



PRESS RELEASE

(Stock Symbol “KEL” – TSX)

November 10, 2022

Calgary, Alberta

**KELT REPORTS FINANCIAL AND OPERATING RESULTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**

Kelt Exploration Ltd. (“Kelt” or the “Company”) reports its financial and operating results to shareholders for the three and nine months ended September 30, 2022.

The Company’s financial results are summarized as follows:

FINANCIAL HIGHLIGHTS	Three months ended			Nine months ended		
		September 30		September 30		
<i>(CA\$ thousands, except as otherwise indicated)</i>	2022	2021	%	2022	2021	%
Petroleum and natural gas sales	143,254	75,761	89	460,638	196,240	135
Cash provided by operating activities	85,104	46,547	83	242,280	107,658	125
Adjusted funds from operations ⁽¹⁾	65,189	36,336	79	234,141	93,239	151
Basic (\$/ common share)	0.34	0.19	79	1.23	0.49	151
Diluted (\$/ common share)	0.33	0.19	74	1.20	0.49	145
Net income and comprehensive income	23,089	3,752	515	104,520	61,260	71
Basic (\$/ common share)	0.12	0.02	500	0.55	0.32	72
Diluted (\$/ common share)	0.12	0.02	500	0.54	0.32	69
Capital expenditures, net of A&D ⁽¹⁾	76,181	71,162	7	248,946	146,393	70
Total assets	1,078,619	872,212	24	1,078,619	872,212	24
Net debt (surplus) ⁽¹⁾	33,537	28,174	19	33,537	28,174	19
Shareholders' equity	845,103	668,561	26	845,103	668,561	26
Weighted average shares outstanding (000s)						
Basic	191,812	188,842	2	190,799	188,688	1
Diluted	196,118	191,092	3	195,159	190,299	3

(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 September 30, 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 November 10, 2022.

Kelt's operating results for the third quarter ended September 30, 2022 are summarized as follows:

OPERATIONAL HIGHLIGHTS <i>(CA\$ thousands, except as otherwise indicated)</i>	Three months ended September 30			Nine months ended September 30		
	2022	2021	%	2022	2021	%
Average daily production						
Oil (bbls/d) ⁽²⁾	5,192	4,485	16	5,378	4,041	33
NGLs (bbls/d)	3,906	3,004	30	4,242	3,120	36
Gas (Mcf/d)	100,158	72,789	38	104,078	73,195	42
Combined (BOE/d)	25,791	19,621	31	26,966	19,360	39
Production per million common shares (BOE/d)	134	104	29	141	103	37
Net realized prices, before financial instruments ⁽¹⁾						
Oil (\$/bbl) ⁽²⁾	115.92	82.35	41	120.92	75.71	60
NGLs (\$/bbl)	63.59	42.45	50	69.60	36.51	91
Gas (\$/Mcf)	6.38	4.32	48	6.68	3.68	73
Operating netbacks (\$/BOE) ⁽¹⁾						
Petroleum and natural gas sales ("P&NG sales")	60.38	41.97	44	62.57	37.13	69
Cost of purchases	(2.64)	(0.60)	340	(1.76)	(0.87)	102
Combined net realized price, before financial instruments ⁽¹⁾	57.74	41.37	40	60.81	36.26	68
Realized loss on financial instruments	(8.77)	(3.04)	188	(8.26)	(1.93)	328
Combined net realized price, after financial instruments ⁽¹⁾	48.97	38.33	28	52.55	34.33	53
Royalties	(7.04)	(4.40)	60	(6.75)	(3.31)	104
Production expense	(10.52)	(9.24)	14	(9.98)	(8.77)	14
Transportation expense	(3.22)	(3.59)	-10	(3.08)	(3.40)	-9
Operating netback ⁽¹⁾	28.19	21.10	34	32.74	18.85	74
Land holdings						
Gross acres	788,999	778,125	1	788,999	778,125	1
Net acres	572,937	563,687	2	572,937	563,687	2

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

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

MESSAGE TO SHAREHOLDERS

Kelt's average production for the three months ended September 30, 2022, was 25,791 BOE per day, up 31% from average production of 19,621 BOE per day during the corresponding period in 2021 and down 7% from average production of 27,713 BOE per day during the second quarter of 2022. Quarter-over-quarter production was down mainly due to downtime experienced at the TWM Pipestone Gas Plant where Kelt processes approximately 33.0 MMcf per day of raw gas and which was shut-in for approximately six weeks beginning on September 2, 2022, for its periodic (every 3-5 years) plant turnaround maintenance. In addition, during the third quarter of 2022, Kelt shut-in gas production intermittently when AECO and Station 2 prices were weak due to pipeline maintenance on the NGTL and T-South systems. This allowed Kelt to realize an average price of \$6.38 per Mcf during the third quarter of 2022. Production for the three months ended September 30, 2022, was weighted 35% oil and NGLs and 65% gas.

Kelt's realized average oil price during the third quarter of 2022 was \$115.92 per barrel, up 41% from \$82.35 per barrel in the third quarter of 2021. The realized average NGLs price during the third quarter of 2022 was \$63.59 per barrel, up 50% from \$42.45 per barrel in the same quarter of 2021. Kelt's realized average gas price for the third quarter of 2022 was \$6.38 per Mcf, up 48% from \$4.32 per Mcf in the corresponding quarter of the previous year.

For the three months ended September 30, 2022, petroleum and natural gas sales were \$143.3 million and adjusted funds from operations was \$65.2 million (\$0.33 per share, diluted), compared to \$75.8 million and \$36.3 million (\$0.19 per share, diluted) respectively, in the third quarter of 2021. On September 30, 2022, net debt was \$33.5 million or 0.1 times annualized third quarter adjusted funds from operations.

Net capital expenditures incurred during the three months ended September 30, 2022, were \$76.2 million. During the third quarter of 2022, the Company spent \$52.8 million on drill and complete operations and \$21.9 million on facilities, pipelines, and equipment.

In its Oak/Flatrock Division, Kelt drilled an Upper Montney well from an existing pad site during the quarter and commenced drilling a second well off the same pad site. A third well was drilled during October on the southern part of its land block.

At its Pouce Coupe/Progress/Spirit River Division, Kelt was very active in its Charlie Lake play where the Company drilled a six well development program at Spirit River. These wells are expected to be completed and tied-in by the end of the year.

In the Wembley/Pipestone Division, Kelt completed its first Charlie Lake well (60% working interest) and expects to follow-up with additional drilling on adjacent lands in the Charlie Lake formation in 2023. During the first two weeks on-stream, based on operating hours, the well (gross at 100%) produced approximately 828 barrels of oil per day and approximately 2.0 MMcf per day of associated raw gas.

After an active Montney drilling program and pipeline construction at Wembley/ Pipestone, Kelt is currently either restricting production from certain wells or has shut-in production from certain wells in the area due to third-party gas processing congestion. These limitations are expected to be alleviated with cooler weather and resulting improvements in plant efficiencies. In addition, Kelt's access to incremental gas processing capacity is expected to increase as the Company has entered into definitive gas processing arrangements with certain midstream companies that are currently either building a new gas processing plant or expanding an existing gas processing plant in the area.

Kelt has entered into an agreement to process 25.0 MMcf per day of raw gas at a third party operated Pipestone area facility that is expected to be onstream by the end of 2023. In addition, the Company has entered into an agreement to be a major tenant at the proposed 150.0 MMcf per day CSV Midstream Solutions Albright Sour Gas Processing Facility ("Albright") that is expected to be constructed by the end of 2024. Kelt will have access to 50.0 MMcf per day of raw gas processing upon start-up of Albright and an incremental 20.0 MMcf per day of raw gas processing capacity after five years from start-up. The design for this plant includes sulphur recovery capability which Kelt expects will enhance its oil and gas revenue stream through incremental sales of sulphur.

Kelt expects to spend \$300.0 million in its capital expenditure program for 2022. Production is forecasted to average between 27,500 and 28,500 BOE per day, an increase of between 31% and 36% from average production of 20,987 BOE per day in 2021. Production guidance for 2022 has been reduced from previous guidance of 28,500 to 29,500 BOE per day to account for the shut-in production described earlier in this news release. Adjusted funds from operations for 2022 is forecasted to be \$325.0 million or 8% greater than the Company's planned 2022 capital expenditure program. Kelt will continue to maintain its strong financial position. On December 31, 2022, the Company expects to have a net surplus of \$5.0 million.

2023 Budget

The Company's Board of Directors has approved an initial capital expenditure budget of \$310.0 million for 2023. Kelt expects to drill 35 gross (34.0 net) wells in 2023 and expects to complete 36 gross (35.0 net) wells in 2023. The 2023 capital expenditures are expected to be allocated as follows: \$220.0 million for drilling and completing wells, \$70.0 million for facilities, pipeline, and equipment and \$20.0 million for land and seismic.

The Company has taken a conservative approach to estimating 2023 commodity prices and is basing its 2023 financial forecasts on commodity prices that are lower than current futures strip prices. Preparation of the 2023 budget includes the following forecasted average commodity price assumptions (with estimated average forecasted 2022 commodity prices shown for comparative purposes):

Commodity Index	2023 Budget	2022 Forecast	Change
WTI Crude Oil (USD/bbl)	78.00	94.50	(17%)
MSW Crude Oil (CAD/bbl)	99.90	120.00	(17%)
NYMEX Henry Hub L3D Natural Gas (USD/MMBtu)	5.00	6.40	(22%)
DAWN Gas Daily Index (USD/MMBtu)	4.90	6.10	(20%)
AECO NIT 5A Gas Daily Index (CAD/GJ)	4.30	4.90	(12%)
STATION 2 Gas Daily Index (CAD/GJ)	4.20	4.55	(8%)
Exchange Rate (USD/CAD)	0.741	0.769	(4%)
Exchange Rate (CAD/USD)	1.350	1.300	4%

Financial and operating highlights for the Company's 2023 budget plan compared to its 2022 forecast are highlighted in the table below:

Financial and Operating Highlights (\$ MM, unless otherwise specified)	2023 Budget	2022 Forecast	Change
Production			
Oil & NGLs (bbls/d)	11,700 – 12,900	9,900 – 10,500	15% - 26%
Gas (MMcf/d)	127.8 – 132.6	105.6 – 108.0	20% - 24%
Combined (BOE/d)	33,000 – 35,000	27,500 – 28,500	18% - 25%
P&NG Sales	607.0	617.0	(2%)
Adjusted Funds from Operations	338.0	325.0	4%
AFFO per share, diluted (\$/share)	1.71	1.66	3%
Capital Expenditures, net of A&D	310.0	300.0	3%
Net Debt (Surplus), at year-end	(28.0)	(5.0)	460%

The Company retains the flexibility to either increase or decrease capital spending plans accordingly.

Management looks forward to updating shareholders with 2022 year-end results on or about March 3, 2023.

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 and 2023. 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 tie-in and brought on-production, the expected timing of capital expenditures, the expected timing of facility start-up dates, the expected timing of production additions from capital expenditures, the expected alleviation of third party processing constraints, 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; timing around the resumption of permit approvals by the B.C. Oil and Gas Commission, 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 and nine months ended September 30, 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 and nine months ended September 30, 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 and nine months ended September 30, 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 and nine months ended September 30, 2022 for a detailed reconciliation of the Company’s net debt (surplus).

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 "C" Meter Station of the NOVA Pipeline System
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	Canadian dollars
CAD or CA\$	Canadian dollars
DAWN	Gas traded at Union Gas' Dawn Hub in Dawn Township, Ontario
GJ	Gigajoules
GAAP	Generally Accepted Accounting Principles
KEL	trading symbol for Kelt Exploration Ltd. common shares on the TSX
MMBtu	million British Thermal Units
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day
MSW	Mountain sweet blend crude oil
\$MM	Million of dollars
NGLs	natural gas liquids
NGTL	Nova Gas Transmission Line
NIT	NOVA Inventory Transfer ("AB-NIT"), being the reference price at the AECO Hub
NYMEX Henry Hub	New York Mercantile Exchange natural gas pricing hub
P&NG	Petroleum and natural gas
Station 2	Spectra Energy receipt location
TSX	the Toronto Stock Exchange
TWM	Tidewater Midstream Ltd.
USD or US\$	United States dollars
WTI	West Texas Intermediate

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