



Minerals Ltd.

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Celtic Acquires Gold Project in Papua New Guinea

Celtic Minerals Ltd. (CME.TSX) is pleased to announce that it has entered into a memorandum of understanding with the Malaumanda Development Corporation Limited (“MDC”) to acquire the exploration rights over the Malaumanda gold project area in the East Sepik province of Papua New Guinea (PNG), subject to any required regulatory approvals. Under the terms of the agreement Celtic will receive an 85% interest and MDC will retain a 15% interest in the project carried through feasibility. New Guinea is the site of several major mines including some of the largest copper and gold mines and ore deposits in the world, such as Grasberg-Ertsberg with 52M oz and 12.5Mt contained gold and copper respectively, Lihir with 40M plus oz contained gold, Panguna with 16M oz and 5Mt contained gold and copper respectively, OK-Tedi with 10M oz and 3 Mt contained gold and copper respectively, Freida River with 9M oz and 5.3Mt contained gold and copper respectively and Porgera with 22M oz contained gold.

The Malaumanda project area covers 2000 sq. km. of ground that is highly prospective for gold and copper, of which MDC holds an exploration license encompassing 850 sq km. It is located 150 km northwest of Mount Hagen, the third largest city in Papua New Guinea and a major supply base for the region. The massive Porgera gold mine (22 million ounces) is 60 km southwest of the project. Mineralization at Malaumanda appears to be concentrated along NNE transfer structures, one of these structures is believed to be the strike extension of the transfer structure localizing Porgera.

The geological provenance of the property indicate that a large dispersal area featuring both coarse and fine gold occurs associated with Miocene multiple intrusive rock types which has been responsible for massive and pervasive alteration of the porphyry and epithermal types. The area has had a low level of exploration activity and the potential to discover additional gold-copper mineralization is considered very high.

Indaba Pty Ltd. previously explored the Malaumanda property from 1986-90 and carried out initial prospecting and stream sediment sampling, identifying an envelope of 200 sq. km. where visible gold was consistently returned in panning. Reconnaissance indicated a major auriferous zone 4kms x 16 kms striking east west and another 6 kms x 8 kms to the south, both containing visible gold as observed in stream sediments and channel-chip sampling within saprolite zones. Pit sampling and trenching opened multiple targets and three large primary gold prospect areas were outlined, the Milikap Prospect, Lodon Prospect and Yape Prospect. As reported by Indaba, shallow hand dug pits in deeply weathered saprolite returned numerous high grade gold assays including assays to 279 g/t, bulk (50 kg) trench sampling returned numerous high grade gold

assays from 50 g/t to 186 g/t, rock chip samples returned gold assays of 1.18 to 285 g/t and many samples over randomly located sample sites along steep ridges range from 0.3 g/t to 46.6 g/t.

Sepik Gold Corporation next continued exploration on the Milikap prospect in 1998 and 1999. Sepik re-sampled some of Indaba's trenches and expanded on the trenching, opening up a gold mineralized zone from trenching at least 900 metres wide east and 1.0 km strike length north to south (open to the north, south and east). Reported trench results throughout the grid include: 20m @ 3.92 g/t Au, 6m @ 25.9 g/t Au, 22m @ 4.29 g/t Au, 9m @ 18.9 g/t Au, 17m @ 7.7 g/t Au, 2.5m @ 104.6 g/t Au, 34m @ 7.67 g/t Au and 8m @ 70.72 g/t Au. Based on saprolite and rock chip sampling plus trenching, the high grade zone can be extended in a north south direction for a total of 1.5 km.

In late 1998 and early 1999, Sepik completed the first ever phase of drilling on the property for a total of 602.1 metres. As reported by Sepik, six NQ/PQ diamond drill core holes were completed from three drill stations and returned significant intersections of 20.8m @ 5.68 g/t Au from 34.4m to 55.2m at grid location 6825N, 14.0m @ 4.29 g/t Au and 1.0% Cu from 32.1m to 46.1m at grid location 6650N and 2.0m @ 1.20 g/t Au from 27.7m to 29.7m at grid location 6125N.

It is believed that supergene enrichment, as occurs on the property, is extremely important in the region and bulk tonnage primary rocks below the supergene zone would have to be further tested by additional diamond drilling. Nevertheless, supergene enrichment has been a major factor in the economic development of Porgera and the same could be important in this region.

MDC is 100% owned by the sixteen clans of the Malaumanda area in the Nete region of East Sepik Province which inhabit an area in excess of 2000 sq. km. The sixteen clans are each represented on the board of MDC with an appointed director. These clans representatives are executive members of the Malaumanda Landowners Association. In contrast to other areas of PNG the local inhabitants of Malaumanda area are cohesive and unified members of the Nete dialect group.

Celtic encourages the public to visit its web-site at www.celticm.com for updated information on our new property in Papua New Guinea or to email us at celtic@nucleus.com to be added to the Company's e-mail list for press releases and updates.

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