



FOR IMMEDIATE RELEASE

November 29, 2004

CONNACHER CLOSES EQUITY FINANCING AND ELIMINATES DEBT

CALGARY - Connacher Oil and Gas Limited (CLL - TSX) announced today that it has completed the first closing of its previously-announced private placement financing. Prior to the closing and upon receipt of regulatory approval, the flow-through common share component of the financing was increased by \$1 million to \$7 million and the placement, which also included the sale of \$14.25 million of common shares, is expected to be fully subscribed for gross proceeds of \$21.25 million. Once all proceeds are received through a series of closings, Connacher will be debt free.

Gross proceeds from the first closing were \$11.6 million from the sale and issuance of 19.3 million common shares and 4.0 million flow-through common shares from treasury, priced at \$0.475 per common share and \$0.60 per flow-through common share, respectively. As a result, Connacher now has 71.0 million basic common shares outstanding.

Subsequently scheduled closings on November 29, 2004 and on or about December 7, 2004 are expected to result in the issuance from treasury of 10.7 million additional common shares and 7.6 million additional flow-through common shares and the receipt of additional gross proceeds of \$9.65 million. Accordingly, after the subsequent closings, Connacher will have 89.3 million basic common shares outstanding. Connacher will also be issuing 2.5 million agents' warrants in connection with the financing. On a fully-diluted basis, the company expects to have 98.5 million common shares outstanding, comprised of the 89.3 million common shares to be outstanding, 5.9 million warrants entitling the holders to acquire, at various times until April, 2006, a like number of common shares from treasury at an average price of \$0.57 per common share and 3.3 million stock options at an average exercise price of \$0.50 per common share.

Shares issued pursuant to the private placement will be subject to a four month and one day hold period. The financing was arranged by a group of agents including the lead agent, Dominick & Dominick Securities Inc., together with Octagon Capital Corporation, Acumen Capital Finance Partners Limited, Mustang Capital Partners Inc. and PowerOne Capital Markets Limited.

Proceeds from the financing will be used to repay all indebtedness and to finance an active capital program on the company's extensive oil sands property at Great Divide, Alberta as well as on Connacher's conventional properties at Battrum, Tompkins and Steelman, Saskatchewan. After the repayment of debt, surplus cash from the financing and cash flow from operations are expected to be the primary sources of funds available to finance anticipated capital expenditures. Following final approval of Connacher's board, up to \$4.5 million is planned to be invested on the continuing evaluation of Pod 1 on the company's landholdings at Great Divide, including drilling of up to 16 additional core holes, a 3D seismic program and various reservoir, environmental and engineering design studies. This program is expected to position Connacher to submit a mid-year 2005 application to the Alberta Energy Utilities Board and other regulatory authorities seeking approval to exploit this accumulation. Other leads or pods on the company's 83-section (53,120 acres) landholding in the region are also expected to be delineated and further evaluated by drilling later this winter. Concurrently, Connacher anticipates discussions will continue with financial advisors and prospective partners to identify and then to determine the optimum financing strategy to develop Great Divide on a timely basis.

In Saskatchewan, up to \$7.5 million could be invested on a variety of low risk development activities, including the drilling, independently or with joint venture partners, of up to 25 exploitation and development wells at Tompkins, Battrum and Steelman. Additional oil reserves and production would be the primary objective of this program, although the company has identified natural gas prospects to develop at Tompkins. Stimulated by current high oil prices, consideration is also being given to the initiation of a polymer-based enhanced oil recovery pilot project at Battrum.

Connacher is also pleased to announce it has now completed several transactions to reorganize its Argentinean holdings. On November 26, 2004 Connacher acquired the 50 percent working interest it did not already own in the producing 95,000 acre Puesto Morales/Rinconada concession in the Neuquen Basin, Argentina from Ingenieria Alpa S.A., a private Argentinean company which will continue to contract operate the concession for a period of time.

Immediately thereafter, Connacher transferred its 100 percent working interest to a subsidiary, Petrolifera Petroleum Limited ("Petrolifera"), for 8 million Petrolifera common shares and a \$4 million promissory note. Petrolifera then completed a \$1.5 million financing with the private placement sale of 5 million units, each comprised of one Petrolifera common share and one Petrolifera share purchase warrant, and used \$1.25 million of the net proceeds to reduce its indebtedness to Connacher to \$2.75 million. As a consequence, Connacher now owns 61 percent of Petrolifera, which is expected to complete a going public transaction some time in early 2005, at which time it is expected the balance of the promissory note will be repaid and Connacher's equity interest in Petrolifera will be further reduced. In a report prepared for Connacher by DeGolyer & MacNaughton Canada Limited ("D&M") in accordance with National Instrument 51-101, with an effective date of October 1, 2004, Petrolifera's initial proved and probable crude oil and natural gas reserve base, before deducting production since the effective date of the report, was estimated to be 577,000 barrels of crude oil and three billion cubic feet (Bcf) of natural gas. Using D&M's forecast price deck, the 10 percent present worth of the future net revenue from the production of these reserves was estimated to be \$11.4 million. Current production is approximately 100 bbl/day of light oil and 1.6 mmcf/d of natural gas or 365 boe/d. Monthly net operating income approximates \$100,000. PowerOne Capital Markets Limited assisted Connacher in the creation and financing of Petrolifera.

Connacher is a Calgary-based oil and gas exploration and production company. It holds 100 percent interest in 83 sections of oil sands leases at its Great Divide project, situated approximately 50 miles southwest of Fort McMurray, Alberta. Extensive conventional acreage is also held in southwest Saskatchewan at Battrum and Tompkins, and at Steelman in southeast Saskatchewan. Connacher now owns 61% of Petrolifera Petroleum Limited, which owns 100% of the 95,000 acre Puesto Morales/Rinconada concession in the Neuquen Basin, Argentina. Consolidated production is approximately 975 boe/d, comprised of 610 boe/d in Canada and 365 boe/d in Argentina.

This press release contains forward-looking statements, including expectations of future production and cash flow. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. These risks include, but are not limited to, the risks associated with the oil and gas industry (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), and the risk of commodity price and foreign exchange rate fluctuations as well as country risk associated with international activity.

Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe, derived by converting gas to oil in the ratio of six thousand cubic feet to one barrel of oil (6mcf:1bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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