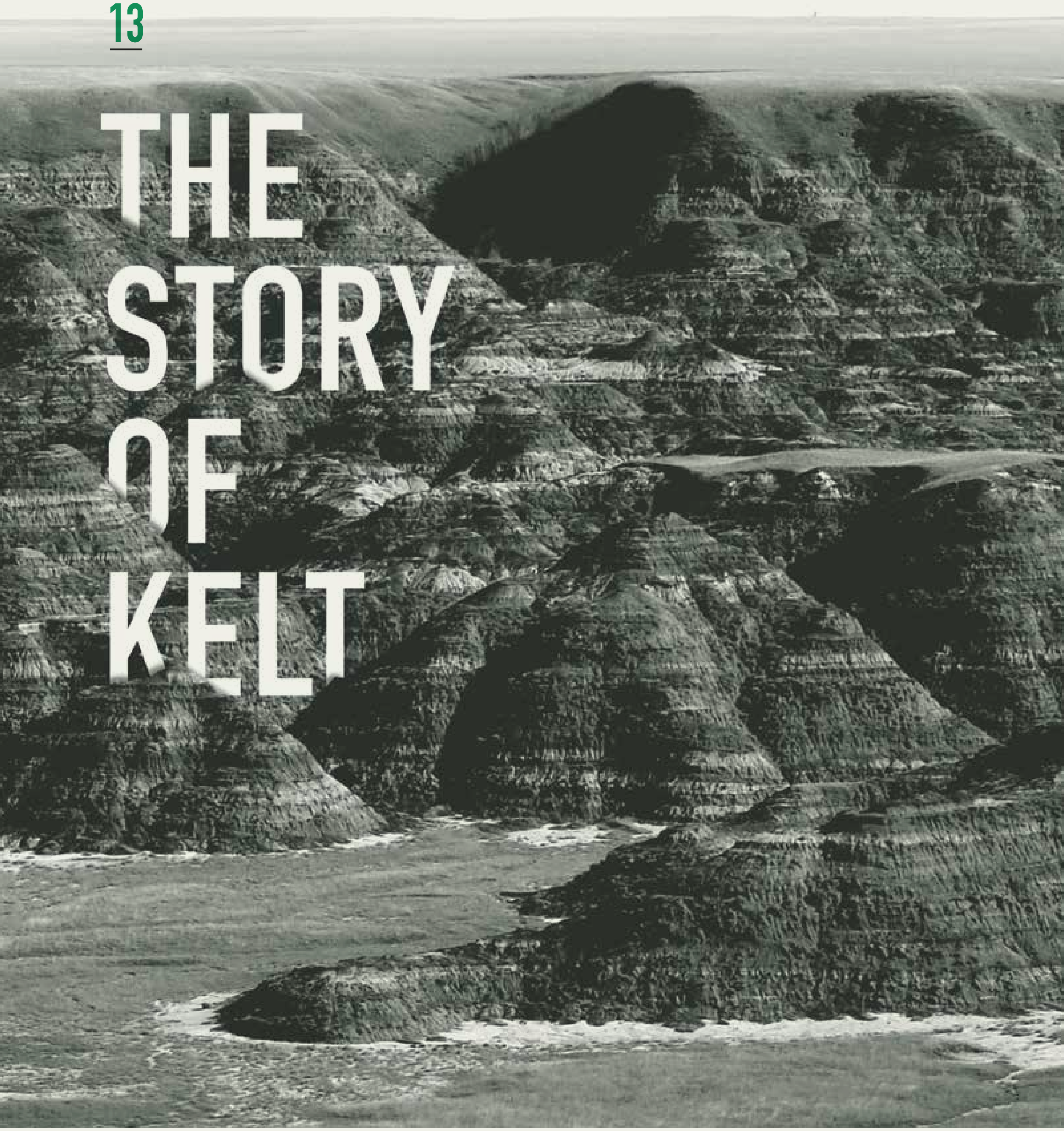
2013

THE STORY OF KELT



kelt exploration

THE STORY OF KELT

There is nothing random about great minds working together to build on successes of the past. There is nothing random about possessing an intuitive ability to capitalize where others cannot. For Kelt, nothing is random, there are no coincidences, only deliberately orchestrated results.

WE ARE KELT. AND THIS IS OUR STORY.

On October 11, 2012, Kelt Exploration Ltd. was created for the participation in the transaction that resulted in the acquisition of Celtic Exploration Ltd. by Exxon Mobil Canada Ltd., and Exxon Mobil Celtic ULC. When the arrangement was complete on February 26, 2013, the dynamic team behind Celtic Exploration Ltd. took Kelt fully operational.

From a starting point of approximately 3,300 BOE per day and 49,000 net undeveloped acres of land in October 2012, we grew our asset base through an active drilling program, and strategic and opportunistic acquisitions, to approximately 9,800 BOE per day exit and 184,000 net undeveloped acres of land at the end of 2013.

DID WE MENTION WE'RE JUST GETTING STARTED?

Kelt is forecasting average production of 11,000 BOE per day in 2014 and expects to exit 2014 with approximately 13,000 BOE per day. We expect to add further momentum and financial strength to our growth plans capitalizing on higher natural gas price realizations in 2014.

Entering 2014, Kelt is well positioned financially and has the financial flexibility to carry out its operations during the year and pursue new opportunities. We are excited about the Company's prospects, and look forward to updating shareholders with further results in the near future.

2013 was a year of growth, but The Story of Kelt has just begun.

THE GROWTH STORY

PRODUCTION

Kelt achieved production levels that exceeded its public guidance. Average production for 2013 was 3,961 BOE per day (4,694 BOE per day for the 308 operating day period commencing on February 27, 2013) and production for the fourth quarter was 5,739 BOE per day. After giving effect to the Pouce Coupe/Spirit River acquisition that was completed on December 20, 2013, exit 2013 production was approximately 9,800 BOE per day (29% oil and NGLs and 71% gas).

TRACK RECORD

The Kelt management team has a strong track record of building shareholder value, most recently with Celtic Exploration Ltd.

OPPORTUNITY DRIVEN

Kelt maintains financial flexibility during periods of opportunistic market conditions, providing the Company with the ability to act on new opportunities quickly and effectively.

OBJECTIVE

Kelt expects to deliver profitable future growth by delivering an inception to date production per share CAGR of 20% to 25%; and at the same time generating an inception to date recycle ratio of 2.0 times based on proved plus probable reserves.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

(CA$ THOUSANDS, EXCEPT AS OTHERWISE INDICATED)	THREE MONTHS ENDED DECEMBER 31, 2013	YEAR ENDED DECEMBER 31, 2013
FINANCIAL		
Revenue, before royalties and financial instruments	18,543	46,656
Funds from operations[1]	9,396	23,656
Basic ($/common share)[1]	0.09	0.32
Diluted ($/common share)[1]	0.09	0.32
Profit (loss)	(1,838)	(5,115)
Basic ($/common share)	(0.02)	(0.07)
Diluted ($/common share)	(0.02)	(0.07)
Capital expenditures, prior to completion of the Arrangement	(6)	23,247
Capital expenditures, subsequent to completion of the Arrangement	231,335	305,896
Total capital expenditures	231,329	329,143
Total assets	485,201	485,201
Bank debt	–	–
Working capital surplus	20,500	20,500
Shareholders' equity	392,872	392,872
Weighted average common shares outstanding (000's)		
Basic	99,244	74,554
Diluted	100,242	75,093
OPERATIONS		
Average daily production		
Oil (bbls/d)	809	516
NGLs (bbls/d)	487	297
Gas (mcf/d)	26,660	18,888
Combined (BOE/d)[2]	5,739	3,961
Production per million common shares (BOE/d)	58	53
Average realized prices, after financial instruments		
Oil ($/bbl)	81.35	86.77
NGLs ($/bbl)	57.00	52.76
Gas ($/mcf)	3.97	3.51
Operating netbacks[1] ($/BOE)		
Oil and gas revenue	35.12	32.27
Cash premium on financial instruments	–	0.16
Realized loss on financial instruments	(0.38)	(0.40)
Average realized price, after financial instruments	34.74	32.03
Royalties	(4.71)	(4.37)
Production and transportation expense	(11.36)	(10.69)
Operating netback[1]	18.67	16.97
Drilling Activity		
Total wells	6	19
Working interest wells	4.2	12.2
Success rate on working interest wells	100%	100%
Undeveloped land		
Gross acres		299,142
Net acres		184,082
Reserves – proved plus probable		
Oil (mbbls)		11,808
NGLs (mbbls)		5,002
Gas (mmcf)		254,329
Combined (mBOE)		59,198

[1] Refer to advisory regarding non-GAAP measures.
[2] Average daily production reported above is calculated over the 365 day period ended December 31, 2013. Production for the 308 day period following commencement of active operations on February 27, 2013, averaged 4,694 BOE per day.

THE KELT TEAM (left to right)

Douglas O. MacArthur
Vice President, Operations

William C. Guinam
Chairman of the Board, Corporate Secretary, Member of the Health, Safety and Environment Committee, Chairman of the Nominating Committee

Eldon A. Mcintyre
Chairman of the Reserve Committee, Member of the Audit Committee, Member of the Compensation Committee, Member of the Nominating Committee

Alan G. Franks
Vice President, Operations

Sadiq H. Lalani
Vice President, Finance and Chief Financial Officer

David J. Wilson
President and Chief Executive Officer, Chairman of the Health, Safety and Environment Committee, Member of the Board of Directors

Robert J. Dales
Chairman of the Compensation Committee, Member of the Audit Committee, Member of the Reserves Committee, Member of the Nominating Committee

Douglas J. Errico
Vice President, Land

Neil G. Sinclair
Chairman of the Audit Committee, Member of the Compensation Committee, Member of the Health, Safety and Environment Committee, Member of the Reserves Committee

Patrick Miles
Vice President, Exploration

PRESIDENT'S MESSAGE

Kelt Exploration Ltd. ("Kelt" or the "Company") is pleased to report its fourth quarter interim results and full year results to shareholders for the period ended December 31, 2013.

Kelt achieved production levels in 2013 that exceeded its public guidance. Average production for 2013 was 3,961 BOE per day (4,694 BOE per day for the 308 operating day period commencing on February 27, 2013). During the fourth quarter of 2013, production averaged 5,739 BOE per day, up 24% from average production of 4,636 BOE per day during the third quarter of 2013. After giving effect to the Pouce Coupe/Spirit River acquisition that was completed on December 20, 2013, exit 2013 production was approximately 9,800 BOE per day (29% oil and NGLs and 71% gas), representing a 173% increase from the average production of 3,588 BOE per day for the 33-day period ended March 31, 2013.

For the three months ended December 31, 2013, revenue was $18.5 million and funds from operations was $9.4 million. At December 31, 2013, Kelt did not have any outstanding bank debt on its $100.0 million demand loan facility, with a chartered bank in Canada. The working capital surplus position, including cash and cash equivalents, at the end of the fourth quarter was $20.5 million.

On December 3, 2013, the Company completed an equity financing issuing 12.4 million common shares at a price of $8.15 per share, resulting in aggregate gross proceeds of $101.1 million. Certain insiders participated in the private placement, acquiring 2.4 million common shares for an aggregate subscription price of $19.6 million.

On December 20, 2013, Kelt completed the acquisition of oil and gas assets located at Pouce Coupe/Spirit River, in close proximity to the city of Grande Prairie, Alberta. The Company paid $192.0 million, before closing adjustments, for approximately 4,800 BOE (40% oil and 60% gas) per day of production. Subsequently, on February 10, 2014, the Company disposed of approximately 210 barrels per day of oil production for proceeds of $20.0 million, before closing adjustments.

Kelt drilled 19 gross (12.2 net) wells during 2013, with a 100% success rate. The Company drilled 11 gross (4.4 net) wells at Inga, British Columbia. The target at Inga is condensate-rich natural gas in the Doig (8 gross/3.2 net wells) and Montney (3 gross/1.2 net wells) formations. The Company drilled 6 gross (5.8 net) wells at Karr targeting the Montney oil formation. In addition, Kelt drilled a Wilrich/Falher test at Chicken/Grande Cache and an exploration test in west central Alberta, both at 100% working interest.

On March 5, 2014, Kelt entered into an agreement with a syndicate of underwriters to issue, on a private placement basis, 8.5 million common shares at a price of $11.60 per common share and 1.53 million common shares on a "flow-through" basis in respect of Canadian development expenses at a price of $12.75 per flow-through common share. In addition, certain directors, officers and employees of the Company subscribed to 1.105 million flow-through common shares or 10% of the total offering. The private placements will result in aggregate gross proceeds of 132.2 million and are expected to close on or about March 25, 2014. The underwriters have been granted an over-allotment option, exercisable for a 30 day period following closing, to purchase an additional 1.275 million common shares at the same offering price of $11.60 per common share, which would result in additional gross proceeds of $14.8 million if exercised. The proceeds of the private placements will be used to partially fund the Company's $250.0 million capital expenditure program, and for general working capital purposes.

On behalf of the Board of Directors,

David J. Wilson
President and Chief Executive Officer
March 10, 2014

ALBERTA LANDS

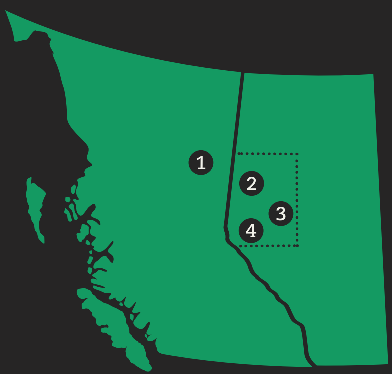
OPERATIONS

Kelt expects to exit 2014 with production of approximately 10,600 BOE per day in Alberta. Kelt expects to drill 26 gross (23.8 net) wells in Alberta in 2014.

ALBERTA LAND HOLDINGS

Gross 437,238 acres (683 sections)
Net 248,020 acres (388 sections)

CORE AREAS



1 INGA/FIREWEED

Montney/Doig condensate rich gas exploration/development

2 POUCE COUPE/SPIRIT RIVER

Montney/Doig gas development
Charlie Lake light oil development
Halfway light oil development

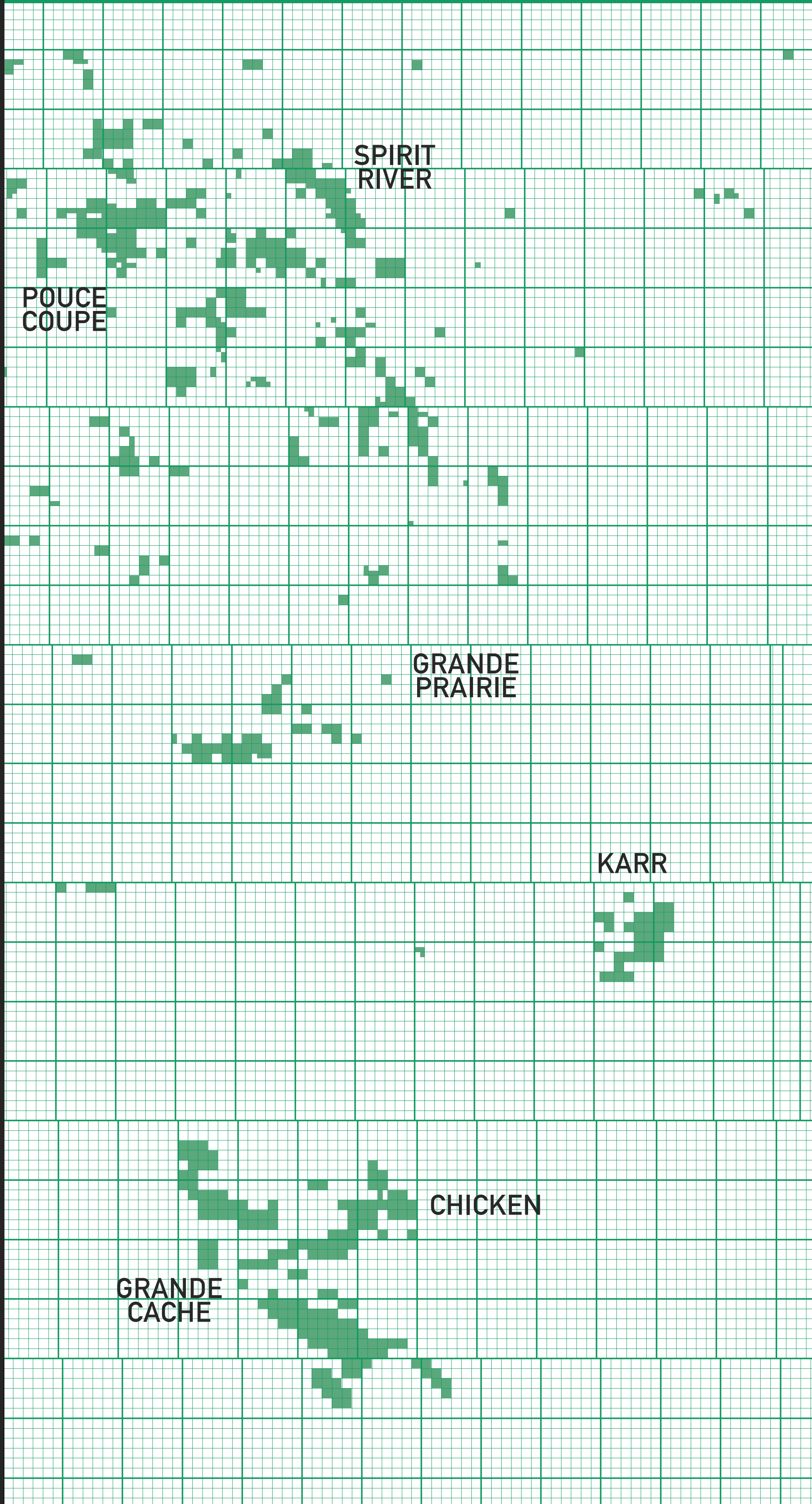
3 KARR

Montney light oil exploration

4 GRANDE CACHE/CHICKEN

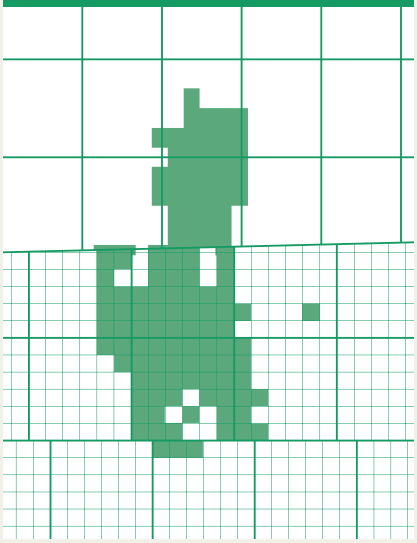
Cretaceous

SECTION OF CENTRAL ALBERTA



BRITISH COLUMBIA LANDS

INGA/FIREWEED (BRITISH COLUMBIA)



OPERATIONS

Kelt expects to exit 2014 with production of approximately 2,400 BOE/d in British Columbia.

Kelt expects to drill 9 gross (3.7 net) wells here in 2014.

B.C. LAND HOLDINGS

Gross 117,224 acres
Net 49,335 acres

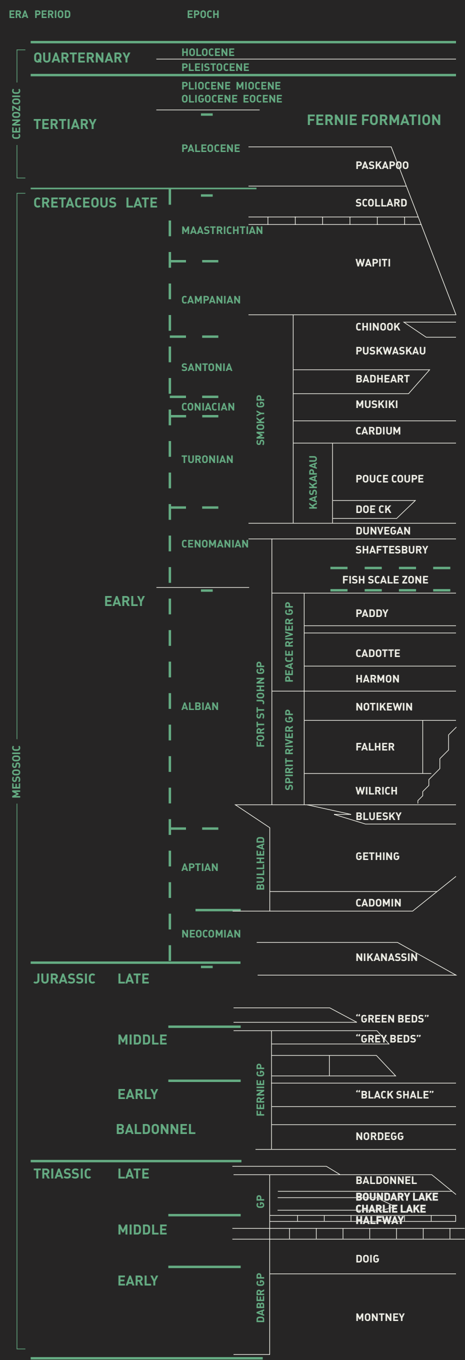
DRILLING INVENTORY

Kelt announced on March 5, 2014 that it was increasing its 2014 drilling program by 71%.

2014 DRILLING PROGRAM

	GROSS WELLS	NET WELLS
Inga/Fireweed	9	3.7
Karr	7	6.5
Pouce Coupe/Spirit River	14	13.2
Other	5	4.1
Total	35	27.5

GEOLOGIC FORMATIONS



OPERATIONS

LAND HOLDINGS

Kelt completed an internal evaluation of the fair market value of the Company's undeveloped land holdings as at December 31, 2013. The evaluation was completed principally using industry activity levels, third party transactions and land acquisitions that occurred in proximity to Kelt's land holdings during the past year. The Company has estimated the value of its net undeveloped acreage at $63.4 million.

A summary of the Company's land holdings at December 31, 2013 is outlined below:

LAND HOLDINGS

	GROSS ACRES	NET ACRES	AVERAGE WORKING INTEREST
Developed	255,320	113,273	44.4%
Undeveloped	299,142	184,082	61.5%
Total	**554,462**	**297,355**	**53.6%**

RESERVES

Kelt retained Sproule Associates Limited ("Sproule"), an independent qualified reserve evaluator to prepare a report on 100% of its oil and gas reserves (the "Sproule Report"). The Company has a Reserves Committee which oversees the selection, qualifications and reporting procedures of the independent engineering consultants. Reserves as at December 31, 2013 were determined using the guidelines and definitions set out under National Instrument 51-101 ("NI 51-101").

At December 31, 2013, Kelt's proved plus probable reserves were 59.2 million BOE. The Company's net present value of proved plus probable reserves at December 31, 2013, discounted at 10% before tax, was $557.4 million. Forecasted commodity prices for 2014 used to determine the present value of the Company's reserves were US$94.65/bbl for WTI oil and CA$3.79/GJ for AECO gas. Forecasted commodity prices for future years are shown in the table below.

The reserve life index for proved plus probable reserves was 13.9 years. At December 31, 2013, the weighting of proved plus probable reserves was 20% oil, 8% NGLs and 72% gas.

The following table outlines a summary of the Company's reserves at December 31, 2013:

SUMMARY OF RESERVES[1]

	OIL [MBBLS]	NGLS [MBBLS]	GAS [MMCF]	COMBINED [MBOE]
Proved Developed Producing	4,500	1,082	75,873	18,228
Proved Developed Non-producing	180	28	966	369
Proved Undeveloped	1,990	1,531	78,857	16,664
Total Proved ("1P")	**6,670**	**2,641**	**155,696**	**35,260**
Probable Additional	5,138	2,361	98,633	23,938
Total Proved plus Probable ("2P")	**11,808**	**5,002**	**254,329**	**59,198**

[1] Reserve volumes include Company gross working interest share of remaining reserves, as determined in accordance with NI 51-101, plus reserve volumes in which the Company has a royalty interest and sulphur. The inclusion of royalty interests and sulphur resulted in an increase in the amount reported for proved plus probable gas reserves by 995 mmcf or 166 mBOE.

Future development capital ("FDC") expenditures of $219.6 million included in the reserve evaluation for total proved reserves are expected to be spent as follows: $64.2 million in 2014, $89.5 million in 2015 and $41.9 million in 2016 and $24.0 million thereafter. FDC of $331.3 million included for proved plus probable reserves are expected to be spent as follows: $114.1 million in 2014, $108.9 million in 2015, $75.4 million in 2016 and $32.9 million thereafter.

The following table outlines FDC expenditures by major prospect included in the December 31, 2013 reserve evaluation:

FDC EXPENDITURES

	2P FDC ($M)	2P GROSS DRILLS	2P NET DRILLS
Inga/Fireweed – Doig/Montney	142,318	50	21.3
Karr – Montney	60,869	8	8.0
Pouce Coupe – Montney	113,210	15	15.0
Spirit River – Charlie Lake	9,080	2	2.0
Other costs	5,823	–	–
Total FDC Expenditures	**331,300**	**75**	**46.3**

The WTI oil price during the years 2011 to 2013 were range bound averaging between US$94.19 and US$97.98 per barrel. After a precipitous decline in natural gas prices in 2012 during which AECO-C averaged $2.30 per GJ, prices increased to average $2.97 per GJ in 2013. Significantly higher prices have been realized to date in 2014.

Sproule is forecasting WTI oil prices to average US$91.95 per bbl over the next five years,7% higher than the average price of US$85.65 per bbl over the past five years. For natural gas, AECO-C natural gas prices are forecasted to average $4.16 per GJ over the 2014 to 2018 period, an increase of 25% from the average price of $3.34 per GJ during the 2009 to 2013 period.

The following table outlines forecasted future prices that Sproule has used in their evaluation of the Company's reserves at December 31, 2013:

FUTURE COMMODITY PRICE FORECAST

	WTI CUSHING CRUDE OIL [US$/BBL]	USD/CAD EXCHANGE [US$]	AECO-C NATURAL GAS [$/GJ]
2014	94.65	0.940	3.79
2015	88.37	0.940	3.78
2016	84.25	0.940	3.79
2017	95.52	0.940	4.67
2018	96.96	0.940	4.75
Five Year Average	**91.95**	**0.940**	**4.16**

The Company's net present value of proved plus probable reserves, discounted at 10% before tax was $557.4 million. The undiscounted future net cash flow, before tax, was $1.1 billion.

The following table is a net present value summary (before tax) as at December 31, 2013:

NET PRESENT VALUE SUMMARY (BEFORE TAX)

	UNDISCOUNTED [$000'S]	NPV 5% BT [$000'S]	NPV 8% BT [$000'S]	NPV 10% BT [$000'S]
Proved Developed Producing	379,455	306,367	275,300	258,152
Total Proved	584,807	428,854	366,000	332,214
Total Proved plus Probable	1,097,640	749,914	622,900	557,361

The Company's net present value of proved plus probable reserves, discounted at 10% after tax was $437.2 million. The undiscounted future net cash flow, after tax, was $860.3 million.

The following table is a net present value summary (after tax) as at December 31, 2013:

NET PRESENT VALUE SUMMARY (AFTER TAX)

	UNDISCOUNTED [$000'S]	NPV 5% AT [$000'S]	NPV 8% AT [$000'S]	NPV 10% AT [$000'S]
Proved Developed Producing	323,689	265,704	240,800	226,993
Total Proved	477,653	351,813	300,800	273,376
Total Proved plus Probable	860,322	588,831	488,900	437,163

During 2013, the Company's capital expenditures, net of dispositions, resulted in proved plus probable reserve additions of 60.6 million BOE, resulting in FD&A costs of $13.23 per BOE, including FDC costs. Proved reserve additions in 2013 were 36.7 million BOE, resulting in FD&A costs of $18.82 per BOE, including FDC costs.

During its first year of operations, Kelt has successfully added high quality reserves at a low FD&A cost per BOE. This has been primarily a result of the Company's successful exploration and development drilling programs at Karr in Alberta and Inga in British Columbia. At Karr, the Company is at an early stage in the delineation and de-risking of a potential Montney oil (with associated gas) multi-year development play.

At Inga, Kelt has participated with its partner in developing a condensate-rich natural gas Doig resource play, and with recent success, it appears to have extended the size of the resource on the Company's southern land block. Also at Inga, Kelt, along with its partner, has commenced exploration drilling on its Montney lands where initial results have been encouraging.

In addition to its drilling program, Kelt completed a significant acquisition in the Pouce Coupe and Spirit River area of Alberta. The acquisition was completed on December 20, 2013 and the Company has identified 136 gross (112 net) horizontal drilling locations primarily targeting the Montney, Doig and Charlie Lake formations. In the December 31, 2013 reserve evaluation, 17 gross (17 net) horizontal locations are included in future development capital in this area, leaving the Company with a significant inventory of potential un-booked reserves.

The recycle ratio is a measure for evaluating the effectiveness of a company's re-investment program. The ratio measures the efficiency of capital investment. It accomplishes this by comparing the operating netback per BOE to that years' reserve FD&A cost per BOE. Using the operating netback for the December 20th to 31st, 2013 period, which would include operations from the assets acquired at Pouce Coupe and Spirit River on December 20, 2013, the proved plus probable recycle ratio was 1.8 times. As the Company commences development of these acquired assets, it expects to have a future recycle ratio in excess of 2.0 times.

Kelt's 2013 capital investment program resulted in net reserve additions that replaced 2013 production by a factor of 25.4 times on a proved basis and 42.0 times on a proved plus probable basis.

The following table provides detailed calculations relating to FD&A costs and recycle ratios for 2013:

FINDING, DEVELOPMENT & ACQUISITION COSTS

(CA$ THOUSANDS, EXCEPT AS OTHERWISE NOTED)	PROVED RESERVES	PROVED PLUS PROBABLE RESERVES
Capital expenditures	329,143	329,143
Value of assets conveyed from Celtic Exploration Ltd.	141,961	141,961
Change in FDC costs required to develop reserves	219,600	331,300
Total capital costs	690,704	802,404
Reserve additions, net (mBOE)	36,705	60,643
FD&A cost, before FDC ($/BOE)	8.97	5.43
FD&A cost, including FDC ($/BOE)	**18.82**	**13.23**
Operating netback ($/BOE)[1]	23.74	23.74
Recycle ratio	**1.3 x**	**1.8 x**

[1] Operating netback is for the period from December 20, 2013 to December 31, 2013, as this period reflects production from the Pouce Coupe/Spirit River acquisition that was completed on December 20, 2013.

In calculating finding and development ("F&D") costs, NI 51-101 requires that exploration and development costs incurred in the year and the change in FDC be aggregated and divided by reserve additions in the year. Under NI 51-101, the F&D calculation expressly excludes acquisitions. The Company believes that by excluding the effect of acquisitions, the provisions of NI 51-101 do not fully reflect Kelt's ongoing reserve replacement costs. Since acquisitions can have a significant impact on annual reserve replacement costs, the Company believes that excluding acquisitions could result in an inaccurate representation of Kelt's cost structure. It is further noted that, for the year ended December 31, 2013, the assets conveyed from Celtic to Kelt pursuant to the Arrangement are reflected as an acquisition in the Sproule Report, therefore it is impracticable to calculate F&D for the current year. Accordingly, the Company presents its finding and development costs, inclusive of acquisitions, as shown in the table above.

RESERVES RECONCILIATION

A reconciliation of Kelt's proved reserves is provided in the table below:

PROVED RESERVES

	OIL [MBBLS]	NGLS [MBBLS]	GAS [MMCF]	COMBINED [MBOE]
Balance, December 31, 2012	**0**	**0**	**0**	**0**
Extensions	1,180	742	19,094	5,104
Infill drilling	179	171	4,463	1,094
Discoveries	82	20	348	160
Technical revisions	0	0	0	0
Economic factors	0	0	0	0
Acquisitions	5,417	1,816	138,685	30,347
Dispositions	0	0	0	0
Net additions	**6,858**	**2,749**	**162,590**	**36,705**
2013 Production	(188)	(108)	(6,894)	(1,445)
Balance, December 31, 2013	**6,670**	**2,641**	**155,696**	**35,260**

A reconciliation of Kelt's proved plus probable reserves is provided in the table below:

PROVED PLUS PROBABLE RESERVES

	OIL [MBBLS]	NGLS [MBBLS]	GAS [MMCF]	COMBINED [MBOE]
Balance, December 31, 2012	**0**	**0**	**0**	**0**
Extensions	3,996	2,058	49,616	14,323
Infill drilling	234	220	5,755	1,413
Discoveries	113	28	480	221
Technical revisions	0	0	0	0
Economic factors	0	0	0	0
Acquisitions	7,653	2,804	205,372	44,686
Dispositions	0	0	0	0
Net additions	**11,996**	**5,110**	**261,223**	**60,643**
2013 Production	(188)	(108)	(6,894)	(1,445)
Balance, December 31, 2013	**11,808**	**5,002**	**254,329**	**59,198**

NET ASSET VALUE

Kelt's net asset value per share at December 31, 2013 was $6.18 (P&NG reserves discounted at 8% BT) and $5.61 (P&NG reserves discounted at 10% BT). Details of the calculation are shown in the table below:

NET ASSET VALUE PER SHARE

	NPV DISCOUNTED @ 8% BT [$000'S]	NPV DISCOUNTED @ 10% BT [$000'S]
Present value of P&NG reserves, discounted, before tax[1]	622,900	557,400
Undeveloped land	63,384	63,384
Working capital surplus[2]	2,578	2,578
Proceeds from exercise of stock options	16,545	16,545
Net asset value	**705,407**	**639,868**
Diluted common shares outstanding (000's)	114,070	114,070
Net asset value per share ($/share)	**6.18**	**5.61**

[1] The Sproule Report only includes abandonment and disconnect costs for future undrilled locations. As a result, abandonment and reclamation obligations and potential salvage value recoveries associated with existing wells and facilities are not factored into the present value of P&NG reserves.
[2] Working capital excludes assets held for sale and non-cash items.

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

This document 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", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, this document contains forward-looking statements concerning the expected closing of the proposed $132.2 million equity offering, the timing of future development capital expenditures and the extent of the size of resource. Statements relating to "reserves" or "resources" are deemed to be forward looking statements as they involve the implied assessment, based on current estimates and assumptions that the reserves and resources can be profitably produced in the future.

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 failure to obtain necessary regulatory approvals for planned operations and risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; 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; health, safety and environmental risks; commodity price and exchange rate fluctuations; and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures).

The forward-looking statements contained in this press release are made as of the date hereof and Kelt does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Please refer to Kelt's Annual Information Form dated March 28, 2013 for additional risk factors relating to Kelt which is available for viewing on www.sedar.com.

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

This document contains certain financial measures, as described below, which do not have standardized meanings prescribed by GAAP. As these 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 calculated by deducting royalties, production expenses and transportation expenses from oil and gas revenue, after realized financial instruments and cash premiums. The Company refers to operating income expressed per unit of production as an "Operating netback". "Funds from operations" is calculated by adding back settlement of decommissioning obligations and change in non-cash operating working capital to cash provided by operating activities. Funds from operations per common share is calculated on a consistent basis with profit (loss) per common share, using basic and diluted weighted average common shares as determined in accordance with GAAP. Funds from operations and operating income or netbacks are used by Kelt as key measures of performance and are not intended to represent operating profits nor should they be viewed as an alternative to cash provided by operating activities, profit or other measures of financial performance calculated in accordance with GAAP. "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.

"Finding, development and acquisition" ("FD&A") cost is the sum of capital expenditures incurred in the period and the change in future development capital ("FDC") required to develop reserves. FD&A cost per BOE is determined by dividing current period net reserve additions into the corresponding period's FD&A cost. Readers are cautioned that the aggregate of capital expenditures incurred in the year, comprised of exploration and development costs and acquisition costs, and the change in estimated FDC generally will not reflect total FD&A costs related to reserve's additions in the year.

"Recycle ratio" is a measure for evaluating the effectiveness of a company's re-investment program. The ratio measures the efficiency of capital investment by comparing the operating netback per BOE to FD&A cost per BOE.

"Net asset value per common share" is calculated by adding the value of petroleum and natural gas reserves, undeveloped land, working capital surplus and proceeds from exercise of stock options, and dividing by the fully diluted number of common shares outstanding.

NATURAL GAS PRICE RECOVERY

FUTURE CONSIDERATIONS

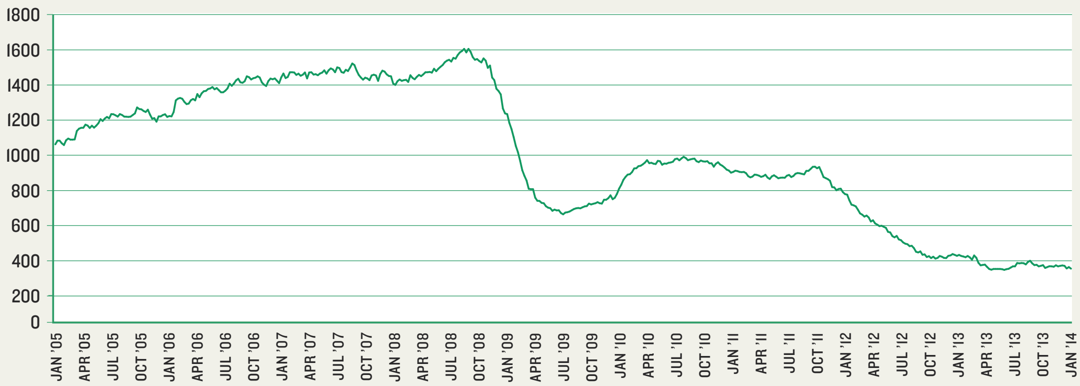
DRILLING INVENTORY

Kelt estimates that it has numerous years of drilling inventory on its existing lands to continue to grow the company.

NATURAL GAS PRICE RECOVERY

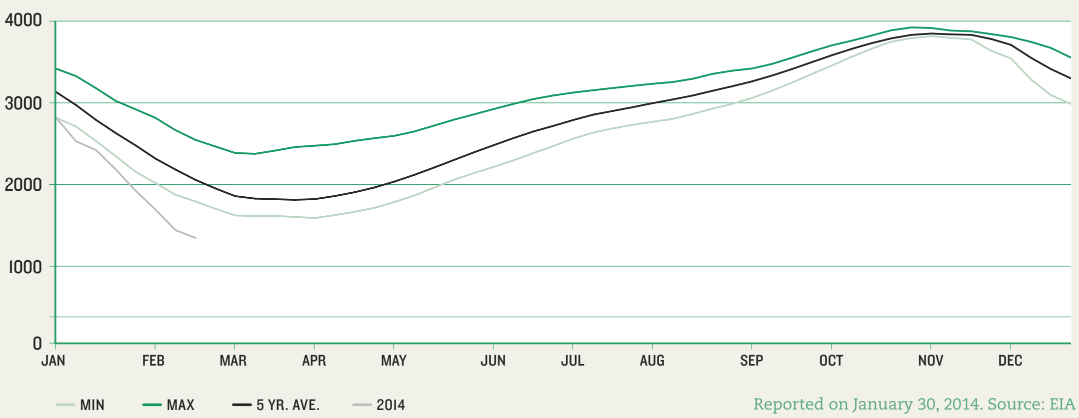
While rigs drilling for natural gas in the United States remain below 400, despite higher productive shale wells, we expect US supply will be negatively affected as declines on new production sets in. Due to abnormally cold weather in North America which has increased heating demand for natural gas, storage levels have been depleted to decade lows. We believe this bodes well for a natural gas price recovery in 2014.

UNITED STATES NATURAL GAS RIG COUNT



Source: Baker Hugues Inc., Bloomberg LP

TOTAL U.S. NATURAL GAS STORAGE



Reported on January 30, 2014. Source: EIA

CORPORATE INFORMATION

BOARD OF DIRECTORS

Robert J. Dales [2, 3, 4, 6]
President, Valhalla Ventures Inc.

William C. Guinan [1, 5, 6]
Partner, Borden Ladner Gervais LLP

Eldon A. McIntyre [2, 3, 4, 6]
President, Jarrod Oils Ltd.

Neil G. Sinclair [2, 3, 4, 5]
President, Sinson Investments Ltd.

David J. Wilson [5]
President & Chief Executive Officer,
Kelt Exploration Ltd.

[1] Chairman of the Board
[2] Member of the Audit Committee
[3] Member of the Reserves Committee
[4] Member of the Compensation Committee
[5] Member of the Health, Safety and Environment Committee
[6] Member of the Nominating Committee

OFFICERS

David J. Wilson
President & Chief Executive Officer

Sadiq H. Lalani
Vice President, Finance & Chief Financial Officer

Douglas J. Errico
Vice President, Land

Alan G. Franks
Vice President, Production

Douglas O. MacArthur
Vice President, Operations

Patrick Miles
Vice President, Exploration

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EVALUATION ENGINEERS

Sproule Associates Limited
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Calgary, Alberta T2P 3N3

STOCK EXCHANGE LISTING

Toronto Stock Exchange
Common Shares "KEL"

ABBREVIATIONS

bbls	barrels
mbbls	thousand barrels
bbls/d	barrels per day
BOE	barrels of oil equivalent
mBOE	thousand barrels of oil equivalent
BOE/d	barrels of oil equivalent per day
mcf	thousand cubic feet
mmcf	million cubic feet
bcf	billion cubic feet
mmcf/d	million cubic feet per day
mmbtu	million British Thermal Units
GJ	gigajoules
LT	long tonnes
AECO-C	Alberta Energy Company "C" Meter Station of the Nova Pipeline System
WTI	West Texas Intermediate
NYMEX	New York Mercantile Exchange
API	American Petroleum Institute
BT	Before income taxes
AT	After income taxes
IP	Proved reserves
2P	Proved plus probable reserves
FD&A	Finding, development & acquisition costs
CAGR	Compound annual growth rate
CICA	Canadian Institute of Chartered Accountants
MD&A	Management's Discussion and Analysis
QI	First quarter ended March 31st
Q2	Second quarter ended June 30th
Q3	Third quarter ended September 30th
Q4	Fourth quarter ended December 31st

CONVERSION OF UNITS

Imperial = Metric
1 acre = 0.4 hectares
2.5 acres = 1 hectare
1 bbl = 0.159 cubic metres
6.29 bbls = 1 cubic metre
1 foot = 0.3048 metres
3.281 feet = 1 metre
1 mcf = 28.2 cubic metres
0.035 mcf = 1 cubic metre
1 mile = 1.61 kilometres
0.62 miles = 1 kilometre
1 mmbtu = 1.054 GJ
0.949 mmbtu = 1 GJ
Natural gas is equated to oil on the basis of 6 mcf = 1 BOE
Sulphur is equated to gas on the basis of 1LT = 10 mcf (1 BOE = 0.6 LT)

KELT EXPLORATION LTD.
2013 EXECUTIVE SUMMARY

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kelt exploration