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June 26, 2007

PRESS RELEASE

(Stock Symbol "CLT" - TSX)

Calgary Alberta

CELTIC CLOSES \$45.9 MILLION COMMON SHARE AND SUBSCRIPTION RECEIPT FINANCING

Celtic Exploration Ltd. ("Celtic" or the "Corporation") announces that it has closed its previously announced private placement of 1,600,000 units ("Units"), each Unit comprised of one common share of the Corporation ("Common Share") and one subscription receipt of the Corporation ("Subscription Receipt") at a price of \$28.70 per Unit for gross proceeds of \$45.9 million, on a bought deal basis. FirstEnergy Capital Corp. and GMP Securities L.P. acted as lead underwriters of a syndicate of underwriters which was also comprised of BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., Orion Securities Inc. and Tristone Capital Inc.

Net proceeds from the private placement will be used to partially fund Celtic's previously announced acquisition of an operated 49.88% working interest in the Kaybob South Beaverhill Lake Gas Unit #2 as well as other assets in the Kaybob South area (the "Asset Acquisition") and to fund Celtic's capital expenditure program and for general corporate purposes. The subscription proceeds from the Subscription Receipts, in the amount of \$22.96 million, will be held in escrow pending closing of the Asset Acquisition. The Subscription Receipts will entitle the holders to acquire Common Shares, on a one-for-one basis, for no additional consideration, upon closing of the Asset Acquisition, which is scheduled to close on June 28, 2007. The Common Shares, the Subscription Receipts and the Common Shares issuable pursuant to the Subscription Receipts are subject to a hold period expiring on October 27, 2007.

This news 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, in respect of the use of the net proceeds from the private placement, 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.

The Common Shares of Celtic trade on the Toronto Stock Exchange under the symbol “CLT” and after this issuance of 1,600,000 Common Shares, but prior to the issuance of Common Shares issuable pursuant to the Subscription Receipts, Celtic has approximately 35.8 million Common Shares issued and outstanding.

For further information, please contact:

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