PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
May 9, 2024
Calgary, Alberta

KELT REPORTS FINANCIAL AND OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2024

Kelt Exploration Ltd. ("Kelt" or the "Company") reports its financial and operating results to shareholders for the first quarter ended March 31, 2024. The Company's financial results are summarized as follows:

FINANCIAL HIGHLIGHTS	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2024**	2023	%
Petroleum and natural gas sales	**126,391**	139,571	-9
Cash provided by operating activities	**62,493**	100,160	-38
Adjusted funds from operations [(1)]	**61,176**	92,000	-34
Basic ($/ common share) [(1)]	**0.31**	0.48	-35
Diluted ($/ common share) [(1)]	**0.31**	0.47	-34
Net income and comprehensive income	**11,847**	16,336	-27
Basic ($/ common share)	**0.06**	0.09	-33
Diluted ($/ common share)	**0.06**	0.08	-25
Capital expenditures, net of A&D [(1)]	**80,181**	76,629	5
Total assets	**1,282,456**	1,174,489	9
Net debt (surplus) [(1)]	**31,961**	(4,899)	-752
Shareholders' equity	**1,018,604**	919,809	11
Weighted average shares outstanding (000s)			
Basic	**194,655**	192,060	1
Diluted	**198,285**	195,370	1

(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, 2024 will be available to the public on SEDAR+ at www.sedarplus.ca and will also be posted on the Company's website at www.keltexploration.com on May 9, 2024.

Kelt's operating results for the first quarter ended March 31, 2024 are summarized as follows:

OPERATIONAL HIGHLIGHTS	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2024**	2023	%
Average daily production			
Oil (bbls/d) [2]	**8,758**	7,752	13
NGLs (bbls/d)	**3,497**	4,627	-24
Gas (Mcf/d)	**123,931**	116,725	6
Combined (BOE/d)	**32,910**	31,833	3
Production per million common shares (BOE/d) [1]	**169**	166	2
Net realized prices, before derivative financial instruments[1]			
Oil ($/bbl)	**90.15**	99.33	-9
NGLs ($/bbl)	**52.18**	56.48	-8
Gas ($/Mcf)	**2.94**	4.03	-27
Operating netbacks ($/BOE) [1]			
Petroleum and natural gas sales	**42.20**	48.71	-13
Cost of purchases	**(1.61)**	(1.56)	3
Combined net realized price, before derivative financial instruments [1]	**40.59**	47.15	-14
Realized gain (loss) on financial instruments	**-**	6.85	-100
Combined net realized price, after derivative financial instruments [1]	**40.59**	54.00	-25
Royalties	**(5.02)**	(6.38)	-21
Production expense	**(10.42)**	(11.34)	-8
Transportation expense	**(3.46)**	(3.01)	15
Operating netback [1]	**21.69**	33.27	-35
Landholdings			
Gross acres	**791,879**	799,399	-1
Net acres	**578,975**	582,641	-1

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

MESSAGE TO SHAREHOLDERS

Kelt's average production for the three months ended March 31, 2024, was 32,910 BOE per day, up 3% from average production of 31,833 BOE per day during the corresponding quarter in 2023. Production for the first quarter of 2024 was weighted 37% oil and NGLs and 63% gas and operating income was weighted 90% oil and NGLs and 10% gas.

During the month of February 2024, the Company's production was negatively affected due to a third-party gas plant at Wembley that was temporarily shut-in for approximately two weeks, where Kelt has 25 MMcf per day of raw gas firm processing capacity. This gas plant was back to near 100% run-time during March 2024. In addition, also at Wembley, another third-party gas plant experienced processing constraints where Kelt has 34 MMcf per day of raw gas processing capacity. The average run-time for Kelt at this plant during the first quarter of 2024 was approximately 80% of the Company's firm gas processing capacity. This gas plant is expected to be shut-in for approximately two weeks during May and June 2024 for repairs and replacement of amine equipment. Kelt expects the plant to run at closer to 100% of its firm gas processing capacity after these operations are completed.

Average production for the month of March 2024 was approximately 34,000 BOE per day, weighted 38% oil and NGLs and 62% gas.

Kelt's realized average oil price during the first quarter of 2024 was $90.15 per barrel, down 9% from $99.33 per barrel in the first quarter of 2023. The realized average NGLs price during the first quarter of 2024 was $52.18 per barrel, down 8% from $56.48 per barrel in the same quarter of 2023. Kelt's realized average gas price for the first quarter of 2024 was $2.94 per Mcf, down 27% from $4.03 per Mcf in the corresponding quarter of the previous year.

For the three months ended March 31, 2024, petroleum and natural gas sales were $126.4 million and adjusted funds from operations was $61.2 million ($0.31 per common share, diluted), compared to $139.6 million and $92.0 million ($0.47 per common share, diluted) respectively, in the first quarter of 2023. On March 31, 2024, net debt was $32.0 million or 0.1 times trailing twelve months adjusted funds from operations.

Capital expenditures, net of A&D incurred during the three months ended March 31, 2024, were $80.2 million. During the first quarter of 2024, the Company spent $43.0 million on drill and complete operations and $35.9 million on facilities, pipelines, and equipment.

Kelt expects to spend $325.0 million in its capital expenditure program for 2024, unchanged from its previous forecast. Production during 2024 is forecasted to average between 36,000 and 39,000 BOE per day, an increase of 18% at the low end of the range and an increase of 28% at the high end of the range compared to average production of 30,510 BOE per day in 2023. Adjusted funds from operations for 2024 is forecasted to be $292.0 million or 1% higher than the Company's previous forecast of $290.0 million. On December 31, 2024, the Company expects to have net debt of $46.0 million, representing 0.2 times forecasted 2024 adjusted funds from operations.

2024 Guidance

The Company's 2024 capital expenditure budget of $325.0 million includes the drilling of 28 wells and the completion of 32 wells during the year. The 2024 capital expenditures are expected to be allocated as follows: $220.5 million for drilling and completing wells, $84.5 million for facilities, pipeline, and equipment and $20.0 million for land and seismic.

Preparation of the 2024 capital expenditure budget includes the following forecasted average commodity price assumptions (with average 2023 commodity prices shown for comparative purposes):

Commodity Index	**2024 Forecast**	2023	Change
WTI Crude Oil (USD/bbl)	**79.50**	77.63	2%
MSW Crude Oil (CAD/bbl)	**102.35**	100.40	2%
NYMEX Henry Hub Daily Index Natural Gas (USD/MMBtu)	**2.35**	2.53	(7%)
DAWN Gas Daily Index (USD/MMBtu)	**2.30**	2.34	(2%)
AECO NIT 5A Gas Daily Index (CAD/GJ)	**1.87**	2.50	(25%)
STATION 2 Gas Daily Index (CAD/GJ)	**1.81**	2.14	(15%)
Exchange Rate (USD/CAD)	**0.7326**	0.7410	(1%)
Exchange Rate (CAD/USD)	**1.3650**	1.3495	1%

Financial and operating highlights for the Company's 2024 forecast compared to its 2023 results are highlighted in the table below:

Financial and Operating Highlights ($ MM, unless otherwise specified)	**2024 Forecast**	2023	Change
Production [2]			
Oil & NGLs (bbls/d)	**14,000 – 15,500**	11,738	26%
Gas (Mcf/d)	**132,000 – 141,000**	112,634	21%
Combined (BOE/d)	**36,000 – 39,000**	30,510	23%
P&NG Sales [1]	**587.0**	495.6	18%
Adjusted Funds from Operations [1]	**292.0**	276.2	6%
AFFO per share, diluted ($/share) [1]	**1.47**	1.40	5%
Capital Expenditures, net of A&D [1]	**325.0**	282.6	15%
Net Debt, at year-end [1]	**46.0**	13.0	254%
Net Debt / AFFO ratio	**0.2 x**	0.0 x	

Notes:
[1] Refer to advisories regarding "Non-GAAP and Other Financial Measures".
[2] Percent change for production is calculated using the mid-point of each production range.

In its Pouce Coupe/Progress/Spirit River Division, during 2024, Kelt expects to drill and complete six wells targeting Montney or Charlie Lake horizons. At Pouce Coupe West, the Company has drilled three Montney wells on its high gas deliverability land block. Kelt expects to complete these wells in the summer and put them on production early in the third quarter.

Kelt currently has access to approximately 82 MMcf per day of raw gas processing capacity through a plant ownership interest and third-party facility firm service arrangements at Pouce Coupe/Progress/Spirit River. Kelt expects to increase its overall raw gas processing capacity in the area to 117 MMcf per day over the next two years with incremental firm service arrangements, giving the Company access to five different gas plants in the area.

In its Wembley/Pipestone Division, during 2024, Kelt expects to drill and complete 14 wells targeting the Montney horizon. The Company plans to have three multi-well pad development operations consisting of six wells, five wells and three wells respectively as it prepares to add production upon start-up of an incremental 50 MMcf per day of gas processing capacity at a newly constructed third-party gas plant in the fourth quarter of 2024. Kelt expects to frac these 14 wells over the June to October period and may preferentially produce the wells using existing gas plant processing capacity prior to the start-up of the new gas plant.

During the first quarter of 2024, Kelt drilled and completed its third Charlie Lake horizontal well at Wembley/Pipestone with encouraging production results that are similar to its previous wells and with cumulative oil and NGLs of approximately 78% of total production to date.

At Wembley/Pipestone, Kelt expects to increase its firm service raw gas processing capacity from 59 MMcf per day to 124 MMcf per day by 2026. New production additions at Wembley/Pipestone resulting from increased gas processing capacity is expected to increase the Company's oil and NGLs weighting as this production is expected to be 57% to 62% weighted to oil and NGLs.

In its Oak/Flatrock Division, Kelt has drilled an eight well development program that commenced in November 2023. Two of these wells were completed in the first quarter of 2024 and have now been put on production. Three wells are expected to be completed in May 2024 and the remaining three wells are expected to be completed in the summer. Kelt has the ability to increase firm service raw gas processing capacity from 45 MMcf per day to 90 MMcf per day over the next 24 months through gas processing arrangements with a third-party at a gas plant located just south of the Company's Oak property.

Management looks forward to updating shareholders with 2024 second quarter results on or about August 8, 2024.

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 2024. 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 and of the words “will”, “expects”, “believe”, “plans”, potential”, “forecasts” and similar expressions are intended to identify forward-looking statements. In particular, this press release contains forward-looking statements pertaining to the following: Kelt’s expected price realizations and future commodity prices; the cost and timing of future capital expenditures and expected results; the expected timing of wells bring brought on-production; the expected timing of production additions from capital expenditures; obtaining and the expected timing around third party additional processing capacity; and the Company's expected future financial position and operating results.

Certain information with respect to Kelt contained herein, including management’s assessment of future plans and operations, contains forward-looking statements. These forward-looking statements are based on assumptions and are subject to numerous risks and uncertainties, many of which are beyond Kelt’s control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency exchange rate fluctuations, imprecision of reserve estimates, environmental risks, competition from other explorers, stock market volatility and ability to access sufficient capital. As a result, Kelt’s actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur.

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 non-GAAP financial measures and other specified financial measures, as described below, which do not have standardized meanings prescribed by GAAP and do not have standardized meanings under the applicable securities legislation. As these non-GAAP, and other specified 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 dividing the Company’s P&NG sales after cost of purchases by the Company’s production and reflects Kelt’s realized selling prices plus the net benefit of oil blending and third-party natural gas sales. In addition to using its own production, the Company may purchase butane and crude oil from third 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 P&NG sales as reported in the Consolidated Statement of Net Income and Comprehensive Income 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, and excludes the sale of third-party marketing volumes, management believes that disclosing its net realized prices based on P&NG 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.

Combined net realized prices referenced throughout this press release are before derivative financial instruments, except as otherwise indicated as being after derivative financial instruments.

Operating income and operating netback

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 cost of purchases and after realized gains or losses on derivative financial instruments. The Company also presents operating income on a per BOE basis, referred to as "operating netback" or "operating income per BOE", 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, 2024, 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 used in investing activities, and is calculated as follows:

	Three months ended March 31	
(CA$ thousands, except as otherwise indicated)	***2024***	*2023*
Cash used in investing activities	***76,389***	*46,081*
Change in non-cash investing working capital	***3,792***	*30,548*
Capital expenditures, net of A&D	***80,181***	*76,629*
Property acquisitions	***(669)***	*52*
Capital expenditures, before A&D	***79,512***	*76,681*

CAPITAL MANAGEMENT MEASURES:

Funds from operations and adjusted funds from operations

Management considers funds from operations and adjusted funds from operations as a key capital management measure as it demonstrates the Company's ability to meet its financial obligations and cash flow available to fund its capital program. Funds from operations and 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". Funds from operations and adjusted funds from operations are calculated as follows:

	Three months ended March 31	
(CA$ thousands, except as otherwise indicated)	***2024***	*2023*
Cash provided by operating activities	***62,493***	*100,160*
Change in non-cash working capital	***(2,266)***	*(8,827)*
Funds from operations	***60,227***	*91,333*
Settlement of decommissioning obligations	***949***	*667*
Adjusted funds from operations	***61,176***	*92,000*

Net debt (surplus) and net debt (surplus) to adjusted funds from operations ratio

Management considers net debt (surplus) and a net debt (surplus) to adjusted funds from operations ratio as key capital management measures to assess the Company's liquidity at a point in time and to monitor its capital structure and short-term financing requirements. The "net debt (surplus) to adjusted funds from operations ratio" is also indicative of the "net debt to cash flow ratio" 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).

"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 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.

Net debt is calculated as follows:

	March 31, 2024	*March 31, 2023*
Bank debt	***-***	*-*
Accounts payable and accrued liabilities	***89,182***	*103,167*
Cash and cash equivalents	***(1,434)***	*(42,888)*
Accounts receivable and accrued sales	***(51,154)***	*(62,395)*
Prepaid expenses and deposits	***(4,633)***	*(2,783)*
Net debt (surplus)	***31,961***	*(4,899)*

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, gain (loss) on derivative financial instruments, royalties, revenue after royalties and derivative financial instruments, production expenses, transportation expenses, financing expenses, gross and net G&A expenses, realized gain (loss) on foreign exchange, other income (expense), share based compensation expense and depletion and depreciation 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 (basic and diluted), and net income and comprehensive income per share (basic and diluted) is calculated by dividing the amounts by the basic 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

A&D	*Acquisitions and Dispositions*
P&NG	*Petroleum and Natural Gas*
MD&A	*Management's Discussion and Analysis*
TSX	*the Toronto Stock Exchange*
KEL	*trading symbol for Kelt Exploration Ltd. on the TSX*
GAAP	*Generally Accepted Accounting Principles*
SEDAR+	*the System for Electronic Document Analysis and Retrieval*
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*
Oil	*includes crude oil and field condensate combined*
BOE	*barrel of oil equivalent*
BOE/d	*barrel of oil equivalent per day*
NGLs	*natural gas liquids*

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.