Celtic Exploration Ltd.

PRESS RELEASE
(Stock Symbol **"CLT"** – TSX)

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Calgary, Alberta

CELTIC ENTERS INTO AN AGREEMENT TO ACQUIRE OIL & GAS PROPERTIES IN THE SWAN HILLS/VIRGINIA HILLS AREA OF ALBERTA AND ANNOUNCES EQUITY FINANCING

Celtic Exploration Ltd. ("Celtic" or the "Company") has entered into an agreement to acquire oil and gas assets that complement the Company's existing core producing areas. These assets are primarily located in the Swan Hills, Virginia Hills and Kakwa areas of west central Alberta. The effective date of the acquisition is January 1, 2005 and the expected closing date will be on or about June 1, 2005. The purchase price, after estimated adjustments at closing, will be approximately $40.2 million. Celtic retained its independent engineers, Sproule Associates Limited ("Sproule"), to evaluate the properties effective March 31, 2005.

ACQUISITION HIGHLIGHTS

■ Proved plus probable reserves are 5.0 million BOE (78% oil and 22% natural gas);

■ Production is approximately 900 BOE/d (81% oil and 19% natural gas);

■ High netback light oil and liquids-rich natural gas assets;

■ Low annual decline production with long reserve life index of 15.3 years;

■ Net present value of reserves discounted at 10%, before tax, is $36.2 million, using Sproule's forecasted prices, and $70.5 million using March 31, 2005 constant prices;

■ Acquisition cost, at closing, is expected to be approximately $9.77/BOE ($8.11/BOE before future capital) based on proved plus probable reserves, resulting in a recycle ratio of 2.9 times (3.5 times before future capital) using the Company's estimated commodity price assumptions for 2005;

■ Celtic has identified horizontal re-entry candidates in the Beaverhill Lake formation on these lands, in close proximity to where the Company has recently been active drilling horizontal Beaverhill Lake light oil wells;

■ Natural gas production is expected to increase in early 2006 with the commencement of an extended ten year blow-down of a natural gas cap in the Belloy formation;

■ Celtic acquires interests in several facilities and infrastructure including an interest in the Hope Creek Gas Plant which has a design capacity of 8.8 mmcf/d, of which approximately 40% is currently unutilized; and

■ Celtic acquires 26,720 gross (8,523 net) acres of land, of which approximately 50% of the net acreage is undeveloped, and a royalty interest in 3,200 gross acres.

EQUITY FINANCING

Celtic has entered into an agreement with a group of underwriters, led by FirstEnergy Capital Corp. and including GMP Securities Inc., BMO Nesbitt Burns Inc., Canaccord Capital Corporation, First Associates Investments Inc., Orion Securities Inc., Peters & Co. Limited, TD Securities Inc. and Tristone Capital Inc., to issue by way of private placement, 3.0 million common shares of the Company at a price of $10.25 per share. The equity offering will result in gross proceeds of $30.75 million. The closing price of Celtic common shares on the Toronto Stock Exchange on April 25, 2005 was $10.75.

This equity issue is subject to approval by the Toronto Stock Exchange and closing is expected to occur on or about May 12, 2005. Proceeds from this offering of common shares will be used to fund Celtic's on-going capital expenditures, including the acquisition of oil and gas assets mentioned above.

NEW GUIDANCE FOR 2005

After giving effect to the acquisition of oil and gas properties mentioned above, the Company expects to exit 2005 with approximately 7,250 BOE/d of production (previous guidance was 6,400 BOE/d). Average production for the year is expected to be approximately 5,600 BOE/d (previous guidance was 5,100 BOE/d). Celtic's commodity price assumptions for 2005 are as follows: WTI oil is forecasted to average US$50.00/bbl and NYMEX natural gas prices are forecasted to average US$6.80/mmbtu. Celtic has estimated its expected realized oil and gas prices using a US/Canadian exchange rate of US$0.824. As a result, Celtic's realized weighted average prices for 2005 are estimated to be $54.50/bbl ($55.20/bbl, after hedging) for oil and $7.40/mcf for natural gas.

After giving effect to the aforementioned production and commodity price assumptions, funds from operations is forecasted to be approximately $62.9 million (previous guidance was $58.2 million) in 2005 or $2.20 per share, diluted (previous guidance was $2.17 per share). Per share amounts are pro-forma after the new equity financing. Debt, net of working capital, is estimated to be $52.9 million (previous guidance was $46.7 million) by the end of 2005 or 0.8 times 2005 funds from operations (previous guidance was also 0.8 times 2005 funds from operations). The Company's reserve life index is expected to improve by 23%, from 6.2 years to 7.6 years.

OUTLOOK

Celtic is excited about its acquisition of oil and gas properties in close proximity to its active Swan Hills operating area and with recent drilling success in the area, looks forward to continued growth in 2005. Common shares of the Company trade on the Toronto Stock Exchange under the symbol "CLT". Celtic has 25.9 million common shares issued and outstanding. In addition, the Company has 2.1 million stock options outstanding. The Company will provide an operations update at its annual meeting of shareholders scheduled for Thursday, April 28, 2005, at 3:00 P.M., to be held at The Metropolitan Centre, 333 Fourth Avenue SW, Calgary, Alberta.

CAUTIONARY STATEMENTS

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. References to oil in this discussion include crude oil and natural gas liquids.

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.

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