



## PRESS RELEASE

(Stock Symbol "CLT" – TSX Venture)

March 31, 2003  
Calgary, Alberta

### CELTIC REPORTS RESULTS FOR ITS FIRST YEAR OF OPERATIONS

Celtic Exploration Ltd. ("Celtic" or "the Company") has released its financial and operating results for the period from April 16, 2002 to December 31, 2002. Highlights for the year were as follows:

- On September 30, 2002, Celtic acquired oil and gas assets in the Princess area of Alberta for \$4.1 million;
- On October 20, 2002, Celtic acquired oil assets in the Alderson area of Alberta for \$0.8 million;
- On December 16, 2002, Celtic completed the acquisitions of Dorchester Energy Inc., Denim Energy Corp., and additional oil and gas assets in the Richdale area of Alberta for an aggregate amount of \$22.3 million;
- During the period ended December 31, 2002, Celtic incurred \$3.9 million in capital expenditures on exploration and development activity; and
- During 2002, the Company drilled seven gross (6.2 net) wells resulting in four oil wells and three natural gas wells.

#### FINANCIAL HIGHLIGHTS

	Three months ended March 31, 2003
<b>Revenue</b>	\$ 1,269,163
<b>Cash flow from operations</b>	\$ 538,376
Per share (Basic and diluted)	\$ 0.07
<b>Net Earnings</b>	\$ 27,698
Per share (Basic and diluted)	\$ 0.00
<b>Total assets</b>	\$ 44,359,143
<b>Bank debt, net of working capital</b>	\$ 3,398,707
<b>Shareholders' equity</b>	\$ 26,083,750
<b>Production</b>	
Oil (bbls/d)	605
Natural gas (mcf/d)	4,423
Combined (BOE/d)	1,342
<b>Selling prices</b>	
Oil (\$/bbl)	\$ 42.50
Natural gas (\$/mcf)	\$ 8.45
Combined (\$/BOE)	\$ 47.00

#### OIL AND GAS RESERVES

The Company successfully added 2.1 million barrels of oil reserves and 11.7 billion cubic feet of natural gas reserves. Total capital expenditures were \$31.1 million, resulting in an acquisition, finding and development cost of \$10.88 per BOE for proved reserves and \$7.66 per BOE for proved plus probable reserves. Finding and development costs for exploration and development expenditures of \$3.9 million were \$7.99 per BOE for proved reserves and \$5.45 per BOE for proved plus probable reserves.

Celtic's oil and gas reserves were independently evaluated by Sproule Associates Limited and are summarized as follows:

	Remaining company reserves (before royalties)		Net present value before tax discounted at 10%
	Oil (mbbls)	Natural gas (mmcf)	(000's)
<b>Proved developed producing</b>	<b>1,132</b>	<b>6,048</b>	<b>\$ 24,143</b>
<b>Proved developed non-producing</b>	<b>248</b>	<b>1,608</b>	<b>\$ 5,513</b>
<b>Proved undeveloped</b>	<b>110</b>	<b>354</b>	<b>\$ 1,209</b>
<b>Total proven</b>	<b>1,490</b>	<b>8,010</b>	<b>\$ 30,865</b>
<b>Probable</b>	<b>581</b>	<b>3,712</b>	<b>\$ 7,449</b>
<b>Proven plus probable</b>	<b>2,071</b>	<b>11,722</b>	<b>\$ 38,314</b>

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

## OPERATIONS

During the period since incorporation on April 16, 2002 to December 31, 2002, the Company produced 68,502 mcf of natural gas and 23,077 bbls of oil. Realized selling prices were \$5.83 per mcf for natural gas and \$37.28 per bbl of oil.

The Company has grown its production base significantly subsequent to December 31, 2002. Currently, Celtic is producing approximately 1,500 BOE/d, comprising 57% natural gas and 43% oil.

## CURRENT ACTIVITY UPDATE

Celtic has had an active winter drilling program subsequent to December 31, 2002. The Company drilled five gross (1.9 net) wells at Otter in northern Alberta. Four of the five wells are expected to be on production by early April 2003, producing 42° API oil from the Granite Wash and Slave Point formations. The fifth well requires further stimulation and testing. The Company has recently cased a well at Kaybob in west central Alberta at a depth of 2,600 meters. Celtic has a 58% working interest before payout and a 35% earned interest, after payout, in the well and in an associated three section land block. Completion will begin in early April 2003. Two wells are currently drilling at Chime/Kakwa, also in west central Alberta and should reach total depth by mid-April. A third well is expected to commence drilling in early April at Chime/Kakwa. The Company has working interests of approximately 20% in the three wells and associated land block of approximately 40 sections. A well recently drilled at Stoughton in south east Saskatchewan at 50% working interest was dry and abandoned.

## OUTLOOK

The Company was successful in establishing a production base during its first year of operations that provides a cash flow stream that can be re-invested in Celtic's ongoing exploration and development activity. Given the Company's strong financial position, we look forward to continued growth in 2003.

The Company's annual and special meeting of shareholders has been scheduled for 3:00 p.m. (MST) on June 3, 2003 at the Metropolitan Centre, 333 – 4<sup>th</sup> Avenue SW, Calgary, Alberta, Canada.

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