CALGARY, AB--(Marketwired - March 08, 2017) - Kelt Exploration Ltd. (TSX: KEL) ("Kelt" or the "Company") has released its financial and operating results for the fourth quarter and year ended December 31, 2016. The Company's financial results are summarized as follows:

FINANCIAL HIGHLIGHTS	Three months ended December 31			Year ended December 31		
(CA$ thousands, except as otherwise indicated)	2016	2015(2)	%	2016	2015(2)	%
Revenue, before royalties and financial instruments	55,737	42,797	30	184,613	179,326	3
Adjusted funds from operations (1)	23,100	11,172	107	58,380	56,517	3
Basic ($/ common share) (1)	0.13	0.07	86	0.34	0.37	-8
Diluted ($/ common share) (1)	0.13	0.07	86	0.34	0.36	-6
Profit (loss) and comprehensive income (loss) (2)	11,856	(92,987)	113	(49,774)	(141,039)	65
Basic ($/ common share) (2)	0.07	(0.55)	113	(0.29)	(0.91)	68
Diluted ($/ common share) (2)	0.07	(0.55)	113	(0.29)	(0.91)	68
Total capital expenditures, net of dispositions (2)	36,339	42,487	-14	98,268	497,273	-80
Total assets	1,255,958	1,279,475	-2	1,255,958	1,279,475	-2
Bank debt, net of working capital (1)(2)	138,042	212,959	-35	138,042	212,959	-35
Convertible debentures	70,978	-	-	70,978	-	-
Shareholders' equity (2)	843,301	846,754	0	843,301	846,754	0
Weighted average shares outstanding (000s)						
Basic	175,275	168,610	4	173,076	154,829	12
Diluted	176,234	169,352	4	173,415	155,936	11

(1) Refer to advisories regarding non-GAAP financial measures and other key performance indicators.
(2) Certain comparative financial information for the quarter and year ended December 31, 2015 has been revised to reflect all purchase price adjustments related to the acquisition of Artek Exploration Ltd. as of the acquisition date of April 16, 2015.

Financial Statements

Kelt's audited annual financial statements and related notes as at and for the year ended December 31, 2016 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 March 8, 2017.

Kelt's operating results for the fourth quarter and year ended December 31, 2016 are summarized as follows:

OPERATIONAL HIGHLIGHTS	Three months ended December 31			Year ended December 31		
(CA$ thousands, except as otherwise indicated)	2016	2015	%	2016	2015	%
Average daily production						
Oil (bbls/d)	4,746	5,185	-8	5,070	5,091	0
NGLs (bbls/d)	2,502	1,864	34	2,709	1,607	69
Gas (mcf/d)	75,084	78,225	-4	79,009	71,272	11
Combined (BOE/d)	19,762	20,086	-2	20,947	18,577	13
Production per million common shares (BOE/d) (1)	113	119	-5	121	120	1
Average realized prices, before financial instruments						
Oil ($/bbl)	58.23	45.19	29	47.84	50.83	-6
NGLs ($/bbl)	23.11	22.86	1	18.28	23.12	-21
Gas ($/mcf)	3.62	2.40	51	2.69	2.74	-2
Operating netbacks ($/BOE) (1)						
Oil and gas revenue	30.66	23.16	32	24.08	26.45	-9
Cash premiums on derivatives	0.11	-	-	0.06	-	-

Realized loss on financial instruments	(0.24)	(1.15)	-79	(0.04)	(0.12)	-67
Average realized price, after financial instruments	30.53	22.01	39	24.10	26.33	-8
Royalties	(2.86)	(2.72)	5	(2.08)	(2.81)	-26
Production expense	(9.47)	(9.21)	3	(9.29)	(11.34)	-18
Transportation expense	(3.12)	(2.03)	54	(2.86)	(2.09)	37
Operating netback (1)	15.08	8.05	87	9.87	10.09	-2
Undeveloped land						
Gross acres	768,345	649,297	18	768,345	649,297	18
Net acres	647,770	521,413	24	647,770	521,413	24
Reserves - proved plus probable						
Oil and NGLs (mbbls)	71,893	54,377	32	71,893	54,377	32
Gas (mmcf)	733,037	576,779	27	733,037	576,779	27
Combined (mBOE)	194,066	150,507	29	194,066	150,507	29

(1) Refer to advisories regarding non-GAAP financial measures and other key performance indicators.

Message to Shareholders

Average production for the three months ended December 31, 2016 was 19,762 BOE per day, down 2% compared to average production of 20,086 BOE per day during the fourth quarter of 2015. Daily average production in the fourth quarter of 2016 was 4% lower than average production of 20,542 BOE per day in the third quarter of 2016. Production disruptions from gas plant outages and pipeline and facility related downtime resulted in shut-ins of approximately 1,900 BOE per day on average during the fourth quarter of 2016. During the second half of 2016, Kelt was able to keep production relatively flat at approximately 20,000 BOE per day despite only adding 2.3 net wells of new production from the 2016 drilling program.

Kelt's realized average oil price during the fourth quarter of 2016 was $58.23 per barrel, up 11% from $52.47 per barrel in the third quarter of 2016 and up 29% from $45.19 per barrel in the fourth quarter of 2015. The realized average NGLs price during the fourth quarter of 2016 was $23.11 per barrel, up 29% from $17.96 per barrel in the third quarter of 2016 and up 1% from $22.86 per barrel in the corresponding quarter of 2015. Kelt's realized average gas price for the fourth quarter of 2016 was $3.62 per MCF, up 26% from $2.88 per MCF in the third quarter of 2016 and up 51% from the realized average gas price of $2.40 per MCF in the fourth quarter of the previous year.

For the three months ended December 31, 2016, revenue was $55.7 million and adjusted funds from operations was $23.1 million ($0.13 per share, diluted), compared to $42.8 million and $11.2 million ($0.07 per share, diluted) respectively, in the fourth quarter of 2015. At December 31, 2016, bank debt, net of working capital was $138.0 million, down 35% from $213.0 million at December 31, 2015.

Net capital expenditures incurred during the three months ended December 31, 2016 were $36.3 million. The Company spent $25.5 million on drilling operations, $7.1 million on facilities and pipelines and $3.1 million acquiring new undeveloped land parcels primarily at Crown sales during the quarter. As at December 31, 2016, Kelt's net working interest land holdings were 856,754 acres (1,339 sections) of which 647,770 net acres (1,012 sections) are undeveloped.

Subsequent to the end of the year, Kelt continued to improve its financial flexibility by completing the disposition of oil and gas assets in the Karr area of Alberta for net cash proceeds of approximately $102.9 million, after estimated closing adjustments. The disposition had an effective date of January 1, 2017 and closed January 18, 2017.

During 2016, Kelt continued with its focus on long-term value creation by accumulating significant undeveloped land acreage on resource style plays, with a primary focus on Triassic Montney oil and liquids-rich gas plays. At December 31, 2016, Kelt's net Montney land holdings were 416,115 acres (650 sections), of which 132,610 acres (207 sections) are in a new area located at Oak/Flatrock, British Columbia, where the Company has now drilled its first horizontal well. This well is expected to be completed in March 2017. In addition, the Company has 50,080 acres (78 sections) with Montney rights at Pipestone/Wembley, Alberta, where Kelt expects to drill its first horizontal well during the first half of 2017.

In the fourth quarter of 2016, Kelt drilled six horizontal wells that were not yet completed at year-end. Five wells were from a pad at Pouce Coupe in the middle Montney (two D1 wells and three D2 wells) and the sixth well was drilled at Fireweed in the upper Montney. These wells have all been completed in late January and February of 2017. The Fireweed well was put on production in early February and the Pouce Coupe wells are all expected to be on-stream by April.

Kelt continues to optimize its completion method on Montney horizontal wells. The Company uses the ball drop completion method for hydraulic fracturing. The horizontal lateral of the recent wells that were drilled is approximately 2,300 metres and the wells are completed using slick-water comprising 46 frac stages with average proppant (sand) of 70 tonnes per stage (approximately 3,200 tonnes in total or 1.4 tonnes per metre). The fluid (slick-water) is pumped at high intensity rates of 10 to 12 cubic metres per minute (approximately 19,000 cubic metres in total). To date, Kelt has experienced significant improvements in initial production rates from wells that have been completed with these parameters. In British Columbia, Kelt completed the upper Montney delineation well at Fireweed C-31-I/94-A-12 which is located in the northeast part of its large contiguous Montney land block (186 sections). The well was put on production in early February and in the first month, the well had an IP30 rate (gross sales) of 2,068 BOE per day of which 68% is liquids (includes field condensate and NGLs). The Company expects to be in a position to report the IP30 rates for the five-well pad at Pouce Coupe, Alberta in May 2017.

Kelt has not changed its previously reported production and financial guidance for 2017. Oil and NGL prices have exceeded the Company's estimates for January and February; however, gas prices to date have been lower than forecasted. The Company will re-evaluate its spending plans for the remainder of 2017 after the first quarter. With continued improvement in commodity prices, Kelt will consider increasing its capital program for the balance of 2017 at that time.

Management looks forward to updating shareholders with Kelt's 2017 first quarter results on or about May 10, 2017.

Advisory Regarding Forward-Looking Statements

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, this press release contains forward-looking statements pertaining to the following: the expectation that six wells that were drilled but uncompleted as at December 31, 2016, will be on production by April 2017; and the Company's expected future financial position and operating results, as well as the amount and timing of future development capital expenditures. Statements relating to "reserves" or "resources" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. Actual reserves may be greater than or less than the estimates provided herein.

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 (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; 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; and competition from other explorers) 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 Financial Measures and Other Key Performance Indicators

This press release contains certain financial measures, as described below, which do not have standardized meanings prescribed by GAAP. In addition, this press release contains other key performance indicators ("KPI"), financial and non-financial, that do not have standardized meanings under the applicable securities legislation. As these non-GAAP financial measures and KPI 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

"Operating income" is calculated by deducting royalties, production expenses and transportation expenses from oil and gas revenue, after realized gains or losses on associated financial instruments. The Company refers to operating income expressed per unit of production as an "Operating netback". "Adjusted funds from operations" is calculated as cash provided by operating activities before changes in non-cash operating working capital, and adding back: transaction costs associated with acquisitions and dispositions, provisions for potential credit losses, and settlement of decommissioning obligations. Adjusted 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. Adjusted 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.

Throughout this press release, the term "net bank debt" is used synonymously with, and is equal to, "bank debt, net of working capital". "Net bank debt" is calculated by adding the working capital deficiency to bank debt. The working capital deficiency is equal to total current assets net of total current liabilities. The Company uses a "net bank debt to trailing adjusted funds from operations ratio" as a benchmark on which management monitors the Company's capital structure and short-term financing requirements. Management believes that this ratio, which is a non-GAAP financial measure, provides investors with information to understand the Company's liquidity risk.

Other KPI

"Production per million common shares" is calculated by dividing total production by the basic weighted average number of common shares outstanding, as determined in accordance with GAAP.

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. References to oil in this press release include crude oil and field condensate. References to natural gas liquids ("NGLs") include pentane, butane, propane, and ethane. References to "liquids" includes field condensate and NGLs. References to gas in this discussion include natural gas and sulphur. Such abbreviation may be misleading, particularly if used in isolation.

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
GJ	gigajoule
BOE	barrel of oil equivalent
BOE/d	barrel of oil equivalent per day
NGLs	natural gas liquids
AECO	Alberta Energy Company "C" Meter Station of the Nova Pipeline System
WTI	West Texas Intermediate
NYMEX	New York Mercantile Exchange
US$	United States dollars
CA$	Canadian dollars
TSX	the Toronto Stock Exchange
KEL	trading symbol for Kelt Exploration Ltd. common shares on the TSX
KEL.DB	trading symbol for Kelt Exploration Ltd. 5% convertible debentures on the TSX
GAAP	Generally Accepted Accounting Principles
IP 30	initial production from a well for the first 720 hours (30 days) based on operating/producing hours

Contact

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

Sadiq H. Lalani
Vice President and Chief Financial Officer
(403) 215-5310

Or visit our website at www.keltexploration.com.