



**PRESS RELEASE**

(Stock Symbol "CLT" - TSX)

May 12, 2005

**Calgary, Alberta**

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WIRE SERVICES**

**CELTIC CLOSES \$30.75 MILLION EQUITY FINANCING**

Celtic Exploration Ltd. ("Celtic") has closed its previously announced private placement of three million common shares at a price of \$10.25 per share for gross proceeds of \$30.75 million, on a bought deal basis. The common shares are subject to a four month hold period which expires on September 13, 2005. FirstEnergy Capital Corp. acted as lead underwriter of a syndicate of underwriters which was also comprised of GMP Securities Ltd., BMO Nesbitt Burns Inc., Canaccord Capital Corporation, First Associates Investments Inc., Orion Securities Inc., Peters & Co. Limited, TD Securities Inc. and Tristone Capital Inc.

Proceeds from the private placement will be used to finance Celtic's on-going capital expenditures, including the purchase of oil and gas assets located in the Swan Hills and the Virginia Hills areas, Alberta.

The common shares of Celtic trade on the Toronto Stock Exchange under the symbol "CLT" and after this issuance Celtic has approximately 28.9 million common shares issued and outstanding.

This news release does not constitute an offer to sell or a solicitation of an offer to buy the common shares in the United States. The common shares have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act.

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