



PRESS RELEASE

(Stock Symbol “CLT” – TSX)

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CELTIC REPORTS 2009 OPERATING RESULTS HIGHLIGHTED BY SIGNIFICANT INCREASES IN PRODUCTION AND LOWER FINDING COSTS

Celtic Exploration Ltd. (“Celtic” or the “Company”) has released its operating results for the three months and twelve months ended December 31, 2009. Summary of results are as follows:

	Three months ended December 31,			Twelve months ended December 31,		
	2009	2008	Change	2009	2008	Change
Production						
Oil [BBLS/d]	4,384	3,554	23%	3,687	3,404	8%
Gas [MCF/D]	77,339	51,029	52%	63,028	46,000	37%
Combined [BOE/D]	17,274	12,059	43%	14,192	11,071	28%
Production per million shares [BOE/D]	388	293	32%	327	276	18%
Drilling activity						
Total wells	17	14	21%	55	54	2%
Working interest wells	9.6	10.2	-6%	43.0	41.1	5%
Success rate on working interest wells	100%	100%	-	91%	88%	3%
Undeveloped land						
Gross acres				363,473	318,969	14%
Net acres				294,700	246,629	19%
Reserves						
Oil [MBBLs]				15,042	14,372	5%
Gas [MMCF]				272,236	235,353	16%
Combined [MBOE]				60,415	53,598	13%
Finding, development & acquisition cost *						
Proved [\$ /BOE]				\$12.89	\$19.43	-34%
Proved plus Probable [\$ /BOE]				\$9.84	\$12.24	-20%
Recycle ratio [P+P] *				2.5 x	2.9 x	-14%

* Finding, development and acquisition (“FD&A”) cost and recycle ratio relating to 2009 have been calculated using unaudited financial information. FD&A calculations include future development capital (“FDC”) expenditures that are required to develop reserves.

HIGHLIGHTS

- Drilled 55 (43.0 net working interest) wells during 2009 resulting in 50 (38.9 net) gas wells and 1 (0.3 net) oil well, for an overall success rate, based on net wells, of 91%;
- Increased average daily production by 28% to 14,192 BOE per day, up from 11,071 BOE per day in 2008 and achieved daily average production per million shares of 327 BOE per day, up 18% in 2009 compared to 276 BOE per day in the previous year;
- Increased proved plus probable reserves by 13% to 60.4 million BOE, up from 53.6 million BOE at December 31, 2008 and replaced 2009 production by a factor of 2.3 times;
- Reported FD&A cost (including FDC) of \$9.84 per BOE resulting in a recycle ratio of 2.5 times based on proved plus probable reserves; and
- Accumulated additional undeveloped land in new resource play prospects targeting the Triassic Montney, Cretaceous Bluesky, Cretaceous Notikewin and Devonian Duvernay formations in west central Alberta;

RESERVES

Celtic retains Sproule Associates Limited (“Sproule”), an independent qualified reserve evaluator to prepare a report on 100% of its oil and gas reserves. The Company has a Reserves Committee which oversees the selection, qualifications and reporting procedures of the independent engineering consultants.

Reserves as at December 31, 2009 were determined using the guidelines and definitions set out under National Instrument 51-101 (“NI 51-101”). At December 31, 2009, Celtic’s proved plus probable reserves were 60.4 million BOE, up 13% from 53.6 million BOE at the end of 2008.

The Company increased the net present value of proved plus probable reserves, discounted at 10% before tax, to \$1,011.9 million, up 14% from \$891.0 million at December 31, 2008. The reserve life index was 9.6 years compared to 12.1 years at December 31, 2008. At December 31, 2009, the weighting of proved plus probable reserves was 25% oil and 75% gas.

The following table outlines a summary of the Company’s reserves at December 31, 2009:

SUMMARY OF RESERVES				
	Oil [MBBLs]	Gas [MMCF]	Combined [MBOE]	FDC Costs [\$000's]
Proved Developed Producing	6,426	101,854	23,402	
Proved Developed Non-producing	511	8,638	1,951	
Proved Undeveloped	1,919	49,100	10,102	
Total Proved	8,856	159,592	35,455	90,473
Probable Additional	6,186	112,644	24,960	
Total Proved plus Probable	15,042	272,236	60,415	145,017

FDC expenditures included in the reserve evaluation have been reduced by drilling royalty credits (“DRC’s”) earned and expected to be claimed in the respective future years. FDC included in the total proved reserve evaluation are expected to be spent as follows: \$69.8 million in 2010, \$19.8 million in 2011 and \$0.9 million in 2012 and thereafter. FDC included in the proved plus probable reserve evaluation are expected to be spent as follows: \$92.3 million in 2010, \$42.9 million in 2011 and \$9.8 million in 2012 and thereafter.

The following table outlines the change in the Company's reserves year-over-year:

RESERVES RECONCILIATION						
	Oil Total Proved [MBBLs]	Oil Proved + Probable [MBBLs]	Gas Total Proved [MMCF]	Gas Proved + Probable [MMCF]	Combined Total Proved [MBOE]	Combined Proved + Probable [MBOE]
Balance, December 31, 2008	8,321	14,372	125,330	235,353	29,209	53,598
Technical Revisions	56	(78)	5,628	2,683	994	369
Extensions	853	1,024	29,296	37,726	5,736	7,312
Infill Drilling	900	972	20,415	16,817	4,303	3,775
Economic Factors	39	55	1,032	1,502	211	305
Acquisitions	33	43	896	1,160	182	236
Net Additions	1,881	2,016	57,267	59,888	11,426	11,997
Production	(1,346)	(1,346)	(23,005)	(23,005)	(5,180)	(5,180)
Balance, December 31, 2009	8,856	15,042	159,592	272,236	35,455	60,415
Percentage Increase in Reserves	6%	5%	27%	16%	21%	13%

The average price of oil steadily increased in each of the years from 2005 to 2008; however, in 2009 oil prices were considerably lower than the previous year. Average annual natural gas prices at AECO-C from 2005 to 2008 have traded in a narrower range of \$6.31 to \$8.14 per GJ; however, in 2009, AECO-C averaged a much lower price of \$3.97 per GJ.

The following table outlines forecasted future prices that Sproule has used in their evaluation of the Company's reserves at December 31, 2009:

FUTURE COMMODITY PRICE FORECAST				
	WTI Cushing Crude Oil [US\$/BBL]	NYMEX HH Natural Gas [US\$/MMBTU]	AECO-C Natural Gas [\$/GJ]	USD/CAD Exchange [US\$]
2010	79.17	5.70	5.08	0.920
2011	84.46	6.48	5.89	0.920
2012	86.89	6.70	6.11	0.920
2013	90.20	7.43	6.86	0.920
2014	92.01	8.12	7.57	0.920
Five Year Average	86.55	6.89	6.30	0.920

Sproule is forecasting WTI oil prices to average US\$86.55 per bbl over the next five years, 22% higher than the average price of US\$71.21 per bbl over the past five years. For natural gas, AECO-C natural gas prices are forecasted to average \$6.30 per GJ over the 2010 to 2014 period, a decrease of 4% from the average price of \$6.59 per GJ during the 2005 to 2009 period.

The Company increased the net present value of proved plus probable reserves, discounted at 10% before tax, to \$1,011.9 million, up 14% from \$891.0 million at December 31, 2008.

The following table is a net present value summary (before tax) as at December 31, 2009:

NET PRESENT VALUE SUMMARY (BEFORE TAX)				
	Undiscounted [\$000's]	NPV 5% BT [\$000's]	NPV 10% BT [\$000's]	NPV 15% BT [\$000's]
Proved Developed Producing	718,141	564,785	472,544	409,967
Proved Developed Non-producing	50,831	41,427	34,855	30,023
Proved Undeveloped	257,241	184,143	140,790	111,997
Total Proved	1,026,213	790,355	648,189	551,987
Probable Additional	838,906	514,053	363,750	278,546
Total Proved plus Probable	1,865,119	1,304,408	1,011,939	830,533

The following table is a net present value summary (after tax) as at December 31, 2009:

NET PRESENT VALUE SUMMARY (AFTER TAX)				
	Undiscounted [\$000's]	NPV 5% AT [\$000's]	NPV 10% AT [\$000's]	NPV 15% AT [\$000's]
Proved Developed Producing	640,524	508,759	429,060	374,694
Proved Developed Non-producing	37,734	30,476	25,418	21,705
Proved Undeveloped	191,377	134,055	99,840	77,037
Total Proved	869,635	673,290	554,318	473,436
Probable Additional	627,164	381,958	268,232	203,669
Total Proved plus Probable	1,496,799	1,055,248	822,550	677,105

During 2009, the Company's capital expenditures (unaudited), net of dispositions, resulted in proved plus probable reserve additions of 12.0 million (23.5 million in 2008) BOE, resulting in FD&A costs of \$9.84 (\$12.24 in 2008) per BOE, including FDC costs. Proved reserve additions in 2009 were 11.4 million (12.2 million in 2008) BOE, resulting in FD&A costs of \$12.89 (\$19.43 in 2008) per BOE, including FDC costs.

The recycle ratio is a measure for evaluating the effectiveness of a company's re-investment program. The ratio measures the efficiency of capital investment. It accomplishes this by comparing the operating netback per BOE to that year's reserve FD&A cost per BOE. Since incorporation, Celtic has successfully achieved a recycle ratio of 2.3 times on a proved plus probable basis. In 2009, the recycle ratio was 2.5 times.

The following table provides detailed calculations relating to FD&A costs and recycle ratios for 2009 and 2008:

FD&A COSTS: PROVED RESERVES	Year ended December 31, 2009 (after DRC's)	Year ended December 31, 2009 (before DRC's)	Year ended December 31, 2008	Cumulative since incorporation
Capital expenditures [\$000's] [unaudited]	148,761	169,380	183,478	936,635
Change in FDC costs required to develop reserves [\$000's]	(1,483)	11,270	54,106	90,473
Total capital costs [\$000's]	147,278	180,650	237,584	1,027,108
Reserve additions, net [MBOE]	11,426	11,426	12,227	53,153
FD&A cost, before FDC [\$/BOE]	13.02	14.82	15.01	17.62
FD&A cost, including FDC [\$/BOE]	12.89	15.81	19.43	19.32
Operating netback [\$/BOE] [unaudited]	25.00	25.00	34.95	31.40
Recycle ratio – proved	1.9 x	1.6 x	1.8 x	1.6 x

FD&A COSTS: P+P RESERVES	Year ended December 31, 2009 (after DRC's)	Year ended December 31, 2009 (before DRC's)	Year ended December 31, 2008	Cumulative since incorporation
Capital expenditures [\$000's] [unaudited]	148,761	169,380	183,478	936,635
Change in FDC costs required to develop reserves [\$000's]	(30,697)	(9,016)	103,608	145,017
Total capital costs [\$000's]	118,064	160,364	287,086	1,081,652
Reserve additions, net [MBOE]	11,997	11,997	23,457	77,956
FD&A cost, before FDC [\$/BOE]	12.40	14.12	7.82	12.01
FD&A cost, including FDC [\$/BOE]	9.84	13.37	12.24	13.88
Operating netback [\$/BOE] [unaudited]	25.00	25.00	34.95	31.40
Recycle ratio – proved plus probable	2.5 x	1.9 x	2.9 x	2.3 x

Celtic's 2009 capital investment program resulted in net reserve additions that replaced 2009 production by a factor of 2.2 (3.0 in 2008) times on a proved basis and 2.3 (5.8 in 2008) times on a proved plus probable basis.

COMMON SHARE INFORMATION

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As at December 31, 2009, there were 44.6 million common shares outstanding. There were no preferred shares outstanding. As at December 31, 2009, directors, employees and certain consultants have been granted options to purchase 3.3 million common shares of the Company at an average exercise price of \$13.90 per share. The Company's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol "CLT".

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

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.

MEASUREMENTS

All dollar amounts are referenced in Canadian dollars, except when noted otherwise. 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 and sulphur volumes have been converted to oil equivalence at 0.6 long tons 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 ("NGLs"). NGLs include condensate, propane, butane and ethane. References to gas in this discussion include natural gas and sulphur. Sulphur volumes have been converted to natural gas equivalence at one long ton per 10 thousand cubic feet.

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