



PRESS RELEASE

(Stock Symbol "CLT" – TSX)

May 3rd, 2004

Calgary, Alberta

**CELTIC REPORTS EARNINGS OF \$2.0 MILLION AND
CASH FLOW OF \$8.2 MILLION IN THE FIRST QUARTER OF 2004**

Celtic Exploration Ltd. ("Celtic" or the "Company") has released its financial and operating results for the three months ended March 31, 2004. Highlights are as follows:

HIGHLIGHTS

(\$ thousands, except per unit amounts)	Three months ended March 31,		Change
	2004	2003	
FINANCIAL			
Revenue, net of royalties	\$ 11,212	\$ 4,617	143%
Cash flow from operations	\$ 8,195	\$ 3,433	139%
Cash flow per share			
Basic	\$ 0.32	\$ 0.19	68%
Diluted	\$ 0.31	\$ 0.18	72%
Net earnings	\$ 2,047	\$ 1,165	76%
Earnings per share			
Basic	\$ 0.08	\$ 0.06	33%
Diluted	\$ 0.08	\$ 0.06	33%
Capital expenditures, net of dispositions	\$ 12,780	\$ 5,841	119%
Bank debt, net of working capital	\$ 15,372	\$ 5,748	167%
Shareholders' equity	\$ 66,310	\$ 27,308	143%
OPERATIONS			
Production			
Oil (bbls/d)	2,281	605	277%
Natural gas (mcf/d)	8,054	4,423	82%
Combined (BOE/d)	3,623	1,342	170%
Production per million shares (BOE/d)	140	72	94%
Realized sales prices			
Oil (\$/bbl)	\$ 42.89	\$ 42.38	1%
Natural gas (\$/mcf)	\$ 6.57	\$ 8.64	-24%
Combined (\$/BOE)	\$ 41.59	\$ 47.61	-13%
Operating netbacks			
Oil (\$/bbl)	\$ 28.19	\$ 26.73	5%
Natural gas (\$/mcf)	\$ 3.77	\$ 5.41	-30%
Combined (\$/BOE)	\$ 26.13	\$ 28.66	-9%
Drilling activity			
Total wells	17	8	113%
Working interest wells	12.7	3.2	297%

PRODUCTION AND PRICES

For the three months ended March 31, 2004, Celtic's production averaged 3,623 BOE/d, comprised of 2,281 barrels per day of oil and 8.05 million cubic feet per day of natural gas. This represented a 170% improvement from the average production of 1,342 BOE/d in the first quarter of 2003. Celtic's growth in production volumes in the first quarter reflects the successful drilling program this past winter. With additional new production coming on-stream as a result of recent drilling success, Celtic expects to show further production growth in the second quarter of 2004.

Average prices received during the three month period ended March 31, 2004 were \$42.89 per barrel for oil sales and \$6.57 per thousand cubic feet for natural gas sales. During the three month period ended March 31, 2003, average prices received for sales were \$42.38 per barrel for oil and \$8.64 per thousand cubic feet for natural gas. Celtic is forecasting oil prices to average \$41.50 per barrel and natural gas prices to average \$5.70 per thousand cubic feet in 2004.

OPERATIONS

Celtic had its most active quarter since inception, drilling a total of 17 wells (12.7 net). Results were five gas wells (5.0 net), 10 oil wells (6.2 net), and two dry (1.5 net) for an overall success rate of 88%.

In Northern Alberta, the Company was extremely active drilling a total of seven oil wells, which have all been put on production. Otter and Ogsten had three wells drilled in each area with one well being drilled at Mcleans Creek. To compliment these production adds, a well bore was taken over in Otter which allowed Celtic to complete an additional well which is currently being equipped as an oil producer. At Goodfish, a shallow gas test resulted in a dry hole. Celtic has recently upgraded a Company owned battery in Ogston to handle the increased production.

At Fox Creek, a horizontal well was drilled and tested and it was determined that the well should be deepened after break-up to increase inflow. This operation is expected to start back up again in the first week of May.

At Ashmont, a five well drilling program resulted in five successful gas wells. Three of the five will be tied-in this summer with the other two being tied-in next winter. Further drilling will occur at Ashmont this summer.

In Southern Alberta, two wells were drilled resulting in a dry hole at Bantry and an oil well at Grand Forks, which is located in close proximity to the Company's Bow Island oil property. This well will be tied-in during May and a second well is expected to be drilled in the pool prior to the end of the second quarter.

In early April, Celtic closed a property acquisition at Morse River. An 80% working interest was purchased in the Morse River, Beaverhill Lake Unit with net production of about 120 barrels of 41° API oil. The Company plans to drill two wells on the property in the second quarter. Morse River is located approximately 50 miles from the Fox Creek property and is producing out of the same horizon as Fox Creek.

Celtic has started a divestment program where it will divest of up to 200 barrels of oil equivalent per day of non-core properties. This will aid in its ongoing commitment to continue to lower operating expenses.

Celtic is well positioned financially and operationally to implement its dual prong strategy to acquire assets with exploitation potential and at the same time, implement its full cycle exploration program. This strategy will provide continued growth to shareholders.

Common shares of the Company trade on the Toronto Stock Exchange under the symbol "CLT". Celtic's annual and special meeting of shareholders has been scheduled for 3:00 p.m. (MST) on May 26, 2004 at the Metropolitan Centre, 333 Fourth Avenue SW, Calgary, Alberta, Canada.

For further information, please contact:

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