

Kelt Reports Financial and Operating Results for the Six Months Ended June 30, 2025

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Calgary, August 7, 2025 - [Kelt Exploration Ltd.](#) (TSX: KEL) ("Kelt" or the "Company") reports its financial and operating results to shareholders for the second quarter ended June 30, 2025. The Company's financial results are summarized as follows:

FINANCIAL HIGHLIGHTS (CA\$ thousands, except as otherwise indicated)	Three months ended June 30			Six months ended June 30		
	2025	2024	%	2025	2024	%
Petroleum and natural gas sales	116,418	109,093	7	258,919	235,484	10
Cash provided by operating activities	60,696	46,419	31	147,625	108,912	36
Adjusted funds from operations ⁽¹⁾	61,846	42,457	46	140,060	103,633	35
Basic (\$/ common share) ⁽¹⁾	0.31	0.22	41	0.71	0.53	34
Diluted (\$/ common share) ⁽¹⁾	0.31	0.21	48	0.70	0.52	35
Net income and comprehensive income	32,461	10,905	198	51,440	22,752	126
Basic (\$/ common share)	0.16	0.06	167	0.26	0.12	117
Diluted (\$/ common share)	0.16	0.05	220	0.26	0.11	136
Capital expenditures, net of A&D ⁽¹⁾	90,952	73,810	23	195,698	153,991	27
Total assets	1,562,599	1,328,148	18	1,562,599	1,328,148	18
Bank debt	151,432	12,611	1,101	151,432	12,611	1,101
Net debt ⁽¹⁾	178,170	63,084	182	178,170	63,084	182
Shareholders' equity	1,121,679	1,033,204	9	1,121,679	1,033,204	9
Weighted average shares outstanding (000s)						
Basic	199,005	195,566	2	198,272	195,110	2
Diluted	201,749	199,620	1	201,150	198,957	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 June 30, 2025 will be available to the public on SEDAR+ at www.sedarplus.ca and will also be posted on the Company's website at www.keltexploration.com on August 7, 2025.

Kelt's operating results for the second quarter ended June 30, 2025 are summarized as follows:

OPERATIONAL HIGHLIGHTS (CA\$ thousands, except as otherwise indicated)	Three months ended June 30			Six months ended	
	2025	2024	%	2025	2024
Average daily production					
Oil (bbls/d)	8,508	7,599	12	8,973	8,178
NGLs (bbls/d)	5,371	3,069	75	5,500	3,283
Gas (mcf/d)	149,128	120,148	24	149,381	122,0
Combined (BOE/d)	38,734	30,693	26	39,370	31,80
Production per million common shares (BOE/d) ⁽¹⁾	195	157	24	199	163
Net realized prices, before derivative financial instruments ⁽¹⁾					
Oil (\$/bbl)	82.52	102.52	-20	88.17	95.90
NGLs (\$/bbl)	36.67	55.85	-34	38.91	53.89
Gas (\$/mcf)	2.32	1.65	41	2.62	2.30
Operating netbacks (\$/BOE) ⁽¹⁾					
Petroleum and natural gas sales	33.03	39.06	-15	36.33	40.69

Cost of purchases	(0.90	) (1.61	) -44	(0.85	) (1.61
Combined net realized price, before derivative financial instruments ⁽¹⁾	32.13	37.45	-14	35.48	39.08
Realized gain (loss) on financial instruments	1.87	(0.27	)	1.82	(0.13
Combined net realized price, after derivative financial instruments ⁽¹⁾	34.00	37.18	-9	37.30	38.95
Royalties	(2.69	) (6.17	) -56	(3.47	) (5.58
Production expense	(8.60	) (10.87	) -21	(9.08	) (10.64
Transportation expense	(3.21	) (3.59	) -11	(3.36	) (3.52
Operating netback ⁽¹⁾	19.50	16.55	18	21.39	19.21
Land holdings					
Gross acres	790,438	793,318	-	790,438	793,318
Net acres	590,892	581,056	2	590,892	581,056

(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 second quarter ended June 30, 2025.

Kelt's average production for the three months ended June 30, 2025 was 38,734 BOE per day, up 26% from average production of 30,693 BOE per day during the corresponding period in 2024. Production for the three months ended June 30, 2025 was weighted 36% oil and NGLs and 64% gas. Certain oilier wells at Wembley/Pipestone were shut-in during the month of June for third-party gas plant maintenance operations.

Kelt's realized average oil price during the second quarter of 2025 was \$82.52 per barrel, down 20% from \$102.52 per barrel in the second quarter of 2024. The realized average NGLs price during the second quarter of 2025 was \$36.67 per barrel, down 34% from \$55.85 per barrel in the same quarter of 2024. Kelt's realized average gas price for the second quarter of 2025 was \$2.32 per Mcf, up 41% from \$1.65 per Mcf in the corresponding quarter of the previous year.

For the three months ended June 30, 2025, petroleum and natural gas sales were \$116.4 million and adjusted funds from operations was \$61.8 million (\$0.31 per common share, diluted), compared to \$109.1 million and \$42.5 million (\$0.21 per common share, diluted) respectively, in the second quarter of 2024. At June 30, 2025, the Company had net debt of \$178.2 million, equating to 0.5 times forecasted 2025 adjusted funds from operations.

Net capital expenditures incurred during the three months ended June 30, 2025 were \$91.0 million. During the second quarter of 2025, the Company spent \$56.2 million on drill and complete operations and \$30.1 million on facilities, pipelines and equipment.

2025 Outlook

The global economy is currently facing a multitude of inter-connected challenges, including slower growth, uncertain trade policies, persistent inflation, high interest rates, and geopolitical instability. These factors contribute to an economic environment of uncertainty, which in turn results in volatile fluctuations in commodity prices.

As a result, Kelt has entered into certain future contracts to sell its oil and gas production in order to protect the Company's ability to fulfill its planned \$325.0 million capital expenditure program for 2025, of which \$195.7 million was incurred during the first six months of the year.

The following table summarizes Kelt's key contracts relating to future oil and gas sales:

Commodity Index	Remaining Term	Quantity	Contract Price
Natural Gas NYMEX	Jul/25 - Dec/25	20,000 MMBtu/d	CAD \$6.40/MMBtu

Natural Gas NYMEX	Jul/25 - Dec/25	10,000 MMBtu/d	Put Option (floor) - CAD \$5.00/MMBtu Call Option (ceiling) - CAD \$10.00/MMBtu
Natural Gas AECO / NYMEX	Jan/26 - Dec/26	21,000 GJ/d 20,000 MMBtu/d	Put Option (floor) - CAD \$2.80/GJ Call Option (ceiling) - USD \$5.50/MMBtu
Crude Oil WTI	Jul/25 - Sep/25	5,000 bbls/d	CAD \$93.42/bbl
Crude Oil WTI	Oct/25 - Dec/25	4,500 bbls/d	CAD \$92.53/bbl
Crude Oil WTI	Jan/26 - Mar/26	3,500 bbls/d	CAD \$90.47/bbl
Crude Oil WTI	Apr/26 - Jun/26	3,000 bbls/d	CAD \$90.08/bbl

Giving effect to the Company's commodity price forecast for the remainder of 2025 and including actual prices up to June 30, 2025, Kelt expects to realize a net gain of \$21.7 million from derivative financial instruments during 2025, of which \$13.0 million was realized in the first six months of the year.

Production during 2025 is forecasted to average between 42,000 and 45,000 BOE per day, an increase of 27% at the low end of the range and an increase of 36% at the high end of the range compared to average production of 33,115 BOE per day in 2024. The average production forecast for 2025 was reduced from the Company's previous guidance of 44,000 to 47,000 BOE per day to reflect the delayed start-up of the newly constructed third-party Albright Gas Plant ("Albright") at Wembley/Pipestone. The operator of Albright had originally planned to bring the plant on-stream in the fourth quarter of 2024. After several delays during construction and a longer than anticipated commissioning period, the operator now indicates that Albright is expected to be fully operational next week.

Kelt has 50 MMcf per day of raw gas processing service capacity at Albright and expects to ramp up production to the plant over the next two months. Unlike other sour gas processing plants in the area where there is an additional cost incurred to dispose of any acid gas, Albright was designed to recover sulphur from the gas processed through the plant. Although construction of the sulphur recovery unit resulted in many of the delays, it is expected to generate additional revenue from sulphur sales in the future. At maximum capacity, Kelt estimates that it will be able produce up to 120 tonnes of sulphur per day. At current net prices for sulphur, this would equate to additional sales revenue of approximately \$8.0 million per year, offsetting a portion of the Company's overall net gas processing costs at Albright.

Adjusted funds from operations for 2025 is forecasted to be \$325.0 million, unchanged from the Company's previous forecast. The Company increased its forecasted 2025 average WTI oil price by 6% from US\$63.00 per barrel to US\$66.50 per barrel. In addition, Kelt reduced its forecasted 2025 average AECO gas price by 9% from \$2.46 per GJ to \$2.23 per GJ. 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.

Forecasted average commodity price assumptions for the remainder of 2025 are shown in the following table:

Commodity Index	Jan-Jun 2025 Actual	Jul-Dec 2025 Forecast	2025 Forecast
WTI Crude Oil (USD/bbl)	68.20	64.82	66.50
MSW Crude Oil (CAD/bbl)	90.69	84.53	87.58
NYMEX Natural Gas Daily Index (USD/MMBtu)	3.71	3.88	3.80
DAWN Gas Daily Index (USD/MMBtu)	3.38	3.63	3.50
AECO NIT 5A Gas Daily Index (CAD/GJ)	1.82	2.63	2.23
STATION 2 Gas Daily Index (CAD/GJ)	0.80	2.33	1.57
Exchange Rate (USD/CAD)	0.7094	0.7347	0.7220
Exchange Rate (CAD/USD)	1.4097	1.3610	1.3850

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)	15,700 - 17,200	12,298	34%
Gas (MMcf/d)	157,800 - 166,800	124,902	30%
Combined (BOE/d)	42,000 - 45,000	33,115	31%
P&NG Sales [1]	596.9	468.4	27%

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.

Operations Update

At Spirit River, Kelt has drilled and completed two Charlie Lake wells (3-14 pad) which are expected to commence production in the third quarter of 2025. At Pouce Coupe North, Kelt has drilled two Montney wells (9-12 pad) which are expected to be completed and put on production in the third quarter of 2025.

In its Wembley/Pipestone Division, Kelt has drilled and completed four Montney wells (9-17 pad). These wells, together with a fifth DUC well off the same pad, are currently testing and are expected to be put on production at their full capability through the new Albright Plant. Kelt has drilled and completed five additional Montney wells (6-9 pad) which are expected to be put on production in the third quarter of 2025. The Company has also drilled three Montney wells (16-8 pad) which are expected to be completed in September and commence production during the fourth quarter 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 operations at Oak has commenced on a four well pad located at 5-32. These wells are expected to be completed and put on production during the fourth quarter of 2025.

With access to new gas processing capacity, Kelt expects to show significant production and cash flow growth in the second half of 2025. Management looks forward to updating shareholders with 2025 third quarter results on or about November 13, 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 being brought on-production; the ability to add significant revenue from sulfur sales at a third-party plant; the expected timing of production additions from capital expenditures; the ability to show significant production growth; the expected timing and available 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, inter-connected challenges which may include slower growth, uncertain trade policies, persistent inflation, high interest rates, and geopolitical instability, 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:

(CA\$ thousands, except as otherwise indicated)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Cash used in investing activities	110,578	61,222	193,336	137,611
Change in non-cash investing working capital	(19,626	) 12,588	2,362	16,380
Capital expenditures, net of A&D	90,952	73,810	195,698	153,991
Property acquisitions	-	(104	) -	(773
Capital expenditures, before A&D	90,952	73,706	195,698	153,218

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:

(CA\$ thousands, except as otherwise indicated)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Cash provided by operating activities	60,696	46,419	147,625	108,912
Change in non-cash working capital	913	(5,001	) (8,328	) (7,267
Funds from operations	61,609	41,418	139,297	101,645
Settlement of decommissioning obligations	237	1,039	763	1,988
Adjusted funds from operations	61,846	42,457	140,060	103,633

Net debt and net debt to adjusted funds from operations ratio

Management considers net debt and net debt 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 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" 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" 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 is calculated as follows:

(CA\$ thousands)	June 30, 2025	December 31, 2024
Bank debt	151,432	108,993
Accounts payable and accrued liabilities	82,263	80,463
Cash and cash equivalents	(70	) (228

Accounts receivable and accrued sales	(49,252	) (60,236)
Prepaid expenses and deposits	(6,203	) (4,109)
Net debt	178,170	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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