



PRESS RELEASE

(Stock Symbol "CLT" – TSX)

August 19, 2003
 Calgary, Alberta

**CELTIC REPORTS INCREASED PRODUCTION
 IN THE SECOND QUARTER OF 2003**

Celtic Exploration Ltd. ("Celtic" or the "Company") has released its financial and operating results for the three months ended June 30, 2003.

HIGHLIGHTS

| | Three months ended June 30, 2003 | Six months ended June 30, 2003 |
|--|-------------------------------------|-----------------------------------|
| Revenue, net of royalties | \$ 4,357,352 | \$ 8,901,522 |
| Cash flow from operations | \$ 3,087,162 | \$ 6,520,265 |
| Cash flow per share | | |
| Basic | \$ 0.14 | \$ 0.33 |
| Diluted | \$ 0.14 | \$ 0.32 |
| Net Earnings | \$ 825,555 | \$ 1,989,051 |
| Net Earnings per share | | |
| Basic | \$ 0.04 | \$ 0.10 |
| Diluted | \$ 0.04 | \$ 0.10 |
| Capital expenditures, net of dispositions | \$ 25,382,933 | \$ 31,223,702 |
| Bank debt, net of working capital | | \$ 11,299,309 |
| Shareholders' equity | | \$ 45,295,766 |
| Production | | |
| Oil (bbls/d) | 829 | 718 |
| Natural gas (mcf/d) | 4,332 | 4,377 |
| Combined (BOE/d) | 1,551 | 1,448 |
| Realized prices | | |
| Oil (\$/bbl) | \$ 33.46 | \$ 37.25 |
| Natural gas (\$/mcf) | \$ 7.02 | \$ 7.74 |
| Combined (\$/BOE) | \$ 37.49 | \$ 41.90 |
| Undeveloped land | | |
| Gross acres | | 92,432 |
| Net acres | | 52,559 |

For the six months ended June 30, 2003, Celtic's production averaged 1,448 BOE/d, comprised of 718 barrels per day of oil and 4,377 thousand cubic feet per day of natural gas. Production for the second quarter of 2003 was 1,551 BOE/d, up 16 percent from 1,342 BOE/d in the first quarter of 2003. Average prices received during the six month period ended June 30, 2003 were \$37.25 per barrel for oil sales and \$7.74 per thousand cubic feet for natural gas sales.

During the six month period ended June 30, 2003, oil and gas revenue was \$8.9 million, after royalties of \$2.1 million. Production expenses were \$1.9 million (\$7.29 per BOE), general and administrative expenses were \$337,623 (\$1.29 per BOE), interest expense was \$67,178 and capital taxes were \$67,500. Depletion and depreciation expenses were \$3.6 million (\$13.91 per BOE). A provision for future income taxes was recorded in the amount of \$886,430. As a result, the Company recorded net earnings of \$2.0 million or \$0.10 per share (basic and diluted).

Cash flow from operations for the six months ended June 30, 2003 was \$6.5 million (\$24.89 per BOE) or \$0.33 per share (\$0.32 per share diluted). Weighted average common shares outstanding used to compute per share amounts were 19.7 million basic and 20.1 million diluted.

PROPERTY ACQUISITION

Celtic completed its previously announced acquisition of oil and gas assets for approximately \$18.6 million. The properties acquired complement Celtic's existing core producing areas and are located in Alderson, Bow Island and Drumheller in southern Alberta, Ashmont in east central Alberta and Utikuma in northern Alberta.

Estimated current production from the properties acquired is approximately 740 BOE per day (517 bbls/d of light oil and 1.34 mmcf/d of natural gas). Cash flow from operations and production will impact the Company's results for the second half of 2003. After giving effect to this acquisition, Celtic's current production is approximately 2,200 BOE per day.

OPERATIONS

During the second quarter, Celtic continued with an active exploration and development program. The Company drilled five gross (2.4 net) wells. Two exploration wells were cased in the Kakwa area and are currently being completed. A well in Skaro was cased and completed in a lower zone for oil and will be completed in several upper horizons for natural gas. Natural gas production is expected to commence from this well in September after pipeline construction is completed. In Bashaw, a Nisku test proved unsuccessful.

At the end of June, the Company began a five well drilling program in southern Alberta. A successful oil well was drilled at Bow Island which has recently been placed on production. A second oil well was drilled at Bow Island early in the third quarter and is also now on production. The third well at Bow Island was dry and abandoned. Additional wells drilled at McGregor and Princess, subsequent to June 30, 2003, have also proved to be successful and are in the process of being completed. Celtic began exploiting acquired properties in the Michichi/Richdale and Ashmont areas towards the end of the second quarter. As a result, increased natural gas production from these areas is expected to impact third quarter results.

OUTLOOK

Celtic continues to remain well positioned financially and operationally to implement its dual prong strategy to acquire assets with exploitation potential and at the same time, implement its full cycle exploration program. This strategy will provide continued growth to shareholders.

Common shares of the Company trade on the Toronto Stock Exchange under the symbol "CLT". Celtic's currently has 22,898,234 common shares issued and outstanding.

For further information, please contact:

CELTIC EXPLORATION LTD., Suite 500, 505 - 3rd Street SW, Calgary, Alberta, Canada T2P 3E6

David J. Wilson, President and Chief Executive Officer (403) 201-5340, or
Sadiq H. Lalani, Vice President, Finance and Chief Financial Officer (403) 215-5310