



PRESS RELEASE

(Stock Symbol "CLT" - TSX)

March 7, 2011

Calgary, Alberta

CELTIC PROVIDES DRILLING AND OPERATIONS UPDATE

Celtic Exploration Ltd. ("Celtic" or the "Company") is pleased to provide an update on exploration activity and operations. Please refer to the advisories regarding forward-looking statements and other measurements at the end of this press release.

Resthaven - Montney

Since announcing the acquisition of its land base in the Resthaven area (refer to press releases dated November 17, 2010 and January 17, 2011), Celtic has continued to carry out an active drilling program at Resthaven. To date, the original discovery horizontal well located at 02-07-061-02W6 (100% WI) which has been on production since early November 2010 has performed well producing at an average rate of 4.5 MMCF per day for the first four months, with associated condensate of approximately 40 barrels per MMCF. The well has been producing at a restricted rate due to limited gas plant capacity and has been curtailed further to 3.0 MMCF per day, as new production from the area has been brought on-stream into the gas plant. The Company expects to re-direct the well to a gas plant with NGL recovery facilities, increasing the yield to 50 barrels per MMCF.

Celtic's second horizontal well located at 08-36-059-02W6 (100% WI) has now been completed with an 11-stage slick water/hybrid fracture technique. The Company commenced flowing the well up 2 3/8 inch tubing at approximately 6 PM on March 6, 2011. The well is currently flowing on clean-up at a rate of 5.0 MMCF per day. The Company expects to complete a production test on this well by the end of the week. A third horizontal well located at 14-04-061-02W6 (100% WI) has been drilled and is currently being completed with a production test planned over the next week. A fourth horizontal well located at 15-31-060-02W6 has reached intermediate casing point and the horizontal lateral is expected to reach total depth by the end of March 2011.

The Company also participated in the drilling of another horizontal well located at 16-27-061-02W6 (30% WI) which has been drilled and cased with a completion and production test planned prior to spring break-up. The Company drilled a vertical well located at 02-33-062-04W6 (50% WI) which was cored and logged and then cased with intermediate casing. The Company has initiated operations to drill a horizontal well from the 02-33-062-04W6 wellbore.

In addition to horizontal drilling, the Company continues to de-risk its Resthaven acreage in a cost effective manner. In doing so, Celtic has been active re-entering existing vertical wellbores, and in some cases, drilling deeper into the Montney formation or simply completing the Montney where intermediate casing is already set through the zone. To date, four wells have been tested vertically and a fifth well has been deepened and will be completed and tested prior to spring break-up. These four wells are located at 07-35-062-03W6 (100% WI), 10-19-062-01W6 (100% WI), 11-03-060-01W6 (100% WI), and 03-01-060-02W6 (100% WI). The fifth well is located at 10-21-065-03W6 (100% WI). Of the four wells that have been flow tested, three of the wells flowed at similar rates to the original exploration vertical test located at 07-07-061-02W6 (100% WI), which tested at a rate of 500 MCF per day (the 02-07 discovery horizontal well was keyed off this vertical test). The three vertical wells flowed at rates between 400 and 600 MCF per day. The fourth vertical well

encountered an operational issue whereby the fracture stimulation went up into a previously fractured zone that was wet. The well does however appear to have as good a reservoir showing on logs as the other three wells. The Company is encouraged by these vertical tests and expects to follow-up with a horizontal development program in the near future.

Celtic is currently in the process of installing a 12 inch pipeline, which will run through the centre of the Resthaven property, acting as a main gathering line for all wells. There are several gas plants in the area, which Celtic can process its gas through as it continues to de-risk and develop the play. The Company will be able to continue drilling wells in the Resthaven area throughout the summer. Celtic currently has 600 net sections of Montney rights in the Resthaven area.

Kaybob - Duvernay

At Kaybob, Celtic has participated in the drilling of two vertical wells (50.0% WI and 51.3% WI) and a horizontal well (33.3% WI). One of the vertical wells and the horizontal well will be completed prior to spring break-up, and the second vertical well will have intermediate casing set with the intention of drilling it horizontally later in the year. Celtic has earned an additional seven net sections by drilling the two vertical wells. In addition, Celtic is currently drilling another vertical well located at 05-20-060-17W5 (100% WI) in what the Company believes is the oilier part of the play. The Company expects to complete the drilling of this well by the end of March 2011. Celtic owns 145 net sections of land in the Kaybob area with Duvernay rights.

Fir - Montney

At Fir, where the Company owns 23.5 sections of land with Montney rights, a second horizontal well has been drilled and cased with a completion planned in the next week. A 2,000 meter horizontal lateral was drilled and a 20-stage fracture stimulation is planned. This new resource play is expected to be tied-in and producing by the end of the first quarter. Three additional horizontal wells are planned in 2011.

Inga - Doig

At Inga, a second horizontal well (40% WI) is currently drilling in the horizontal leg. The initial horizontal well is producing at a gross rate of 750 BOE per day, of which over 200 barrels per day is condensate. A third horizontal well is planned after spring break-up.

Advisory Regarding Forward-Looking Statements

Certain information with respect to Celtic 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, certain of which are beyond Celtic'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, Celtic'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.

Other Measurements

All dollar amounts are referenced in Canadian dollars, except when noted otherwise. Where amounts are expressed on a barrel of oil equivalent ("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. References to oil in this discussion include crude oil and natural gas liquids ("NGLs"). NGLs include

condensate, propane, butane and ethane. References to gas in this discussion include natural gas and sulphur.

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