



PRESS RELEASE

(Stock Symbol “CLT” – TSX)

June 28, 2007

Calgary, Alberta

CELTIC COMPLETES PROPERTY ACQUISITION AT KAYBOB SOUTH

Celtic Exploration Ltd. (“Celtic” or the “Company”) has closed the acquisition of oil and gas assets located at the Company’s core operating area at Kaybob South, Alberta, for an adjusted closing price of \$52.7 million. The assets acquired by Celtic are comprised 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. In addition, the acquisition of certain non-unit interests, representing approximately 50 to 60 BOE per day of current production, has closed in escrow, subject to certain pre-emptive rights to purchase which, unless exercised, expire on July 9, 2007.

The key attributes of the assets acquired, excluding the non-unit assets which are subject to outstanding pre-emptive rights to purchase, are as follows:

- current production capability is approximately 1,040 BOE per day, 63% natural gas and 37% natural gas liquids;
- oil and gas reserves consist of approximately 2.8 million BOE, proved and approximately 4.4 million BOE, proved plus probable;
- long-life reserves with a reserve life index of approximately 11.5 years (on a proved plus probable basis);
- complementary fit with a large contiguous land position adjacent to Celtic’s Kaybob South exploration and development area; and
- ownership and operatorship in compressor facilities and a major pipeline system that Celtic currently uses to transport its existing Kaybob South Montney production from the Kaybob South field to the Kaybob South KA Gas Processing Plant.

Petroleum and natural gas reserves to be acquired were evaluated by Sproule Associates Limited, effective December 31, 2006. The Company has reduced the amount of reserves in the Sproule report to reflect production from January 1, 2007 to April 30, 2007, given that the effective date of the acquisition is May 1, 2007.

Facility Upgrades

During September 2007, for approximately three to four weeks, the unit production acquired (approximately 1,000 BOE/d) will be shut-in, allowing the Company to complete upgrades to the pipeline and related facilities. These upgrades will ensure a more stable production and transportation profile in the future.

Equity Financing – Subscription Receipts

Further to the press release dated June 26, 2007, proceeds of \$22.96 million from the issuance of 1.6 million subscription receipts have now been released from escrow. Celtic has issued 1.6 million common shares in exchange for the subscription receipts. These common shares are subject to a hold period expiring on October 27, 2007.

The common shares of Celtic trade on the Toronto Stock Exchange under the symbol “CLT” and after this issuance of 1.6 million common shares, Celtic has approximately 37.4 million common shares issued and outstanding.

Advisory Regarding Forward-Looking Statements

The information with respect to Celtic contained herein, 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.

Measurements

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.

For further information, please contact:

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