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PRESS RELEASE

(Stock Symbol "CLT" – TSX)

August 15th, 2006

Calgary, Alberta

CELTIC ANNOUNCES BOUGHT DEAL FLOW THROUGH FINANCING

Celtic Exploration Ltd. ("Celtic" or "the Company") has entered into an agreement with a group of underwriters, led by FirstEnergy Capital Corp. and including BMO Nesbitt Burns Inc., Canaccord Capital Corporation, GMP Securities L.P., Orion Securities Inc., Peters & Co. Limited, TD Securities Inc. and Tristone Capital Inc., to issue by way of private placement, 1.0 million flow through common shares of the Company at a price of \$17.25 per share. The offering will result in gross proceeds of \$17.25 million.

The offering is subject to approval by the Toronto Stock Exchange and closing is expected to occur on or about September 7, 2006. Proceeds from the offering will be used to fund Celtic's capital program and will be spent in 2006 and 2007. The Company's 2006 capital expenditure program will be 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 will have approximately 32.1 million common shares issued and outstanding.

This news release does not constitute an offer to sell or a solicitation of any 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.

For further information, please contact:

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