



PRESS RELEASE

(Stock Symbol "CLT" – TSX)

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Calgary, Alberta

CELTIC REPORTS NET EARNINGS OF \$4.7 MILLION IN 2003

Celtic Exploration Ltd. ("Celtic" or the "Company") has released its financial and operating results for the three months and twelve months ended December 31, 2003. Highlights are as follows:

HIGHLIGHTS

(\$ thousands, except per unit amounts)

FINANCIAL	Three Months Ended December 31,			Twelve Months Ended December 31,		Period from April 16 to December 31,	
	2003	2002	Change	2003	2002	Change	
Revenue, net of royalties	\$7,081	\$1,056	571%	\$21,755	\$1,057	1958%	
Cash flow from operations	\$4,787	\$551	769%	\$15,314	\$538	2746%	
Cash flow per share							
Basic	\$0.19	\$0.08	138%	\$0.69	\$0.07	886%	
Diluted	\$0.18	\$0.08	125%	\$0.68	\$0.07	871%	
Net earnings	\$866	\$34	2447%	\$4,665	\$27	17178%	
Earnings per share							
Basic	\$0.03	\$0.00	--	\$0.21	\$0.00	--	
Diluted	\$0.03	\$0.00	--	\$0.21	\$0.00	--	
Capital expenditures, net of dispositions	\$12,532	\$26,892	-53%	\$55,074	\$31,109	77%	
Bank debt, net of working capital				\$10,785	\$3,399	217%	
Shareholder's equity				\$64,085	\$26,084	146%	

OPERATIONS	Three Months Ended December 31,			Twelve Months Ended December 31,		Period from April 16 to December 31,	
	2003	2002	Change	2003	2002	Change	
Production							
Oil (bbls/d)	1,505	251	500%	1,055	89	1085%	
Natural gas (mcf/d)	7,324	745	883%	5,318	264	1914%	
Combined (BOE/d)	2,726	375	627%	1,941	133	1359%	
Production per million shares (BOE/d)							
	105	26	304%	87	17	412%	
Realized sales prices							
Oil (\$/bbl)	\$34.87	\$37.28	-6%	\$35.76	\$37.28	-4%	
Natural gas (\$/mcf)	\$5.73	\$5.83	-2%	\$6.61	\$5.83	13%	
Combined (\$/BOE)	\$34.64	\$36.50	-5%	\$37.55	\$36.50	3%	
Operating netbacks							
Oil (\$/bbl)	\$20.85	\$19.41	7%	\$22.22	\$19.41	14%	
Natural gas (\$/mcf)	\$3.36	\$3.22	4%	\$4.10	\$3.22	27%	
Combined (\$/BOE)	\$20.54	\$19.38	6%	\$23.33	\$19.38	20%	
Drilling activity							
Total wells	12	7	71%	35	7	400%	
Working interest wells	10.4	6.2	68%	23.3	6.2	276%	
Success rate, net wells	100%	100%		84%	100%		
Undeveloped land							
Gross acres				156,312	53,890	190%	
Net acres				77,912	26,500	194%	
Reserves							
Oil (mmbbls)				4,879	2,071	136%	
Natural gas (mmcf)				19,261	11,721	64%	
Combined (mBOE)				8,089	4,025	101%	
Reserve life index (years)				5.9	7.1		

RESERVES

Celtic's oil and gas reserve estimates at December 31, 2003 were prepared by an independent engineering firm, Sproule Associates Limited ("Sproule") in accordance with the definitions and guidelines set out under National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Sproule evaluated 100% of Celtic's reserves.

The change to proved and probable reserve definitions implemented by NI 51-101 for the year ended December 31, 2003 makes reserve quantity and value comparisons with the prior year difficult. Celtic's reserves as at December 31, 2002 and reserves relating to acquisitions during 2003 were not prepared under NI 51-101. As a result, revisions for 2003 are based on both technical revisions and NI 51-101 revisions to the aggregate amount of reserves at December 31, 2002 and reserves acquired during 2003.

Total proved reserves as at December 31, 2003 were 5.8 million BOE, an increase of 105% from 2.8 million BOE at December 31, 2002. Proved plus probable reserves at the end of 2003 were 8.1 million BOE, up 101% from 4.0 million BOE at the end of the prior year.

Total proved reserve additions, after revisions, replaced 2003 production by 5.2 times and proved plus probable reserve additions, after revisions, replaced 2003 production by 6.7 times. Negative technical and NI 51-101 revisions to December 31, 2002 reserve amounts and 2003 reserves acquisition amounts were 11.7% for proved reserves and 14.9% for proved plus probable reserves. The following table provides a summary of Celtic's reserves reconciliation based on gross Company interest reserves, meaning Celtic's ownership in reserves before royalties:

	OIL		NATURAL GAS		COMBINED	
	Total Proved MBBLS	Proved + Probable MBBLS	Total Proved MMCF	Proved + Probable MMCF	Total Proved MBOE	Proved + Probable MBOE
Balance, December 31, 2002	1,490	2,071	8,010	11,721	2,825	4,025
Acquisitions	1,723	2,489	3,338	4,079	2,279	3,169
Sub-total	3,231	4,560	11,348	15,800	5,104	7,194
Discoveries	1,107	1,487	5,353	7,131	2,001	2,675
Technical and NI 51-101 Revisions	(422)	(783)	(1,053)	(1,729)	(598)	(1,071)
Production	(385)	(385)	(1,941)	(1,941)	(709)	(709)
Balance, December 31, 2003	3,513	4,879	13,707	19,261	5,798	8,089
Percentage increase in reserves	136%	136%	71%	64%	105%	101%

Finding, development and acquisitions costs, before revisions, were \$13.14 per BOE for proved reserve additions and \$9.68 per BOE for proved plus probable reserve additions. As a result, the recycle ratio was 1.6 times for proved reserves and 2.2 times for proved plus probable reserves. The following table summarize Celtic's finding, development and acquisitions costs:

	2003		Apr.16-Dec. 31, 2002	
	Total Proved	Proved + Probable	Total Proved	Proved + Probable
Capital expenditures (\$M)	55,074	55,074	31,109	31,109
Future capital required to develop reserves (\$M)	1,168	1,517	845	1,883
Total capital (\$M)	56,242	56,591	31,954	32,992
Reserve additions (MBOE)	4,280	5,844	2,860	4,060
Finding, development and acquisition cost (\$/BOE)	13.14	9.68	11.17	8.13
Cash flow from operations (\$/BOE)	21.61	21.61	15.61	15.61
Recycle ratio	1.6	2.2	1.4	1.9

NET ASSET VALUE

Celtic's net asset value at December 31, 2003 was \$136.0 million or \$4.96 per share based on constant prices and \$104.4 million or \$3.81 per share based on forecasted prices. Constant prices were determined using posted index prices at December 31, 2003, adjusted for quality and transportation. The posted index prices at December 31, 2003 were as follows: WTI U.S. \$32.56/bbl, Edmonton light \$40.68/bbl, and AECO-C \$6.88/mcf for natural gas. Forecasted prices were based on Sproule's forecasted prices in effect as at January 1, 2004. The following table summarizes the Company's net asset value:

	At December 31, 2003	At December 31, 2003
	Constant Prices \$ thousands	Forecast Prices \$ thousands
Present value of P&NG reserves discounted at 10%, before tax	131,364	99,725
Undeveloped land	7,791	7,791
Bank debt, net of working capital	(10,785)	(10,785)
Proceeds from exercise of stock options	7,659	7,659
Net asset value	136,029	104,390
Diluted common shares outstanding (thousands)	27,432	27,432
Net asset value per share (\$/share)	4.96	3.81

OPERATIONS UPDATE

Celtic has enjoyed a successful winter drilling program to date in 2004 resulting in nine (5.7 net) oil wells, five (5.0 net) gas wells, and one (0.5 net) unsuccessful well. The oil wells consisted of a new pool discovery at Grand Forks, a third horizontal at Fox Creek and seven wells in the Northern/Otter area. All five gas wells were drilled on the Company's 100% owned Ashmont property with the dry well being drilled at Bantry. As the quarter comes to an end, the Company has exceeded 4,000 BOE per day and has all of the five gas wells at Ashmont yet to be tied-in. As well, several oil wells, including the Fox Creek horizontal have yet to be put on production but will be brought on-stream in the second quarter. In addition, the Company has been active shooting seismic and acquiring land, allowing Celtic to continue its active exploration program.

OUTLOOK

After successful drilling results to date in 2004, Celtic is optimistic about its future growth prospects. The Company expects to grow its production by 119% in 2004 resulting in average production of 4,250 BOE per day. On a per share basis, this would represent an increase of 90% at 165 BOE per day per million shares outstanding. The Company is forecasting cash flow from operations to grow to \$29.6 million or \$1.15 per share in 2004. Celtic has based this forecast on commodity price assumptions that will result in an average oil price of \$33.55 per barrel (determined using an average WTI price of U.S. \$30.00 per barrel and an exchange rate of U.S. \$0.76 per Canadian dollar) and an average natural gas price of \$5.60 per mcf.

Common shares of the Company trade on the Toronto Stock Exchange under the symbol "CLT". At December 31, 2003, Celtic has 25.8 million shares outstanding. The Company's Annual and Special Meeting of shareholders is scheduled for Wednesday, May 26th, 2004 at 3:00 PM, to be held at the Metropolitan Centre, Calgary, Alberta.

For further information, please contact:

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Or visit our website site at www.celticex.com.

CELTIC EXPLORATION LTD.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

(\$ thousands)	Three months ended December 31, 2003 (Unaudited)	Twelve months ended December 31, 2003
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Revenue		
Petroleum and natural gas	8,693	26,623
Royalties	(1,612)	(4,897)
	<hr/> 7,081	<hr/> 21,726
Other	0	29
	<hr/> 7,081	<hr/> 21,755
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Expenses		
Production	1,929	5,188
General and Administrative	302	874
Stock based compensation	168	168
Interest	23	221
Depletion and depreciation	3,598	9,838
	<hr/> 6,020	<hr/> 16,289
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Earnings before taxes	1,061	5,466
Capital tax	40	158
Future income taxes	155	643
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Net earnings	866	4,665
Retained earnings, beginning of period	3,826	27
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Retained earnings, end of period	4,692	4,692
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