CONNACHER
OIL AND GAS LIMITED

December 8, 2004

Connacher completes third and final closing of equity financing

CALGARY, - Connacher Oil and Gas Limited (CLL - TSX) announced today that it has completed the third and final closing of its previously-announced $21.3 million private placement equity financing.

Gross additional proceeds from the final closing were $2.4 million from the sale and issuance of four million common shares and 833,333 flow-through common shares from treasury, priced at $0.475 per common share and $0.60 per flow-through common share, respectively. Total gross proceeds from the financing were $21.3 million. Of this amount, $1.2 million was invested by Connacher's management, directors, employees and close associates on identical terms as those available to the other placees.

As a result of the financing, Connacher now has 89.4 million basic common shares outstanding, and would have 98.6 million common shares outstanding on a fully diluted basis.

Reflecting its much improved financial condition, Connacher is also pleased to announce its board of directors has formally approved an initial capital budget of $12 million for 2005. Connacher expects to drill up to 25 gross wells (19.8 net wells) for crude oil and natural gas on its extensive properties at Tompkins, Battrum and Steelman, all in Saskatchewan. Also, up to 20 core holes are expected to be drilled to further delineate and evaluate at least two of several indicated oil-bearing Middle McMurray channels at the company's Great Divide oilsands project in northeastern Alberta. This program may be expanded after a review of results at the end of the first quarter 2005.

The company has also received and its board of directors has authorized acceptance of a new indicative term sheet from its banker. It offers the company an expanded credit facility by providing for a $6.6 million revolving line of credit, with no principal repayments or reductions pending an April 30, 2005 review of year-end results and updated reserve reports. Additionally, Connacher is to be provided with a new $2 million acquisition/development line. Both facilities are to be made available with lower interest rates than under previous facilities which were repaid and at no cost to the company, and are subject to final confirmation by the bank. With no debt, $4.4 million of cash balances, an expanded and available $8.6 million credit facility and projected cash flow from operations, Connacher is accordingly positioned to initiate a vigorous but well-considered capital program on its Canadian properties, including near-term drilling at Great Divide, Alberta and Tompkins, Saskatchewan while retaining its financial strength and integrity and meeting its flow-through obligations.

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.

For further information:
R.A. Gusella, President and Chief Executive Officer
Connacher Oil and Gas Limited
Phone: (403) 538-6201
Fax: (403) 538-6225
Website: www.connacheroil.com
Email: inquiries@connacheroil.com