



PRESS RELEASE

(Stock Symbol "CLT" - TSX)

September 19, 2011

Calgary, Alberta

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CELTIC EXPLORATION INCREASES BOUGHT DEAL EQUITY FINANCING TO \$150.0 MILLION

Celtic Exploration Ltd. ("Celtic" or the "Company") is pleased to announce that, in connection with its previously announced public offering, the Company and the syndicate of underwriters co-led by FirstEnergy Capital Corp. and RBC Capital Markets, and including CIBC World Markets Inc., GMP Securities L.P., Canaccord Genuity Corp., Peters & Co. Limited, Cormark Securities Inc., Macquarie Capital Markets Canada Ltd., National Bank Financial Inc., Stifel Nicolaus Canada Inc., and TD Securities Inc. (collectively the "Underwriters"), have agreed to increase the size of the offering to 6,000,000 common shares. Under the revised terms, the Underwriters have agreed to purchase, on a bought deal basis, an aggregate of 6,000,000 common shares at \$25.00 per common share for aggregate gross proceeds of \$150,000,000.

Celtic has also granted the Underwriters an option, exercisable for a period commencing at closing of the offering and ending 30 days following closing of the offering, to purchase an additional 900,000 common shares at the same offering price which, if exercised, would increase the total gross proceeds to \$172,500,000.

Net proceeds from the offering will initially be used to pay down existing credit facilities, and thereafter to fund ongoing exploration and development activities, potential asset acquisitions and for general corporate purposes. This transaction is subject to certain conditions including normal regulatory approvals and specifically, the approval of the Toronto Stock Exchange. The common shares will be offered in all provinces of Canada by way of short form prospectus. Closing is anticipated to occur on or about October 7, 2011.

This press 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.

Advisory Regarding Forward-Looking Statements

The information with respect to Celtic contained herein, contains forward-looking statements, including statements concerning the anticipated closing date and the anticipated use of proceeds of the offering. These forward-looking statements are based on assumptions, including the anticipated receipt of regulatory approvals 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. Celtic does not

intend, and does not assume any obligation, to update or revise these forward-looking statements except as required pursuant to applicable securities laws.

For further information, please contact:

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