells at Wembley/Pipestone were restricted from being put on production during June 2022 due to unplanned facility repairs at the Wembley Gas Plant. The plant has installed temporary additional compression that allowed Kelt to commence production on July 2, 2022. Kelt expects to add significant gas processing capability at other gas processing facilities in the Wembley/Pipestone area during 2023 and 2024.

During September 2022, the TWM Pipestone Plant where Kelt processes approximately 33.0 MMcf per day of raw gas is expected to be shut-in for approximately two to three weeks as it conducts plant turnaround maintenance operations.

During October 2022, the Progress Gas Plant, where Kelt is a 20% owner, is expected to be shut-in for approximately two weeks as the operator conducts a gas plant expansion. Raw gas-handling capability is expected to increase from 142 MMcf per day (net 28.4 MMcf per day) to 160 MMcf per day (net 32.0 MMcf per day). In addition to this plant expansion and facility and pipeline construction at Pouce Coupe West, Kelt will be in a position to advance drilling projects at its high deliverability gas play at Pouce Coupe West; adding production from this area in early 2023.

Outlook

Kelt remains optimistic about the energy industry and the Company's ability to provide shareholders with high rates of return on capital deployed. Kelt will continue to reinvest cash flow into developing its high-quality Montney and Charlie Lake pools.

Changes in forecasted commodity prices and variances in production estimates can have a significant impact on estimated funds from operations and profit. Kelt retains flexibility with its future capital expenditure plans should current market conditions change. Please refer to the advisories regarding forward-looking statements and to the cautionary statement below.

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

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 the drilling and completion of wells, 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 length and timing of facility downtime, timing and approval of permit applications in British Columbia, the expected cost and productivity of capital projects and the estimated future rates of return; 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 Measures 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.

Operating income is a non-GAAP measure calculated by deducting royalties, production expenses and transportation expenses from petroleum and natural gas sales, net of the costs of purchases. The company uses operating income to assess financial performance. In this press release cumulative operating income is presented by well for certain Oak wells and compared to the cost to drill and complete the well. This comparison provides the Company with a measure of economic return for the well.

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

A&D	Acquisitions and dispositions
AECO	Alberta Energy Company natural gas pricing hub
AESO	Alberta Electric System Operator electric power pricing pool
AFFO	Adjusted funds from operations
Bbls	Barrels
Bbls/d	Barrels per day
BOE	Barrel of oil equivalent
BOE/d	Barrel of oil equivalent per day
CAD or CA$	Canadian dollars
CO2E	Carbon dioxide equivalent
COVID-19	Coronavirus disease caused by the SARS-CoV-2 virus
D&C	Drill and complete
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
Mcf	Thousand cubic feet
Mcf/d	Thousand cubic feet per day
MM	Million
MMBtu	Million British thermal units
MMcf	Million cubic feet
MMcf/d	Million cubic feet per day
NGLs	Natural gas liquids
NYMEX Henry Hub	Natural gas pricing hub on the New York Mercantile Exchange
P&NG	Petroleum and natural gas
Sfc	Surface location for a well
TSX	The Toronto Stock Exchange
USD or US$	United States of America dollars
WTI	West Texas Intermediate

For further information, please contact:

KELT EXPLORATION LTD., Suite 300, 311 – 6th Avenue SW, Calgary, Alberta, Canada T2P 3H2
DAVID J. WILSON, President and Chief Executive Officer (403) 201-5340, or
SADIQ H. LALANI, Vice President and Chief Financial Officer (403) 215-5310.
Or visit our website at www.keltexploration.com.