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CELTIC CONFIRMS MINERALIZATION AT MALAUMANDA PROJECT

Celtic Minerals Ltd. (CME:TSX) is pleased to provide an update to our exploration activities on our Malaumanda project in Papua New Guinea. Highlights include a **drill intersection of 17.73 g/t gold over 3.8m in borehole CMK-03-01** and continued expansion, by trenching, of the **Koiti (previously Milikap North) gold mineralized zone to a 600m plus strike length**. Historic diamond drilling included DDH MK#4 14.0m @ 4.29g/t gold, DDH MK#5 14.6m @ 3.66g/t gold and DDH MK#6 20.8m @ 5.68g/t gold.

Results have now been returned for the first three scout diamond drill holes CMK-03-01 to CMK-03-03 on the main north-south striking Milikap prospect. These drill holes were intended to confirm the gold mineralizing system and get a better geological knowledge and understanding on controls of the mineral occurrences in the Milikap area.

Hole CMK-03-01 successfully intersected the main Milikap gold zone from 33.5m to 37.3m. The zone is structurally controlled at the contact of a diorite dike and granodiorite within saprolite. The 3.8m zone graded 17.73 g/t gold, 15.27 g/t silver and 0.78 % copper. This represents the most northerly drilling on the north-south striking main Milikap zone. *Trenching to the immediate north of this drill hole has encountered mineralization which has been sampled and analyses are pending.*

Drill hole CMK-03-02 and CMK-03-03 returned no significant results.

As mentioned in an earlier news release, borehole CMK-03-04 was testing an IP anomaly approximately 300m east of the main Milikap prospect but was lost at 52.0 m, prior to reaching the target anomaly. A new zone of mineralization approximately 500 metres to the east of the main Milikap zone was the focus of drilling in borehole CMK-03-05. The hole intersected a 13.6m wide structural zone associated with andesite dikes in strongly fractured granodiorite from 35.1 to 48.7m. The 13.6m interval is mineralized with pyrite, chalcocite and chalcopyrite and contains frequent sheeted mineralized quartz veins. The mineralized sections of core have been sampled and assays are pending.

To the southwest, approximately 1.3 km from the main Milikap prospect a single diamond drill hole, CMK-03-06, has been completed to a total depth of 198.3m on the *Bill's Creek zone*. The hole is currently being logged and sampled and results will be released when available. The hole was drilled on an IP anomaly close to a 2m x 1m x 1m locally derived block of float/subcrop which assayed **500 g/t gold, 346 g/t silver and 5.9% copper**. The large block is a breccia with silicified sediment fragments situated in a matrix of 20-40% chalcopyrite. A strong IP chargeability anomaly was also the focus of this borehole.

The drill is currently set up approximately 1.5 km northeast of the main Milikap prospect, on the newly discovered *Koiti* (previously Milikap North) mineralized zone, on borehole CMK-03-07. Extensive trenching over the area along strike to the northeast and to the southwest has now *extended the mineralized zone to over 600m* within which three mineralized sub zones, A, B, and C were identified and which have subsequently been trenched. A fourth

zone "D" has been identified about 100m to the northeast of zone C and the first trench on this zone has been completed including mapping and sampling. To date a total of 12 trenches have been completed and 5 additional trenches have been marked out for additional trenching. The mineralized zone strikes at 040-060/ 220-240 degrees northeast/southwest and dips at 55-60 degrees to the northwest. **The mineralized zone is still open at both ends along strike.**

From Koiti zone A, located near the southwest end of the mineralized zone, two grab samples taken before trenching assayed 7.51g/t Au, 25g/t Ag and 0.67% Cu and the second sample assayed 20.5 g/t Au, 62g/t Ag and 1.17% Cu. Trench sample results have not been received yet.

From Koiti Zone B, located 80m to the southwest of zone C, grab samples taken from a 3-5m wide mineralized zone have returned the following assays, 27 g/t Au, 20 g/t Ag, 0.21% Cu. In a trench 35m to the southwest, an initial grab sample has returned values of 12 g/t Au, 16 g/t Ag and 0.73% Cu.

From Koiti zone C, located near the central to northeast end of the mineralized zone, a *3.4m wide interval had gold values which averaged 19.54g/t Au*. Also from zone C a 1.8m wide interval had gold values which averaged 26.45 g/t Au.

The Koiti zones contains pyrite, chalcopyrite and bornite mineralization hosted near the contact of andesite and brecciated granodiorite with multiple silicified zones and stockwork quartz veining and has a minimum thickness of 5-10m.

Additionally, Celtic has received from SRK Consulting an interpretative report with maps outlining and ranking targets. When combined with the extensive ground geophysical programs, mapping, sampling and trenching, *numerous high quality drill targets are emerging.*

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 massive Porgera gold mine 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 sampling protocol is supervised by Bill Bond M.Sc, P.Geo., project geologist for Celtic Minerals and a qualified person as defined under the Canadian Securities Administrators' National Instrument 43-101. Mr. Bond has considerable country experience, having worked as Senior Manager from 1996-1999 on the nearby Mt. Kare epithermal gold project. Mr. Bond has over 30 years of exploration experience worldwide with major and junior companies.

All samples are being analyzed for Au by fire assay and 30 elements by ICP at SGS Australia Pty. Limited in Garbutt, Queensland, Australia and at Amdel laboratories in South Australia. All core samples are being cut by diamond saw with half being submitted for analysis while the other half is retained on site.

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