Celtic Exploration Ltd.

PRESS RELEASE
(Stock Symbol **"CLT"** – TSX)

June 13, 2005
Calgary, Alberta

CELTIC COMPLETES PROPERTY ACQUISITION AND EXPANDS 2005 CAPITAL BUDGET TO $95 MILLION

Celtic Exploration Ltd. ("Celtic" or the "Company") has closed the acquisition of oil and gas assets in the Swan Hills, Virginia Hills and Kakwa areas of west central Alberta, as described in the Company's press release dated May 20, 2005. In addition, legal proceedings commenced by Penn West Petroleum against Celtic and the vendor of the assets to Celtic, previously reported in the Company's May 20, 2005 press release, has now been agreed to be discontinued.

As a result of continued drilling success, the Company has expanded its 2005 capital expenditure budget to $95.0 million. The Company expects to drill 100 gross (67 net) wells during the year. The budget has been allocated as follows: $66.0 million for drilling and completing wells, $15.0 million for facilities and pipelines, $9.0 million for land and seismic, and $5.0 million for acquisitions, net of dispositions.

DRILLING UPDATE

At Bantry, in southern Alberta, Celtic has commenced its development drilling program targeting oil in the Sunburst formation and natural gas in the Upper Mannville formation. The first four wells drilled were all successful, resulting in three potential oil wells and one potential natural gas well. The Company expects to drill 8 to 10 additional wells in this area. Celtic has a 50% working interest at Bantry.

At Ogston, in northern Alberta, the Company recently acquired an option on 14 sections of land in close proximity to its existing light oil production. Celtic has cased a potential oil well adjacent to these option lands and after completing its review of 3D seismic, expects to follow-up with additional locations in the second half of the year.

At Fox Creek, Celtic is currently drilling an exploration test on lands south of the Company's existing oil and gas production, targeting Beaverhill Lake light oil.

At Swan Hills, Celtic continues to drill wells in this long reserve life light oil resource play. Currently, the Company has two drilling rigs operating in the area and expects to continue drilling operations through the summer months. Celtic expects to drill 20 to 25 wells in this area during 2005.

GUIDANCE FOR 2005

After giving effect to the increased capital expenditure program, the Company expects to exit 2005 with approximately 6,850 BOE/d of production. Average production for the year is expected to be approximately 5,150 BOE/d. Included in these estimates is the potential disposition of approximately 100

BOE/d of production in non-core and non-operated areas. Celtic's commodity price assumptions for 2005 are as follows: WTI oil is forecasted to average US$50.00/bbl and NYMEX natural gas prices are forecasted to average US$6.60/mmbtu. Celtic has estimated its expected realized oil and gas prices using a US/Canadian exchange rate of US$0.8062. As a result, Celtic's realized weighted average prices for 2005 are estimated to be $56.00/bbl ($56.66/bbl, after hedging) for oil and $7.30/mcf for natural gas. After giving effect to the aforementioned production and commodity price assumptions, funds from operations is forecasted to be approximately $58.7 million in 2005 or $2.12 per share ($2.04 per share, diluted). Net earnings are forecasted to be approximately $18.0 million in 2005 or $0.65 per share ($0.63 per share, diluted). Debt, net of working capital, is estimated to be $37.2 million by the end of 2005 or 0.6 times 2005 funds from operations.

CAUTIONARY STATEMENTS

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. 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.

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.

OUTLOOK

Celtic is excited about its recent drilling success and with a growing inventory of drillable prospects, looks forward to continued growth in 2005. Common shares of the Company trade on the Toronto Stock Exchange under the symbol "CLT". Celtic has 28.9 million common shares issued and outstanding. In addition, the Company has 2.1 million stock options outstanding.

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