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## CONNACHER CONTINUES TO REPORT RECORD RESULTS

Calgary, Alberta – Connacher Oil and Gas Limited (**CLL – TSX**) announced record results for the fourth quarter and year ended December 31, 2003.

### Highlights:

- Achieved record fourth quarter and full year cash flow from operations. With cash flow tripling to \$3.4 million for the year, cash flow per share rose 100 percent to \$0.10 from 0.05 per share last year with 63 percent more shares outstanding.
- Realized earnings of \$4.2 million, favorably affected by the recognition of a future tax asset. Earnings per share rose 333 percent to \$0.13.
- Increased production 74 percent from 568 boe/d in 2002 to average 987 boe/d in 2003. Fourth quarter production averaged 1,228 boe/d, marking the eleventh consecutive quarter of production growth.
- Replaced 1,160 percent of 2003 production on a proved and probable reserves basis.
- Increased the company's proved reserves by 104 percent to 3.1 million boe from 1.5 million boe at the end of 2002. Proved and probable reserves more than tripled to 5.6 million boe from 1.8 million boe in 2002.
- Achieved finding, development and acquisition (FD&A) costs of \$8.47 per boe of proved and probable reserve additions with a capital expenditure program of \$35.8 million. Including incremental future development capital, FD&A costs remain at a very respectable level of \$10.82 per boe.
- Expanded credit facility to \$31.5 million with \$19.4 million available at year end 2003 to fund growth and to pay short-term obligations.

	Three Months Ended December 31			Years Ended December 31		
	2003	2002	%	2003	2002	%
<b>FINANCIAL</b>						
(\$000 except per share amounts)						
Total revenue	2,853	1,655	72	9,982	4,326	131
Cash flow from operations <sup>(1)</sup>	1,008	496	104	3,353	1,047	220
Basic, per share	0.03	0.02	50	0.10	0.05	100
Diluted, per share	0.02	0.02	-	0.10	0.05	100
Net earnings	781	559	40	4,190	501	737
Basic, per share	0.03	0.03	-	0.13	0.03	333
Diluted, per share	0.03	0.03	-	0.12	0.03	300
Capital expenditures	15,015	1,768	750	35,770	9,014	297
Bank debt and note payable				12,100	2,558	373
Working capital (deficiency) excluding bank debt				(8,994)	(846)	963
Established Credit Facility				31,500	5,000	530
Shareholders' equity				24,486	5,279	364
Total assets				49,669	10,255	384
Common shares outstanding (000)						
Weighted average						
Basic	39,022	22,408	74	32,362	19,890	63
Diluted	42,138	23,626	78	35,333	20,377	73
Year end						
Issued				45,903	24,175	90
Fully diluted				53,717	34,170	57

<sup>(1)</sup> Cash flow from operations and cash flow per share are not measures that have any standardized meaning as ascribed by Canadian GAAP and therefore may not be comparable to similar measures presented by others.

	Three Months Ended December 31			Years Ended December 31		
	2003	2002	%	2003	2002	%
<b>OPERATING</b>						
Production						
Oil (bbl/d)	978	469	109	789	340	132
Natural gas (mcf/d)	1,496	1,462	2	1,190	1,365	(13)
Barrels of oil equivalent (boe/d)	1,228	713	72	987	568	74
Prices						
Oil – Canada (\$/bbl)	26.42	25.86	2	29.54	24.22	22
Oil – Argentina (\$/bbl)	36.48	41.15	(11)	37.74	32.22	17
Natural gas – Canada (\$/mcf)	4.77	5.01	(5)	5.34	3.49	53
Natural gas – Argentina (\$/mcf)	0.15	0.49	(69)	0.23	0.49	(53)
Barrels of oil equivalent (\$/boe)	25.17	25.24	-	27.56	20.64	34
Operating netback (\$/boe)	10.75	12.80	(16)	14.25	10.15	40
Reserves <sup>(1)(2)</sup>						
Crude oil and natural gas liquids (mmbbls)						
Proved				2,175	1,023	113
Proved plus probable				4,148	1,200	246
Natural gas (mmcf)						
Proved				5,461	2,940	86
Proved plus probable				8,553	3,368	154
Barrels of oil equivalent (mboe)						
Proved				3,085	1,514	104
Proved plus probable				5,574	1,762	216
Finding, development and acquisition costs (FD&A) (\$/boe)						
Proved plus probable <sup>(3)</sup>				\$8.47	\$6.05	
With future capital <sup>(3)</sup>				\$10.82	\$6.86	
Undeveloped Canadian acreage (net acres)						
				67,310	8,522	690
Drilling activity – full year						
Gross wells				59	12	392
Net wells				56.9	12	374
Oil wells				12.9	8	61
Natural gas wells				44	2	2,100
Dry holes				Nil	2	-
Net success rate (%)				100	83	20

1. The reserve estimates for 2003 were prepared in accordance with National Instrument 51-101 (NI 51-101). Under NI 51-101, proved reserve assignments are based on a 90 percent certainty that total quantities recovered will equal or exceed proved reserve estimates. Proved plus probable reserves are the most likely case and are based on a 50 percent certainty that they will equal or exceed estimates. The new standard provides for a more conservative evaluation of proved and probable reserves, particularly on new wells where production history has not yet been established. The change to proved and probable reserve definitions implemented by NI 51-101 for the year ended December 31, 2003, may make reserve quantity and reserve valuation comparisons to prior years difficult. Management believes the most meaningful comparison of the current year's proved plus probable reserves would be to "established reserves" of prior years (being proved plus 50 percent probable). Prior year's "proved plus probable" reserves, above, are reflected on that basis.
2. Connacher's reserve information will be posted on SEDAR when the company's Annual Information Form is filed.
3. 2002 recalculated on a consistent basis with 2003.

For Connacher, 2003 was another year of expansion and progress. We advanced our strategies and achieved most of our objectives. We enhanced per share values and kept a solid balance sheet. Our level of activity was considerable.

Connacher's fourth quarter production, revenue, cash flow and capital expenditures were at record levels, despite the delays in the startup of natural gas production at Cabri, Saskatchewan. Total revenue rose 72 percent to \$2.9 million. Cash flow more than doubled to a record \$1 million (\$0.03 per share), and earnings rose 40 percent. Production rose 72 percent to 1,228 boe/d, reaching 1,442 boe/d in December. These levels do not fully reflect Connacher's productive capacity as several new wells, including natural gas wells at Cabri, made little or no contribution in the period.

For the full year 2003, operating and financial results showed significant improvement in most categories. Revenue rose 131 percent and cash flow more than tripled to \$3.4 million from \$1 million in 2002. Earnings rose 737 percent to \$4.2 million, favorably affected by recognition of a future tax asset.

Connacher drilled a record 59 gross (57 net) wells in 2003, largely in the second half of the year. Of these wells, 36 were drilled in Cabri and 11 were drilled in Battrum, both new core areas in southwest Saskatchewan. Production was also purchased at Battrum and Steelman, Saskatchewan and three natural gas wells were purchased at Cabri. All wells drilled in 2003 were cased for potential production, including a 50 percent owned well in Argentina which was completed as an oil well. This well identified significant reserve potential but requires a workover to improve productivity.

Average production for 2003 increased 74 percent over 2002 to 987 boe/d, consisting of 789 bbl/d of crude oil and 1.2 mmcf/d of natural gas. Canadian oil production rose 152 percent over last year. New gas discoveries, primarily at Cabri, only commenced production in late December 2003. Over 94 per cent of Connacher's oil production is from Canadian properties and over 90 percent of its assets are now in Canada.

During 2003, Connacher added 4.2 million boe of proved and probable reserves with a \$35.8 million capital program for a reserve replacement ratio of 11.6 times and a calculated FD&A cost of \$8.47 per boe. When incremental estimated future capital of \$9.8 million to develop the reserves is added to 2003 capital outlays, FD&A costs rise to \$10.82 per boe for proven and probable reserves. Connacher's two year FD&A cost is \$7.84 per proven and probable boe, rising to \$9.79 per boe with the inclusion of future capital of \$11 million.

Connacher's proved and probable reserve base is now estimated at 5.6 million boe, 216 percent above last year's comparable established reserves of 1.8 million boe. On a weighted average basis, proved and probable reserves per share rose 89 percent to 0.17 boe from 0.09 boe per share in 2002. Based on fourth quarter production, Connacher's proved reserve life index is 6.9 years, rising to 12.4 years on a proved and probable basis. This suggests the potential of considerable production growth in 2004 and beyond.

Outtrim Szabo Associates Ltd., independent petroleum consultants, forecast Connacher's proved and probable reserves will generate \$67.1 million of future cash flow (before income tax but after royalties, future capital and abandonment costs net of salvage value) with an eight percent discounted present worth of \$45.5 million and a 10 percent present value of \$42.2 million. This represents over four times last year's reserves value of \$10 million. Including possible reserves increases the estimate of future cash flow rises to \$85.4 million with an eight percent present worth of \$55 million and a 10 percent present value of \$50.3 million.

Connacher's corporate netback improved during the year, rising 40 percent to \$14.25 per boe produced from \$10.15 in 2002. Canadian netbacks were \$15.25 per boe, while only at \$7.24 per boe in Argentina, primarily due to low natural gas prices. Accordingly, the company's 2003 recycle ratio is a very respectable 1.7:1. During the year, general and administrative costs (G&A) per boe produced declined sharply and both G&A and operating costs declined as a percentage of revenue. Connacher will continue to pursue efficiency in its business.

During 2003, the company strengthened its balance sheet with two successful equity financings which raised net proceeds of \$11.1 million. A further \$3.9 million was received from the exercise of warrants, options and the repayment of shareholder loans. Connacher's book equity more than quadrupled to \$24.4 million while total assets approached \$50 million compared to only \$10.3 million last year and \$1.2 million in 2001.

This growth and expansion has been financed with expanding cash flow, new equity and increased credit. During 2003 Connacher's credit facility was expanded to \$31.5 million from \$5 million in 2002. This reflects the increased scope of the company's operations and the higher value of its reserve base. Actual borrowings only increased by \$10 million while a \$457,000 note was repaid during the year and cash balances increased by \$378,000. The 2003 year end working capital deficit (excluding bank debt) at \$8.9 million reflects the high level of capital expenditures in the fourth quarter, primarily for the company's gathering system and facilities at Cabri. Connacher believes its bank debt and working capital deficit were at manageable levels at year end, in relation to exit rate cash flow, unused available credit, expected production, expected cash flow from operations and schedule of capital spending in 2004.

In October 2003 Connacher completed a major farm-in covering approximately 40,000 acres of petroleum and natural gas rights (P&NG) in the Tompkins area of southwest Saskatchewan. Since the transaction, 10 earning wells were drilled and cased, four prior to year end and six thereafter. Results are encouraging and earning has now been completed.

Subsequent to year end, Connacher has had a number of other important developments:

- In January 2004, Connacher acquired more than two townships of oil sand leases situated approximately 35 miles southwest of Fort McMurray. An 11 well corehole program on one of several identified McMurray

channels on the Great Divide oil project was initiated in March, with a view to early initial exploitation of this potentially significant resource using SAGD technology. Initial results are very positive, indicating the evaluated channel, which covers under two sections (approximately 2 percent) of Connacher's lands, could contain significant and adequate oil-in-place to support a long-life 8,000 - 10,000 bbl/d SAGD project. These results, which are based on interpretation of well logs, will be further refined following detailed core analysis. Connacher is simultaneously assessing financing alternatives in an attempt to fast-track this development and will be developing plans to assess other similar larger channels on this extensive acreage block.

- In early 2004, Connacher negotiated another major farm-in covering 70,000 acres of P&NG rights in the Claydon area southwest of Tompkins, Saskatchewan. The first of five commitment wells has been drilled and cased as an indicated natural gas discovery and further drilling is scheduled after breakup. Additional offsetting land was also acquired at a Crown sale.
- Since year end, Connacher has drilled and cased a total of 13 new wells, including an encouraging new oil discovery.
- Connacher initiated natural gas production at Cabri in late December. Startup problems including mechanical failures, weather-related freeze-ups, delays in securing services and early breakup compromised the field's performance, even though prior to startup indicated deliverability from 26 wells tied into the gathering system exceeded eight mmcf/d and early intraday rates occasionally surpassed design capacity of five mmcf/d. The company has been investigating alternatives to increase production, including infill drilling, workovers, and recompletions. While the company remains optimistic production improvements can be achieved over current levels ranging between 25 percent and 40 percent of rated capacity, an early spring breakup has made it difficult to access the field to conduct workovers or complete the tie-in of eight new wells. We are pleased to report a three-stage remedial program has been designed and that field work has now commenced. As and when the program impacts on our production levels, we will update our shareholders with a progress report. Until production issues are satisfactorily resolved, the originally-planned expansion in the area to bring on up to an additional 10 mmcf/d will continue to be deferred. Connacher owns approximately 50,000 acres of land in this region, so it has the capacity to expand in the future.

In Connacher's second full year under new management, the company experienced a strengthening and diversification of its asset base. The transformation into a full cycle exploration and production company accelerated, providing momentum for additional growth in 2004. While the pace of growth may be slowed down from earlier expectations due to the need to overcome the short-term challenges experienced with natural gas production at Cabri, the company's outlook remains buoyant.

Connacher's complete management's discussion and analysis and financial statements and selected reserve information for the 12 months ended December 31, 2003 will be included in the company's annual report, which will be posted on SEDAR and the company's website at the time of mailing to shareholders in mid-April 2004. Connacher's Annual and Special Meeting of Shareholders will be held on May 11, 2004 at 3:00 PM at the Calgary Petroleum Club.

As at April 8, 2004, there are 46,145,425 common shares outstanding. There are a further 4,928,645 common shares reserved for outstanding warrants and 2,935,000 common shares reserved for options pursuant to the company's Stock Option Plan.

Connacher is a Calgary-based exploration and production company. The company's principal assets are located in the Battrum and Cabri region of southwest Saskatchewan, where 75 to 100 percent interests are owned in operated oil and natural gas production and over 50,000 acres. Up to an additional 110,000 acres are being earned in the Tompkins and Claydon areas, also in southwest Saskatchewan. Other significant exploration and production interests are held at Islay, Alberta. Recently, Connacher acquired a 100 percent working interest in over two townships of oil sand leases in its Great Divide project area southwest of Fort McMurray, Alberta. Connacher also retains a 50-percent working interest in a 95,000 acre producing concession in Argentina.

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