PRESS RELEASE
(Stock Symbol **"KEL"** – TSX)
May 4, 2023
Calgary, Alberta

KELT REPORTS FINANCIAL AND OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2023

Kelt Exploration Ltd. ("Kelt" or the "Company") reports its financial and operating results to shareholders for the first quarter ended March 31, 2023. The Company's financial results are summarized as follows:

FINANCIAL HIGHLIGHTS	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2023**	2022	%
Petroleum and natural gas sales	**139,571**	138,446	1
Cash provided by operating activities	**100,160**	65,553	53
Adjusted funds from operations [(1)]	**92,000**	74,169	24
Basic ($/ common share) [(1)]	**0.48**	0.39	23
Diluted ($/ common share) [(1)]	**0.47**	0.38	24
Net income and comprehensive income	**16,336**	10,720	52
Basic ($/ common share)	**0.09**	0.06	50
Diluted ($/ common share)	**0.08**	0.06	33
Capital expenditures, net of A&D [(1)]	**76,629**	83,693	-8
Total assets	**1,174,489**	967,119	21
Net debt (surplus) [(1)]	**(4,899)**	34,685	114
Shareholders' equity	**919,809**	739,673	24
Weighted average shares outstanding (000s)			
Basic	**192,060**	189,383	1
Diluted	**195,370**	193,691	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, 2023 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 4, 2023.

In addition, Kelt's updated 2022 Sustainability Report will be available on the Company's website on May 4, 2023.

Kelt's operating results for the first quarter ended March 31, 2023 are summarized as follows:

OPERATIONAL HIGHLIGHTS	Three months ended March 31		
(CA$ thousands, except as otherwise indicated)	**2023**	2022	%
Average daily production			
Oil (bbls/d) (2)	**7,752**	6,081	27
NGLs (bbls/d)	**4,627**	4,012	15
Gas (mcf/d)	**116,725**	103,919	12
Combined (BOE/d)	**31,833**	27,413	16
Production per million common shares (BOE/d) (1)	**166**	145	14
Net realized prices, before financial instruments(1)			
Oil ($/bbl) (2)	**99.33**	113.60	-13
NGLs ($/bbl)	**56.48**	63.90	-12
Gas ($/mcf)	**4.03**	5.41	-26
Operating netbacks ($/BOE) (1)			
Petroleum and natural gas sales	**48.71**	56.12	-13
Cost of purchases	**(1.56)**	(1.03)	51
Combined net realized price, before financial instruments (1)	**47.15**	55.09	-14
Realized gain (loss) on financial instruments	**6.85**	(5.13)	234
Combined net realized price, after financial instruments (1)	**54.00**	49.96	8
Royalties	**(6.38)**	(6.02)	6
Production expense	**(11.34)**	(9.62)	18
Transportation expense	**(3.01)**	(3.06)	-2
Operating netback (1)	**33.27**	31.26	6
Landholdings			
Gross acres	**799,399**	759,781	5
Net acres	**582,641**	546,615	7

(1) Refer to advisories regarding Non-GAAP and Other Financial Measures.
(2) "Oil" includes crude oil and field condensate combined.

MESSAGE TO SHAREHOLDERS

Kelt recorded the highest quarterly average production in its ten-year history during the first quarter of 2023. Average production for the three months ended March 31, 2023 was 31,833 BOE per day, up 16% from average production of 27,413 BOE per day during the first quarter of 2022. Quarter over quarter, Kelt recorded production growth of 14% from average production of 28,036 BOE per day during the fourth quarter of 2022. Production for the three months ended March 31, 2023 was weighted 39% oil and NGLs and 61% gas.

Kelt's realized average oil price during the first quarter of 2023 was $99.33 per barrel, down 13% from $113.60 per barrel in the first quarter of 2022. The realized average NGLs price during the first quarter of 2023 was $56.48 per barrel, down 12% from $63.90 per barrel in the same quarter of 2022. Kelt's realized average gas price for the first quarter of 2023 was $4.03 per Mcf, down 26% from $5.41 per Mcf in the corresponding quarter of the previous year.

For the three months ended March 31, 2022, revenue from P&NG sales was $139.6 million and adjusted funds from operations was $92.0 million ($0.47 per share, diluted), compared to $138.4 million and $74.2 million ($0.38 per share, diluted) respectively, in the first quarter of 2022. Net income rose by 52% to $16.3 million during the first quarter of 2023 compared to $10.7 million for the three-month period ended March 31, 2022. At March 31, 2023, the Company had a net surplus of $4.9 million, compared to net debt of $34.7 million at March 31, 2022.

Net capital expenditures incurred during the three months ended March 31, 2023 were $76.6 million. During the first quarter of 2023, the Company spent $57.0 million on drill and complete operations and $18.7 million on equipment, facilities and pipelines.

In the Pouce Coupe/Progress/Spirit River Division, Kelt drilled and completed a four-well Montney pad at Pouce Coupe during the first quarter of 2023. These Montney wells are expected to be brought on production late in the second quarter of 2023. At Spirit River, Kelt drilled and completed two wells from the same pad in the Charlie Lake formation. These wells are expected to be put on production during the second quarter of 2023.

In the Wembley/Pipestone Division, Kelt drilled and completed its second Charlie Lake well in the area. This well, located at 100/4-13 (sfc 102/16-8) was put on production with very encouraging results. The IP30 (estimated sales volumes) was approximately 1,230 BOE per day (70% Oil and NGLs). In addition, at Wembley, the Company has commenced the drilling of a four-well Montney pad. As previously disclosed, Kelt has entered into agreements with certain third-party mid-stream companies to access significant additional gas processing capacity in the area, with an initial tranche expected to become available in early 2024. The Company expects to have nine Montney wells drilled and completed at the time this first tranche of additional gas processing capacity at Wembley becomes available, in addition to certain volumes that are currently shut-in.

In the Oak/Flatrock Division, Kelt drilled two Montney wells at Oak in the first quarter of 2023 and expects to drill three additional wells at Oak in the second quarter of 2023. These five Montney wells are expected to be completed during the summer of 2023.

Kelt's forecasted capital expenditure program for 2023 remains unchanged at $285.0 million and the Company's forecasted production range averaging between 32,000 BOE per day and 34,000 BOE per day also remains unchanged compared to its previous forecast. However the estimated liquids weighting increased to reflect the higher oil content from new Charlie Lake wells recently put on production. Kelt's forecasted average WTI crude oil price for 2023 remains unchanged at US$78.00 per barrel; however Kelt has reduced its forecasted natural gas prices for 2023. NYMEX Henry Hub is now forecasted to average US$2.95 per MMBtu in 2023, down 13% from the Company's previous forecast of US$3.39 per MMBtu, and AECO is forecasted to average $2.69 per GJ in 2023, down 9% from Kelt's previous forecast of $2.94 per GJ.

Kelt's adjusted funds from operations for 2023 is estimated to be $285.0 million, unchanged from its previous estimate. Kelt will continue to maintain its strong financial position. At December 31, 2023, the Company expects to have net debt of $14.8 or only 0.1 times adjusted funds from operations. Kelt will re-evaluate its 2023 guidance after the second quarter is complete.

The following table summarizes the percentage changes to 2023 guidance compared to the previous forecast and historical changes to 2023 guidance since the Company's original forecast was prepared in November 2022:

	2023 Guidance (Nov/22)	2023 Guidance (Mar/23)	**2023 Guidance (current)**	Percent Change
Commodity Prices				
WTI Crude Oil (USD/bbl)	78.00	78.00	**78.00**	0%
NYMEX Natural Gas (USD/MMBtu)	5.00	3.39	**2.95**	(13%)
Exchange Rate (CAD/USD)	1.350	1.331	**1.353**	2%

	2023 Guidance (Nov/22)	2023 Guidance (Mar/23)	**2023 Guidance (current)**	Percent Change (1)
Production				
Oil & NGLs (bbls/d)	11,700 – 12,900	11,700 – 12,900	**12,200 – 13,400**	4%
Gas (MMcf/d)	127.8 – 132.6	121.8 – 126.6	**118.8 – 123.6**	(2%)
Combined (BOE/d)	33,000 – 35,000	32,000 – 34,000	**32,000 – 34,000**	0%
Financial				
P&NG Sales ($MM)	607.0	530.0	**538.6**	2%
Adjusted funds from operations ($MM) (2)	338.0	285.0	**285.0**	0%
AFFO per share, diluted ($) (2)	1.71	1.44	**1.44**	0%
Capital expenditures, net of A&D ($MM) (2)	310.0	285.0	**285.0**	0%
Net debt (surplus) ($MM) (2)	(28.0)	14.8	**14.8**	0%

Note:

(1) Percent change for production is calculated based on the mid-point of each production range.
(2) Refer to advisories regarding Non-GAAP and Other Financial Measures.

Kelt's growth prospects are expected to continue to provide shareholders with high rates of return on capital deployed as the Company continues to reinvest cash flow into development of its high quality Montney and Charlie Lake assets.

Management looks forward to updating shareholders with 2023 second quarter results on or about August 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 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 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.

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 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. 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, 2023, 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)	***2023***	*2022*
Cash used in investing activities	***46,081***	*67,759*
Change in non-cash investing working capital	***30,548***	*15,934*
Capital expenditures, net of A&D	***76,629***	*83,693*
Property acquisitions	***52***	*(2)*
Property dispositions	***-***	*41*
Capital expenditures, before A&D	***76,681***	*83,732*

CAPITAL MANAGEMENT MEASURES

Adjusted funds from operations

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 are not standardized measures and therefore may not be comparable with the calculation of similar measures by other entities.

Adjusted funds from operations is calculated as follows:

	Three months ended March 31	
(CA$ thousands, except as otherwise indicated)	***2023***	*2022*
Cash provided by operating activities	***100,160***	*65,553*
Change in non-cash working capital	***(8,827)***	*6,738*
Funds from operations	***91,333***	*72,291*
Settlement of decommissioning obligations	***667***	*1,878*
Adjusted funds from operations	***92,000***	*74,169*

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 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 (surplus) is calculated as follows:

	March 31, 2023	*March 31, 2022*
Bank debt	***-***	*-*
Accounts payable and accrued liabilities	***103,167***	*99,437*
Cash and cash equivalents	***(42,888)***	*(2,300)*
Accounts receivable and accrued sales	***(62,395)***	*(61,020)*
Prepaid expenses and deposits	***(2,783)***	*(1,432)*
Net debt (surplus)	***(4,899)***	*34,685*

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 (basic and diluted) and net income (loss) and comprehensive income (loss) 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

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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