

# Kelt Reports Financial and Operating Results for the Three Months Ended March 31, 2025

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Calgary, May 8, 2025 - [Kelt Exploration Ltd.](#) (TSX: KEL) ("Kelt" or the "Company") reports its financial and operating results to shareholders for the first quarter ended March 31, 2025. The Company's financial results are summarized as follows:

FINANCIAL HIGHLIGHTS	Three months ended March 31		
(CA\$ thousands, except as otherwise indicated)	2025	2024	%
Petroleum and natural gas sales	142,501	126,391	13
Cash provided by operating activities	86,929	62,493	39
Adjusted funds from operations <sup>(1)</sup>	78,214	61,176	28
Basic (\$/ common share) <sup>(1)</sup>	0.40	0.31	29
Diluted (\$/ common share) <sup>(1)</sup>	0.39	0.31	26
Net income and comprehensive income	18,979	11,847	60
Basic (\$/ common share)	0.10	0.06	67
Diluted (\$/ common share)	0.09	0.06	50
Capital expenditures, net of A&D <sup>(1)</sup>	104,746	80,181	31
Total assets	1,512,752	1,282,456	18
Net debt <sup>(1)</sup>	150,024	31,961	369
Shareholders' equity	1,086,264	1,018,604	7
Weighted average shares outstanding (000s)			
Basic	197,531	194,655	1
Diluted	200,525	198,285	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, 2025 will be available to the public on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and will also be posted on the Company's website at [www.keltexploration.com](http://www.keltexploration.com) on May 8, 2025.

Kelt's operating results for the first quarter ended March 31, 2025 are summarized as follows:

OPERATIONAL HIGHLIGHTS	Three months ended March 31		
(CA\$ thousands, except as otherwise indicated)	2025	2024	%
Average daily production			
Oil (bbls/d) <sup>(2)</sup>	9,444	8,758	8
NGLs (bbls/d)	5,631	3,497	61
Gas (Mcf/d)	149,637	123,931	21
Combined (BOE/d)	40,015	32,910	22
Production per million common shares (BOE/d) <sup>(1)</sup>	203	169	20
Net realized prices, before derivative financial instruments <sup>(1)</sup>			
Oil (\$/bbl)	93.32	90.15	4
NGLs (\$/bbl)	41.07	52.18	-21
Gas (\$/Mcf)	2.93	2.94	-
Operating netbacks (\$/BOE) <sup>(1)</sup>			
Petroleum and natural gas sales	39.57	42.20	-6
Cost of purchases	(0.81)	(1.61)	-50

Combined net realized price, before derivative financial instruments <sup>(1)</sup>	38.76	40.59	-5
Realized gain (loss) on financial instruments	1.77	-	-
Combined net realized price, after derivative financial instruments <sup>(1)</sup>	40.53	40.59	-
Royalties	(4.23	) (5.02	) -16
Production expense	(9.54	) (10.42	) -8
Transportation expense	(3.51	) (3.46	) 1
Operating netback <sup>(1)</sup>	23.25	21.69	7
Landholdings			
Gross acres	791,558	791,879	-
Net acres	590,525	578,975	2

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

## MESSAGE TO SHAREHOLDERS

Kelt Exploration Ltd. ("Kelt" or the "Company") reports its financial and operating results to shareholders for the first quarter ended March 31, 2025.

Kelt's average production for the three months ended March 31, 2025 reached a new Company high quarterly production average record of 40,015 BOE per day, up 22% from average production of 32,910 BOE per day during the corresponding quarter in 2024. Production for the first quarter of 2025 was weighted 38% oil and NGLs and 62% gas. Operating income was weighted 80% oil and NGLs and 20% gas.

Kelt's realized average oil price during the first quarter of 2025 was \$93.32 per barrel, up 4% from \$90.15 per barrel in the first quarter of 2024. The realized average NGLs price during the first quarter of 2025 was \$41.07 per barrel, down 21% from \$52.18 per barrel in the same quarter of 2024. Kelt's realized average gas price for the first quarter of 2025 was \$2.93 per Mcf, relatively unchanged from \$2.94 per Mcf in the corresponding quarter of the previous year.

On a barrel of oil equivalent basis, Kelt realized \$38.76 per BOE in sales, down 5% from \$40.59 per BOE in the first quarter of 2024. In addition, the Company realized \$6.4 million in gains from derivative financial instruments, adding \$1.77 per BOE to its netback in the first quarter of 2025.

For the three months ended March 31, 2025, petroleum and natural gas sales were \$142.5 million and adjusted funds from operations was \$78.2 million (\$0.39 per share, diluted), compared to \$126.4 million and \$61.2 million (\$0.31 per share, diluted) respectively, in the first quarter of 2024. On March 31, 2025, net debt was \$150.0 million or 0.5 times annualized first quarter 2025 adjusted funds from operations.

Net capital expenditures incurred during the three months ended March 31, 2025, were \$104.7 million. During the first quarter of 2025, the Company spent \$48.6 million on drill and complete operations, \$45.1 million on facilities, pipelines, and equipment and \$10.7 million on a seismic shoot.

Kelt expects to spend \$325.0 million on its capital expenditure program during 2025, a decrease of 1% from its previous forecast. Production during 2025 is forecasted to average between 44,000 and 47,000 BOE per day, an increase of 33% at the low end of the range and an increase of 42% at the high end of the range compared to average production of 33,115 BOE per day in 2024. Adjusted funds from operations for 2025 is forecasted to be \$325.0 million or 6% lower than the Company's previous forecast of \$345.0 million. The Company reduced its forecasted 2025 average WTI oil price by 9% from US\$69.00 per barrel to US\$63.00 per barrel. On December 31, 2025, the Company expects to have net debt of \$126.0 million, representing 0.4 times forecasted 2025 adjusted funds from operations.

## 2025 Guidance

The Company's 2025 capital expenditure budget of \$325.0 million includes the drilling of 33 (28.6 net) wells and the completion of 34 (29.6 net) wells during the year. The 2025 capital expenditures are expected to be allocated as follows: \$194.0 million for drilling and completing wells, \$110.0 million for facilities, pipeline, and

equipment and \$21.0 million for land and seismic.

Preparation of the 2025 capital expenditure budget includes the following forecasted average commodity price assumptions (with average 2024 commodity prices shown for comparative purposes):

Commodity Index	2025 Forecast	2024	Change
WTI Crude Oil (USD/bbl)	63.00	76.56	(18%)
MSW Crude Oil (CAD/bbl)	82.75	98.70	(16%)
NYMEX Henry Hub Natural Gas Daily Index (USD/MMBtu)	3.90	2.25	73%
DAWN Gas Daily Index (USD/MMBtu)	3.65	1.97	85%
AECO NIT 5A Gas Daily Index (CAD/GJ)	2.46	1.39	77%
STATION 2 Gas Daily Index (CAD/GJ)	1.85	1.13	64%
Exchange Rate (USD/CAD)	0.7150	0.7299	(2%)
Exchange Rate (CAD/USD)	1.3986	1.3700	2%

Financial and operating highlights for the Company's 2025 forecast compared to its 2024 results are highlighted in the table below:

Financial and Operating Highlights (\$ MM, unless otherwise specified)	2025 Forecast	2024	Change
Production [2]			
Oil & NGLs (bbls/d)	16,500 - 18,000	12,298	40%
Gas (MMcf/d)	165,000 - 174,000	124,902	36%
Combined (BOE/d)	44,000 - 47,000	33,115	37%
P&NG Sales [1]	611.0	468.4	30%
Adjusted Funds from Operations [1]	325.0	222.0	46%
AFFO per share, diluted (\$/share) [1]	1.60	1.11	44%
Capital Expenditures, net of A&D [1]	325.0	333.1	(2%)
Net Debt, at year-end [1]	126.0	124.9	1%
Net Debt / AFFO ratio	0.4 x	0.6 x	(33%)

Notes:

[1] Refer to advisories regarding "Non-GAAP and Other Financial Measures".

[2] Percent change for production is calculated using the mid-point of each production range.

In its Pouce Coupe/Progress/Spirit River Division, Kelt has drilled two Montney wells at Pouce Coupe West, on its high deliverability gas land block. Kelt has completed these wells in the second quarter and will put them on production with the expected start-up of the newly constructed third-party gas plant at Gordondale West in late May.

At Pouce Coupe North, Kelt has drilled two Montney wells which are expected to be completed and put on production in the third quarter of 2025.

In its Wembley/Pipestone Division, Kelt completed three Montney wells on the 14-2 pad. These wells were drilled in 2024. In addition, the Company drilled four wells off its 9-17 pad and expects to complete these wells during the second quarter of 2025. Kelt has moved a rig over to its 6-9 pad where the Company has a 5-well pad development drilling program underway.

At Wembley, during the first quarter of 2025, Kelt drilled and completed two (1.18 net) wells in the Charlie Lake formation which are now on production.

At Wembley/Pipestone, Kelt expects to increase its firm service raw gas processing capacity from 59 MMcf per day to 124 MMcf per day by the end of 2025. The Company has 50 MMcf per day of gas processing service at the third-party owned Albright Gas Plant, which the Company has been advised by the owner, is expected to commence operations during June 2025. Kelt also has 15 MMcf per day of new gas processing capacity at an expansion of an existing third-party gas plant at Pipestone, which is expected to commence operations by the end of 2025.

In its Oak/Flatrock Division, Kelt has now completed an extensive 3-D seismic shoot covering approximately

286 square kilometres or approximately 70,400 acres (110 sections). Drilling at Oak is planned for the second half of 2025.

Management looks forward to updating shareholders with 2025 second quarter results on or about August 7, 2025.

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 2025. 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; its expected oil and NGLs weighting; 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; the ability to show significant production growth; the expected timing and processing capacity from the start-up of third party facilities; and the Company's expected future financial position and operating results.

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

In addition, the reader is cautioned that historical results are not necessarily indicative of future performance. The forward-looking statements contained herein are made as of the date hereof and the Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless expressly required by applicable securities laws.

Certain information set out herein may be considered as "financial outlook" within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding Kelt's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

#### NON-GAAP AND OTHER KEY FINANCIAL MEASURES

This press release contains certain non-GAAP financial measures and other specified financial measures, as described below, which do not have standardized meanings prescribed by GAAP and do not have standardized meanings under the applicable securities legislation. As these non-GAAP, and other specified financial measures are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

#### NON-GAAP FINANCIAL MEASURES

## Net realized price

Net realized price is a non-GAAP measure and is calculated by dividing the Company's P&NG sales after cost of purchases by the Company's production and reflects Kelt's realized selling prices plus the net benefit of oil blending and third-party natural gas sales. In addition to using its own production, the Company may purchase butane and crude oil from third parties for use in its blending operations, with the objective of selling the blended oil product at a premium. Marketing revenue from the sale of third-party volumes is included in P&NG sales as reported in the Consolidated Statement of Net Income and Comprehensive Income in accordance with GAAP. Given the Company's per unit operating statistics disclosed throughout this press release are calculated based on Kelt's production volumes, and excludes the sale of third-party marketing volumes, management believes that disclosing its net realized prices based on P&NG sales after cost of purchases is more appropriate and useful, because the cost of third-party volumes purchased to generate the incremental marketing revenue has been deducted.

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

## Operating income and operating netback

Operating income is a non-GAAP measure calculated by deducting royalties, production expenses and transportation expenses from petroleum and natural gas sales, net of the cost of purchases and after realized gains or losses on derivative financial instruments. The Company also presents operating income on a per BOE basis, referred to as "operating netback" or "operating income per BOE", which allows management to better analyze performance against prior periods, on a comparable basis, and is a key industry performance measure of operational efficiency.

See the "Adjusted Funds from Operations" section of Kelt's Management's Discussion and Analysis as at and for the three months ended March 31, 2025, 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)	2025	2024
Cash used in investing activities	82,758	76,389
Change in non-cash investing working capital	21,988	3,792
Capital expenditures, net of A&D	104,746	80,181
Property acquisitions	-	(669 )
Capital expenditures, before A&D	104,746	79,512

## CAPITAL MANAGEMENT MEASURES:

### Funds from operations and adjusted funds from operations

Management considers funds from operations and adjusted funds from operations as a key capital management measure as it demonstrates the Company's ability to meet its financial obligations and cash flow available to fund its capital program. Funds from operations and adjusted funds from operations are not standardized measures and therefore may not be comparable with the calculation of similar measures by other entities. The most comparable GAAP measure is "Cash provided by operating activities". Funds from operations and adjusted funds from operations are calculated as follows:

	Three months ended March 31	
(CA\$ thousands)	2025	2024
Cash provided by operating activities	86,929	62,493
Change in non-cash working capital	(9,241	) (2,266
Funds from operations	77,688	60,227
Settlement of decommissioning obligations	526	949
Adjusted funds from operations	78,214	61,176

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

Management considers net debt (surplus) and a net debt (surplus) to adjusted funds from operations ratio as key capital management measures to assess the Company's liquidity at a point in time and to monitor its capital structure and short-term financing requirements. The "net debt (surplus) to adjusted funds from operations ratio" is also indicative of the "net debt to cash flow ratio" calculation used to determine the applicable margin for a quarter under the Company's Credit Facility agreement (though the calculation may not always be a precise match, it is representative).

"Net debt (surplus)" is equal to bank debt, accounts payable and accrued liabilities, net of cash and cash equivalents, accounts receivables and accrued sales and prepaid expenses and deposits. The Company believes that using a "Net debt (surplus)" non-GAAP measure, which excludes non-cash derivative financial instruments, non-cash lease liabilities, and non-cash decommissioning obligations, provides investors with more useful information to understand the Company's cash liquidity risk.

Net debt (surplus) is calculated as follows:

(CA\$ thousands)	March 31, 2025	December 31, 2024
Bank debt	102,766	108,993
Accounts payable and accrued liabilities	114,718	80,463
Cash and cash equivalents	(89	) (228
Accounts receivable and accrued sales	(64,159	) (60,236
Prepaid expenses and deposits	(3,212	) (4,109
Net debt <sup>(1)</sup>	150,024	124,883

#### SUPPLEMENTARY FINANCIAL MEASURES

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

P&NG sales, cost of purchases, gain (loss) on derivative financial instruments, royalties, revenue after royalties and derivative financial instruments, production expenses, transportation expenses, financing expenses, gross and net G&A expenses, realized gain (loss) on foreign exchange, other income (expense), share based compensation expense and depletion and depreciation on a \$/BOE basis is calculated by dividing the amounts by the Company's total production over the period.

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

#### MEASUREMENTS

All dollar amounts are referenced in thousands of Canadian dollars, except when noted otherwise. This press release contains various references to the abbreviation BOE which means barrels of oil equivalent. Where amounts are expressed on a BOE basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet per barrel and sulphur volumes have been converted to oil equivalence at 0.6 long tons per barrel. The term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and is significantly different than

the value ratio based on the current price of crude oil and natural gas. This conversion factor is an industry accepted norm and is not based on either energy content or current prices. Such abbreviation may be misleading, particularly if used in isolation. References to "oil" in this press release include crude oil and field condensate. References to "natural gas liquids" or "NGLs" include pentane, butane, propane, and ethane. References to "liquids" include field condensate and NGLs. References to "gas" in this discussion include natural gas and sulphur.

## ABBREVIATIONS

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

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