



PRESS RELEASE

(Stock Symbol “CLT” - TSX)

September 7, 2006

Calgary Alberta

CELTIC CLOSSES \$17.25 MILLION FLOW-THROUGH FINANCING

Celtic Exploration Ltd. (“Celtic”) has closed its previously announced private placement of one million common shares issued as “flow-through shares” within the meaning of the *Income Tax Act* (Canada) at a price of \$17.25 per share for gross proceeds of \$17.25 million, on a bought deal basis. The common shares are subject to a four month hold period which expires on January 8, 2007. FirstEnergy Capital Corp. acted as lead underwriter of a syndicate of underwriters which was also comprised of BMO Nesbitt Burns Inc., Canaccord Capital Corporation, GMP Securities L.P., Orion Securities Inc., Peters & Co. Limited, TD Securities Inc. and Tristone Capital Inc.

Net proceeds from the private placement will be used to finance Celtic’s capital expenditure program and will be spent in 2006 and 2007. Celtic’s 2006 capital expenditure program has now been increased from \$140 million to \$150 million.

Advisory Regarding Forward-Looking Statements

The information with respect to Celtic contained herein, 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.

The common shares of Celtic trade on the Toronto Stock Exchange under the symbol “CLT” and after this issuance Celtic has approximately 32.1 million common shares issued and outstanding.

For further information, please contact.

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