PRESS RELEASE
(Stock Symbol “KEL” – TSX)
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Calgary, Alberta

KELT WILL POSTPONE START-UP OF NEW NATURAL GAS WELLS TO Q4 2024, EXPECTS TO EXIT 2024 WITH PRODUCTION IN THE 45,000 TO 50,000 BOE PER DAY RANGE

Kelt Exploration Ltd. (“Kelt” or the “Company”) is providing an operations update and changes to its 2024 guidance. Due to the current higher than average natural gas storage inventories in both the United States and Canada, current natural gas prices have been weak at North American pricing point hubs; especially at AECO and Station 2 where gas prices have dipped below $1.00/GJ. Kelt has elected to defer the start-up of certain gassier wells in its drilling portfolio to November/December 2024. Winter gas future strip prices are currently bid at levels significantly higher than current spot prices.

OPERATIONS UPDATE

In its **Wembley/Pipestone Division**, where Kelt has a 14-well development drill & complete program targeting Montney oil/liquids-rich gas horizons as part of its 2024 capital program, the Company has drilled and completed the first six wells from its 14-2 pad. These wells offset two existing wells that had an average IP30 rate of 1,326 BOE/d (59% oil and NGLs) per well. The Company is currently flow-testing the 14-2 wells and expects to continue producing them, and at the same time, shut-in lower CGR gas wells in the area as it awaits completion of a new gas plant that will add 50 MMcf per day of raw gas firm service processing upon start-up, expected prior to the end of the year. Kelt has commenced drilling operations on its five well program off its 14-9 pad, after which the Company will move to its three well program off its 14-26 pad. Kelt expects to frac these remaining eight wells during September and October, bringing them on production in December 2024 with the anticipated start-up of the new gas plant.

At Wembley/Pipestone, Kelt also has 34 MMcf per day of firm raw gas processing capacity at another third-party gas plant. During the second quarter of 2024, this plant processed an average of approximately 21.4 MMcf/d (63%) of Kelt’s share of capacity. During the quarter, the operator shut-in the plant to conduct certain scheduled maintenance operations during which it was discovered that additional maintenance was required. The plant is currently running at 50% capacity but is expected to resume full capacity during the second half of July after completion of the additional repairs.

In its **Pouce Coupe/Progress/Spirit River Division**, Kelt has a 6-well drill & complete program targeting oil horizons in the Charlie Lake formation. Drilling operations commenced in June and all six wells are expected to be drilled by the end of September. The first two wells are expected to be brought on-stream in September, another two wells in October and the remaining two wells by December 2024. Historically, Charlie Lake wells in this area usually commence production at average oil and NGL rates of approximately 65% to 70% of total production.

At Pouce Coupe West, where Kelt has three DUCs on its high deliverability gas block, the Company has elected to defer completions and production start-up to the middle of the fourth quarter due to the current weak AECO gas price environment. These wells, in aggregate, are expected to add 25 to 30 MMcf per day of gas production.

In its **Oak/Flatrock Division**, Kelt commenced an 8-well development drilling program in November 2023. Two wells were drilled from an existing pad located at 5-33 and three wells were drilled from an existing pad located at 6-35. These five wells have been completed and put on production. The remaining three wells were drilled in the first quarter of 2024 from an existing pad located at 5-31 and start-up is also being deferred to the fourth quarter of 2024.

HEDGING

For the summer of 2024, Kelt has financial contracts in place transferring AECO gas price hub exposure to NYMEX Henry Hub on 20,000 MMBtu per day. On 10,000 MMBtu per day the differential from NYMEX is fixed at minus US$1.06 per MMBtu and on 10,000 MMBtu per day, the fixed differential from NYMEX is calculated at 30% of the floating monthly NYMEX price.

For the winter, from November 1, 2024 to March 31, 2025, Kelt has financial contracts in place transferring AECO gas price hub exposure to NYMEX Henry Hub on 40,000 MMBtu per day at a fixed differential from NYMEX at minus US$1.09 per MMBtu.

Additionally, from November 1, 2024 to March 31, 2025, Kelt has physical contracts in place transferring STATION 2 gas price hub exposure to AECO on 5,000 GJ per day at a fixed differential from AECO at minus $0.15 per GJ.

Kelt recently entered into financial contracts to hedge the price of propane on approximately 45% of its expected propane sales for the period from July 1, 2024 to March 31, 2025. On 250 barrels per day, the Company has fixed the Conway propane price at US$0.82 per gallon (equivalent to US$34.44 per barrel) and on another 250 barrels per day, Kelt will receive 43.5% of the monthly average WTI oil price for propane sales indexed at Conway. The Company sells its physical propane production at Conway index, net of transportation.

In addition, for the purposes of gas market diversification, Kelt has entered into an agreement to sell 2,513 GJ per day for a two-year term from January 1, 2025 to December 31, 2026 for gas delivered at NIT at a monthly average AESO electricity price divided by a fixed heat rate of 17.95 GJ per MWh.

2024 GUIDANCE

Crude oil prices continue to improve. The WTI crude oil price averaged US$77.57 per barrel during the first quarter of 2024 and improved by 7%, averaging US$82.69 per barrel during the second quarter of 2024. Kelt has increased its forecasted average 2024 WTI oil price by 2% from US$79.50 per barrel to US$81.00 per barrel. North American natural gas prices are weak after a warm winter that resulted in excess gas in storage compared to previous years. Kelt has reduced its forecasted average 2024 AECO natural gas price by 10% from CA$1.87/GJ to CA$1.68/GJ and it has reduced its forecasted average 2024 STATION 2 natural gas price by 14% from CA$1.81/GJ to CA$1.55/GJ.

In response to lower forecasted natural gas prices during the summer, Kelt has postponed the start-up of certain gas wells to the fourth quarter of 2024 to coincide with the commencement of the winter season at which point futures contracts are trading at significantly improved gas prices.

Despite leaving the 2024 capital expenditure program unchanged at $325 million, the Company has seen reductions in drill and complete costs for its initial Montney multi-well pad at Wembley/Pipestone. Kelt expects to complete a full review of its actual expenditures at the end of July and may adjust the magnitude of capital spending for 2024 when the Company reports its second quarter results in August 2024.

Production during the second quarter of 2024 has been negatively affected by downtime at a third-party facility in the Wembley/Pipestone area, as discussed earlier, and is expected to average between 30,000 and 31,000 BOE per day. Forecasted production in the third quarter of 2024 will be reduced by the postponement of certain gas wells that were previously planned to come on-stream. Kelt expects to bring a significant amount of production on stream during the fourth quarter of 2024 and expects to exit the year with production in the 45,000 to 50,000 BOE per day range. Average production for 2024 is forecasted to be in the 34,000 to 36,000 BOE per day range.

Kelt's forecasted 2024 commodity prices, with comparisons to its previous forecast, are summarized in the table below:

Commodity Prices	2024 Forecast *(as at May 9, 2024)*	**2024 Forecast** ***(as at July 5, 2024)***	**Change**
WTI Crude Oil (USD/bbl)	79.50	**81.00**	**2%**
MSW Oil (CAD/bbl)	102.35	**104.55**	**2%**
NYMEX Henry Hub Gas (USD/MMBtu)	2.35	**2.35**	**—**
AECO Gas (CAD/GJ)	1.87	**1.68**	**(10%)**
STATION 2 Gas (CAD/GJ)	1.81	**1.55**	**(14%)**

Kelt's forecasted 2024 financial and operating highlights, with comparisons to its previous forecast, are summarized in the table below:

Financial and Operating Highlights ($ MM, unless otherwise specified)	2024 Forecast *(as at May 9, 2024)*	**2024 Forecast** ***(as at July 5, 2024)***	**Change**
Oil & NGLs Production (bbls/d)	14,000 — 15,500 (38%)	**13,000 — 14,000 (38%)**	**(8%)**
Gas Production (MMcf/d)	132,000 — 141,000 (62%)	**126,000 — 132,000 (62%)**	**(5%)**
Combined Production (BOE/d)	36,000 — 39,000 (100%)	**34,000 — 36,000 (100%)**	**(7%)**
P&NG Sales	587.0	**550.0**	**(6%)**
Adjusted Funds from Operations *[1]*	292.0	**270.0**	**(8%)**
AFFO per share, diluted ($/share) *[1]*	1.47	**1.36**	**(7%)**
Capital Expenditures, net of A&D *[1]*	325.0	**325.0**	**—**
Net Debt, at year-end *[1]*	46.0	**68.0**	**48%**
Net Debt/AFFO ratio (times)	0.2 x	**0.3 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.

Kelt looks forward to the results of its remaining 2024 drill program and the corresponding growth in oil and gas production expected by the end of the year. The Company remains optimistic about the energy industry and its ability to provide shareholders with high rates of return on capital deployed. Kelt expects to continue to reinvest cash flow into developing its high-quality Montney and Charlie Lake plays.

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

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ADVISORY REGARDING FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION

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", "continue" 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; the expected *results from its planned drilling program; the expected timing that new wells and shut-in wells will be brought on-production; the expected oil and NGLs yields on future wells; the expected production rates from the Pouce Coupe wells based on historical results; access to third party processing capacity including the timing of completion of a new third party gas plant and the expected increase in runtime following repairs at an existing third party plant; 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, changes in Federal and Provincial regulations, 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. Additional risk factors are set forth in the Company's most recent Annual Information Form filed on Sedarplus.ca. 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. The actual results of the operations of the Company and the financial results resulting will likely vary from the amounts set forth in this press release and such variation may be material.

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.

References to initial production rates are useful to demonstrate the presence of hydrocarbons; however, such rates are not determinative of the rates wells will continue production and decline thereafter and are not necessarily indicative of long-term performance.

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.

Adjusted funds flow from operations ("AFFO")

Management considers 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. Adjusted funds from operations is not a standardized measure 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". Adjusted funds flow from operations is calculated as cash provided by operating activities before changes in non-cash working capital and the settlement of decommissioning obligations.

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

Capital Expenditures, net of A&D

Capital expenditures, net of A&D is a measure 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. Capital expenditures, net of A&D is calculated as "Cash used in investing activities" before changes in non-cash investing working capital.

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.

"Net debt" is equal to bank debt, accounts payable and accrued liabilities, cash and cash equivalents, accounts receivable and accrued sales and prepaid expenses and deposits. The Company believes that using a "Net debt" 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.

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 plus, butane, propane and ethane. References to "gas" in this discussion include natural gas and sulphur.

Abbreviations

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*
P&NG	*petroleum and natural gas*
AFFO	*adjusted funds from operations*
bbls	*barrels*
bbls/d	*barrels per day*
Mbbls	*thousand barrels*
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*
GJ	*gigajoule*
BOE	*barrel of oil equivalent*
MBOE	*thousand barrels of oil equivalent*
BOE/d	*barrel of oil equivalent per day*
NGLs	*natural gas liquids*
C2	*ethane*
C3	*propane*
C4	*butane*
C5+	*pentane plus all other heavier natural gas liquids*
CGR	*condensate to gas ratio*
DUCs	*drilled but uncompleted wells*
AECO	*Alberta Energy Company "C" Meter Station of the NOVA Pipeline System*
NYMEX HH	*the Henry Hub natural gas pipeline delivery location for futures contracts on the New York Mercantile Exchange*
WTI	*West Texas Intermediate*
MSW	*Mixed Sweet Blend*
USD	*United States dollars*

CAD	*Canadian dollars*
$	*Canadian dollars*
$M	*thousand dollars*
$MM	*million dollars*
IP30	*initial production from a well for the first 30 days (720 operating hours)*