



## **PRESS RELEASE**

(Stock Symbol "CLT" – TSX)

March 17, 2008

**Calgary, Alberta**

### **CELTIC ENTERS INTO AGREEMENT TO ACQUIRE STRATEGIC ASSETS AT KAYBOB SOUTH**

Celtic Exploration Ltd. ("Celtic" or the "Company") has entered into an agreement with a major petroleum company to acquire certain liquids-rich natural gas assets located in the Company's core operating and producing area at Kaybob South, Alberta. The acquisition has an effective date of January 1, 2008 and is subject to standard industry closing conditions. Closing is expected to occur on or around April 30, 2008. The consideration to be paid by Celtic under the agreement will be financed by bank debt. The Company has received a commitment letter from its lead bank, National Bank of Canada, whereby, Celtic's available bank credit line will be increased by \$30.0 million to \$195.0 million, upon closing of the acquisition.

#### Description of Assets

- Kaybob South Beaverhill Lake Unit 1 (9.3% interest);
- Kaybob South Beaverhill Lake Unit 2 (11.5% interest) - currently operated by Celtic, with a pre-acquisition interest of 49.9%;
- Kaybob South Beaverhill Lake Unit 3 (10.2% interest);
- Kaybob South Triassic Unit 1 (0.5% interest);
- Various interests in non-unit properties located at Kaybob South T58-62 R18-20 W5, including Montney and Nordegg rights in certain sections.
- Various interests in facilities including the KA Gas Plant (0.8% interest) and the K3 Gas Plant (0.4% interest).

#### Key Attributes of Assets to be Acquired

- Daily production for the first six months of 2007 averaged 866 BOE per day - 71% natural gas and 29% natural gas liquids (approximately 70% of the 68 barrels/mmcf of liquids yield based on natural gas sales, is condensate).
- Net operating income for the first six months of 2007 was \$3.1 million.
- Approximately 60% of the production base, as well as varying interests in certain facilities, are subject to rights of first refusal ("ROFRs"). The increase in Celtic's available bank credit line resulting from this acquisition may be reduced if certain ROFRs are exercised.
- Petroleum and natural gas reserves to be acquired have not been evaluated by an independent third party. Celtic expects to have an independent reserves evaluation of the assets to be acquired completed, after ROFRs have been either exercised or waived, prior to closing.
- Complementary fit with a large contiguous land position adjacent to Celtic's Kaybob South exploration and development area.

### Minor Properties Divestiture

Celtic has retained Tristone Capital Inc. to sell the Company's interest in several non-operated units located in Alberta. Celtic's working interests in these units range from 0.4% to 13.0%. Reserves relating to these assets were evaluated independently by Sproule Associates Ltd. effective December 31, 2007. Estimated current production is 260 BOE per day (68% oil and 32% gas). Proved plus probable (2P) reserves were 1.4 million BOE and the net present value, discounted at 10% before tax, was \$17.0 million. Bids for these assets are due on March 18, 2008.

### 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.

### Measurements

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.

For further information, please contact:

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