



## Celtic Minerals

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Trading Symbol: CME:TSX-VEN  
Shares Outstanding: 57,317,626

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### **VB-2 JOINT VENTURE, VOISEY'S BAY, LABRADOR**

Celtic Minerals Ltd., (CME:TSX-VEN) is pleased to announce that along with Merrex Gold Inc. it has entered into an option agreement with CanAlaska Ventures Inc. and Columbia Yukon Explorations Inc. under which Celtic and Merrex will jointly acquire a 100% interest in the VB-2 property. The VB-2 property is a 60 claim (15 sq km) block directly adjacent to the east of the Celtic/Merrex West Voisey's Bay property and is bordered to the north by Inco's Voisey's Bay property.

Under the terms of the Agreement Celtic and Merrex will spend \$1.6 million on exploration over a four year period. The annual exploration expenditures will consist of: a firm commitment of \$100,000 in the first year; \$250,000 in the second year; \$500,000 in the third year; and, \$750,000 in the fourth year of the option period. Over the life of the option CanAlaska and Columbia Yukon will split cash payments of \$250,000, and a total of 125,000 shares of both Celtic and Merrex. Upon the exercise of the option CanAlaska and Columbia Yukon will jointly hold a 2% NSR, of which Celtic and Merrex can purchase half for a sum of \$2.0 million. Celtic will be the operator of the exploration programs carried out on the property.

It is anticipated that a detailed geophysical survey, consisting of UTEM, magnetotellurics ("MT") and gravity, will be carried out on the property at the earliest possible opportunity. Celtic and Merrex have carried out an extensive geophysical survey on their adjacent West Voisey's Bay property and have delineated a large geophysical anomaly in the Makhavinekh Lake (Mak Lake) area that trends onto the VB-2 ground. The geophysical anomaly is comprised of a coincidental east-west trending UTEM conductor and strong MT conductor that has been traced to the VB-2 claim boundary over a strike distance of 1.3 kilometres. The UTEM conductor is interpreted as a shallowly south dipping (sub horizontal) tabular conductor which intersects a strong MT conductor near the northeast end of a peninsula in Makhavinekh Lake. The UTEM conductive response was initially detected at a higher frequency and was still detected at the lowest base frequency, which eliminates the response of many 'moderate' conductors. A review of regional magnetic

data reveals a magnetic linear feature that also correlates with the UTEM/MT conductor. Drilling is presently underway on the West Voisey's Bay property and this conductor will be targeted this fall.

The VB-2 Agreement adds to Celtic's strategic position as the most active junior exploration company operating within the Voisey's Bay District, holding an interest in 258 sq km. Incorporating the VB-2 property into the West Voisey's Bay Project will increase the project's area to 205 sq km, of which Celtic holds a 100% interest in 309 contiguous mineral claims (77.25 sq km), and a 50% interest in 511 mineral claims (127.75 sq km). In addition, Celtic has a joint venture with Cornerstone Capital Resources Inc. on the 53 sq km Garland Lake project, which is directly adjacent to a property being actively explored by Inco. During the summer of 2006, Celtic has undertaken an extensive MT geophysical survey at the Garland Lake JV and prospective geophysical anomalies have been identified that are being considered for drill testing during the latter part of the 2006 field season. Celtic is awaiting a final report from Quantec Geoscience Inc. before details can be released.

Paul Delaney, P.Geo., project geologist for Celtic Minerals, is the Qualified Person, as per NI 43-101, responsible for the information in this news release.

Celtic encourages the public to visit its website at [www.celticminerals.com](http://www.celticminerals.com) or to email us at [info@celticminerals.com](mailto:info@celticminerals.com) to be added to the Company's e-mail list for press releases and updates.

**The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.**

**This press release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, that address future exploration drilling, exploration activities and events or developments that the Company expects, are forward looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions.**

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