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DRILLING UPDATE AT WEST VOISEY'S BAY, LABRADOR

Celtic Minerals Ltd., (CME:TSX-VEN) wishes to provide the following update on the ongoing 5000m diamond drilling program at the West Voisey's Bay property, 12 km's southwest of Inco's Voisey's Bay nickel-copper-cobalt mine in Labrador.

The Drill Program

Previous exploration identified four geophysical targets areas within the West Voisey's Bay property: Makhavinekh Lake (Mak Lake), West Makhavinekh Lake, Red Dog Fault and Konrad Brook. The current drill program is being carried out with particular emphasis on the Makhavinekh Lake target area which contains several distinct geophysical drill targets within a four kilometer long by 1.5 km wide east-west aligned corridor. The prospectivity of this area is enhanced by its proximity to Nickel, Copper, Cobalt mineralized troctolite at Inco's Ashley prospect and at the Luk gossan, located four kilometres and 2.5 km due north, respectively.

As previously announced the drill program will comprise six holes and test a number of first priority geophysical targets. The drilling is being carried out by Major Drilling utilizing a heli-portable drill, capable of reaching depths of 1200m and is expected to be underway until November. Currently drilling is in progress on the third hole of the planned program. Positive indicators consisting of olivine bearing gabbro, minor sulphides, some gneissic and ultramafic xenoliths and structural zones have been intersected in drilling.

Hole WVB-06-01

The first borehole WVB-06-01 was sited to test a 1.5 km long, east-west trending Magnetotelluric (MT) conductor where it coincides with the strongest portion of a 1.5 x 2 km gravity and magnetic high near Makhavinekh Lake. The MT conductor is interpreted geophysically to lie at 600 to 900 metres depth, shallowing towards the east. The target depth to the MT conductor for WVB-06-01 was estimated to be 900m. The borehole collared in granite and quartz monzonite for the initial 502.95m before entering an interval of minor sulphide mineralized olivine bearing gabbro alternating with layers of quartz monzonite to a depth of

662.63m where the hole was abandoned after becoming stuck in a zone of structural weakness, interpreted to be a fault structure. The target MT conductor was not reached by hole WVB-06-01.

The geological environment intersected in borehole WVB-06-01 is broadly similar to that of the geological environment above the Eastern Deeps Ni-Cu-Co deposit at Voisey's Bay. In addition, the presence of a significant structural zone is also considered a positive indicator, comparable to the Voisey's Bay type model. Structural zones present at Voisey's Bay deposit area control the emplacement of the troctolite dykes and ore deposits. The presence of appreciable zones of gabbro is encouraging and confirms the success of the gravity surveys in predicting the location of favourable gabbro and similar troctolitic rocks which are known to host the Voisey's Bay ore deposits. Celtic is currently selecting representative samples of the different rock types for petrography and will carry out chemical analyses to further aid in comparison with data present from the troctolites and related rocks at the Voisey's Bay mine site.

After completing the second borehole WVB-06-02 (described below) a second attempt was made to complete borehole WVB-06-01 by placing a bypass wedge in the hole at 507.19m to deflect past the zone causing drilling problems. Again the hole became stuck and was abandoned at a depth of 658.06m in apparently the same structure. As expected, similar rock types with weak mineralization were encountered in the bypass hole. The hole has been temporarily suspended to allow time for additional drilling equipment to arrive on site and to allow for the design of a drilling plan to complete the drilling through this structural zone in this key target area.

Hole WVB-06-02

The second borehole, WVB-06-02, was sited on a separate, shallower MT conductor located 1.5 km east-southeast of WVB-06-01 near the shoreline of Makhavinekh Lake, with depth to target estimated to be about 400m below surface. The hole cut granite and quartz monzonite to a depth of 391.38m. From 391.38 to the bottom of the hole at 600.76m the core consisted of magnetic gabbro containing trace amounts of sulphides which in places appear to be partly assimilated by granite. The borehole was angled into the ground to intercept the base of the strongest MT geophysical response. As the borehole steepened during drilling, the strongest part of the MT conductor was not intercepted. A borehole UTEM survey is planned to explore for the presence of an offhole EM conductor in this and all other holes to be drilled on the property.

Hole WVB-06-03

The drill is currently on the third hole, WVB-06-03, collared 700m east of WVB-06-01 to test the strongest part of the 1.5km long Makhavinekh Lake MT conductor, which remains untested. Hole depth is planned for a minimum of 850m to reach the MT anomaly.

Further Drilling Plans

Following completion of WVB-06-03 and WVB-06-01 the drill will be moved a further 2.6 km east on the Makhavinekh Lake grid, where a single drill hole will test a coincidental east-west trending UTEM conductor and strong MT conductor from a peninsula jutting into Makhavinekh

Lake. The UTEM conductor is interpreted as a shallowly south dipping (sub horizontal) tabular conductor and intersects a strong MT conductor near the northeast end of the peninsula. A review of regional magnetic data reveals a magnetic linear feature that also correlates with the UTEM/MT conductor. Approximately 500m of drilling is planned for this target area.

Drilling will then move 8.5 km to the West Makhavinekh Lake grid to test a coincidental MT conductor and regional gravity high which is located along trend and near a regional east-west structure spatially related to the other Makhavinekh Lake drill targets. A single borehole of approximately 1150m in length is planned for this target.

Lastly, drilling will move 4.5 km south to the Konrad Brook grid and will test a south dipping MT conductor with a single borehole. The conductor is located on the north flank of a coincidental regional gravity and magnetic high anomaly. Approximately 800m of drilling is required to reach the target.

About Celtic Minerals

The West Voisey's Bay Project consists of 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) held under a joint venture with Merrex Gold Ltd. All drilling in the current program will be undertaken on the Celtic/Merrex joint venture lands. In addition, Celtic has a joint venture with Cornerstone Capital Resources Inc. on the 53 sq km Garland Lake nickel project, 30 kilometres southeast of the Voisey's Bay mine and 20 kilometres southeast of the West Voisey's Bay Project. With its two active projects, and large land position, Celtic is the most active junior exploration company operating within the Voisey's Bay district.

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 or to email us at 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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