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PRESS RELEASE

Great Divide Drilling and Seismic, Petrolifera Expansion Dominate Connacher's First Quarter 2005

Calgary, Alberta – Connacher Oil and Gas Limited (CLL – TSX) today reported its operating and financial results for the three months ended March 31, 2005 with comparative results for 2004.

Highlights:

- Great Divide oil sands project evaluation program dominated domestic activity
 - 19 core holes drilled, 12 on Pod One and seven on Pod Three
 - 3D seismic program shot over Pod One
 - Results are consistently encouraging, pointing to an EUB application around mid-year
- In South America, Petrolifera Petroleum Limited (“Petrolifera”) negotiated two significant licenses in Peru covering over five million acres in two separate basins
- Petrolifera raised \$7 million equity to fund new activity and completed a 140 square kilometre 3D seismic program over most of its Argentinean acreage
- Seven new locations identified in Argentina, with an anticipated five well drilling program during the balance of the year

Financial & Operating Highlights

	Three months ended March 31		
	2005	2004	% Change
FINANCIAL (\$000's except per share amounts)			
Total revenue	1,839	3,290	(44)
Cash flow from operations ⁽¹⁾	265	944	(72)
Per share, basic and diluted ⁽¹⁾	-	0.02	-
Net earnings (loss)	1,673	(689)	-
Per share, basic and diluted	0.02	(0.01)	-
Cash (net debt)	8,286	(30,450)	-
Capital expenditures	6,047	10,391	(42)
Shareholders' equity	41,206	21,655	90
Total assets	52,772	60,038	(12)
OPERATING			
Daily production			
Crude oil (bbl/d)	629	859	(27)
Natural gas (mcf/d)	1,328	2,268	(41)
Barrels of oil equivalent (boe/d) ⁽²⁾	850	1,237	(31)

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	Three months ended March 31		
	2005	2004	% Change
Prices			
Oil (\$/bbl)			
Canada	28.47	29.71	(4)
Argentina	39.88	42.24	(6)
Total	30.02	30.41	(1)
Natural gas (\$/mcf)			
Canada	5.82	5.68	2
Argentina	0.72	0.24	200
Total	1.18	4.42	(73)
Barrels of oil equivalent (\$/boe)	24.04	29.22	(18)
Netback (\$/boe)	12.45	13.76	(10)
Common shares outstanding (000s)			
Weighted average			
Basic	91,189	46,067	98
Diluted	94,197	50,119	88
End of period			
Issued	92,753	46,153	100
Fully diluted	100,381	53,957	86

- (1) Cash flow from operations and cash flow per share are not measures that have any standardized meaning prescribed by Canadian GAAP and therefore may not be comparable to similar measures presented by others. Cash flow after changes in non-cash working capital are included in the company's Consolidated Statements of Cash Flow in its Interim Report as filed on Sedar.
- (2) All references to barrels of oil equivalent (boe) are calculated on the basis of 6 mcf : 1 bbl. Boes may be misleading, particularly if used in isolation. This conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Evaluation work at the company's 100%-owned Great Divide oil sands project dominated Connacher's domestic activity in the first quarter of 2005. A total of 19 core holes were completed, including 12 on Pod One and seven on Pod Three, with encouraging results. Additionally, a 3D seismic program was shot on a dense grid over Pod One.

Connacher now has 23 core holes plus additional conventional well data over Pod One. This is being integrated with the data from the 3D seismic program and other technical information with a view to submitting an application to regulators later this year to proceed with development of Pod One at an indicated rate of up to 10,000 bbl/d of crude oil. Results from the evaluations conducted thus far have been consistently encouraging. Reservoir quality is excellent and sufficiently thick to support SAGD technology and the areal extent appears sufficient to contain a significant crude oil accumulation which would support the indicated level of production for many years. Connacher has commissioned a new independent resource evaluation study which will lend support to its application and assist in future financing initiatives. Preliminary contact with regulatory authorities has already been initiated and the company and its advisors are well underway in the preparation of the submissions required to proceed with the regulatory review process with the EUB and Alberta Environment.

As the company's focus is on preparation of its application for Pod One, to date limited detailed follow-up work has been undertaken to evaluate the results from the seven core holes drilled on Pod Three, situated southwest of Pod One. Preliminary results, however, are considered encouraging and additional core holes will be required to define and delineate this accumulation. Connacher remains optimistic about the prospect of identifying additional McMurray channels on its extensive Great Divide acreage position.

Going forward, the company's short-term focus will be on completing the various studies that are underway to finalize our regulatory application. In addition to the new resource report, engineering design and procurement and environmental studies are proceeding or are nearing completion. These will assist the company in determining the ultimate capital cost of the project, the lead time required for equipment and then the structure of the financial plan to implement the project, if and when it is approved. We also anticipate consultation with various stakeholders, including aboriginal people in the region. The application is a meaningful and significant undertaking and its final submission will be an important milestone in the evolution of the Great Divide project. To assist the company, the services of a number of experienced and qualified individuals have joined the company on a contract basis and their valuable input is welcomed.

Due to limited rig availability, our focus on Great Divide and an early spring breakup, no new conventional wells were drilled in Canada in the first quarter. However, numerous locations were identified and a 2005 drilling program has subsequently been initiated in Western Canada, initially at Batrum, Saskatchewan. An active conventional drilling program is anticipated during the second quarter 2005. Production from our SW Saskatchewan oil properties averaged 544 bbl/d in the first quarter.

Much of our first quarter activity also centered around Petrolifera Petroleum Limited, a newly-created company with South American assets in which Connacher is the largest shareholder. Petrolifera was formed in late 2004 to hold what was previously Connacher's and the operator's interest in the productive 95,000 acre Puesto Morales/Rinconada concession in the Neuquen Basin, Argentina. Production from this concession averaged 85 bbl/d of light crude oil and 1,209 mcf/d of natural gas in the first quarter of 2005. In early 2005, Petrolifera, with Connacher's support, recognized a significant opportunity in Peru, and was successful in negotiating two new licenses covering significant exploratory blocks in that country. Requisite approvals leading to the issuance of the Supreme Decrees which constitute the awards have now been received, with a formal signing likely to be completed before the end of June 2005.

License 106 in the Maranon Basin of Peru comprises approximately two million acres. It surrounds the largest oilfield in the basin and in turn is surrounded by numerous smaller oilfields, as well as being bisected by an underutilized oil pipeline. A US\$ 25 million work program over an initial seven-year exploratory period was negotiated, with no mandatory drilling commitment until year four. If a commercial crude oil discovery is made, a thirty year exploitation license will be awarded. Royalties and the fiscal regime in Peru are favorable by international standards. Corporate performance guarantees are also considered reasonable and manageable.

License 107 in the Ucayali Basin in southern Peru comprises approximately three million acres and is on trend with and geologically similar to the giant Camisea natural gas and condensate complex to the south, to which Perupetro, the state agency, has assigned reserves in excess of 16 trillion cubic feet of natural gas and over 800 million barrels of condensate. Camisea is now onstream with natural gas being delivered to Lima, which is in the process of building infrastructure to allow the commodity to be used by its residents and businesses. Longer term plans for the region include a liquid natural gas terminal facilitating exports to other markets. Petrolifera's acreage is in the frontal foothills of the Andes Mountains and is reminiscent of similarly-situated acreage in Alberta's foothills. This block carries a negotiated work commitment of US\$16 million over the seven-year exploratory period with no mandatory drilling until year seven. As with the Maranon License, a 30 year exploitation license for oil and a 40 year license for natural gas would evolve upon the discovery of commercial production and reserves.

In anticipation of the pending award of the Peruvian licenses and to finance a 3D seismic program and planned drilling in Argentina, Petrolifera raised an additional \$7 million through the issuance of equity during the reporting period. Of the gross proceeds, \$2 million were used to further reduce the promissory note payable to Connacher which arose from the 2004 Petrolifera purchase of the Argentinean properties to a current level of \$750,000. The balance of approximately \$4.5 million was added to Petrolifera's working capital. The issue was sold by way of private placement to financial institutions in London, Paris, New York and Toronto as well as to some individuals, including Connacher's management and directors. Connacher did not participate in this financing, and as a result now owns 40 percent of Petrolifera while continuing to manage its affairs pursuant to a management contract. Mr. Gary D. Wine, a professional geologist with extensive South American experience, was appointed President and Connacher's President, R. A. Gusella, is Petrolifera's Executive Chairman. An expanded Board of Directors will be proposed in the near term. Petrolifera plans to go public later in the year.

In consideration for its financial support and assistance to Petrolifera's Peruvian initiative, Connacher received a 10 percent carried working interest in each license through the drilling and completion or abandonment of the first well on each block, in addition to other rights and options. Connacher continues to consolidate Petrolifera's operating and financial results.

Petrolifera also completed a 140 square kilometer 3D seismic program over much of the Puesto Morales/Rinconada concession in Argentina during the reporting period. Results were very encouraging and seven new drilling locations have thus far been identified. Petrolifera anticipates drilling up to five new wells on its Argentinean acreage during the balance of 2005, subject to completion of routine but required environmental impact studies and procurement of a drilling rig for a multi-well program. The lands are prospective for both light oil and natural gas in a number of formations.

Connacher's operating and financial results for the quarter reflect the mid-year 2004 disposition of approximately 500 boe/d of Canadian production as part of its 2004 debt reduction program. First quarter results were also adversely impacted by widening price differentials for medium-gravity crude oil and an outstanding forward sale contract on 250 bbl/d of oil production which reduced average realized prices. Another contributing factor was the larger relative impact of lower natural gas prices in Argentina from increased Argentinean natural gas sales arising from Petrolifera's 100 percent ownership of that asset.

Effective March 31, 2005, the forward oil sales contract expired and was not renewed. Accordingly, all of Connacher's domestic oil production will now be sold at market prices.

Connacher is well-financed with no debt, has significant working capital and the prospect of rising conventional production while preparing for the development of Pod One at Great Divide. Management and the Board of Directors will be focusing their attention on the timely application and then the timetable and alternatives for financing Great Divide, always mindful of maximizing shareholder value at minimal dilution. Various alternatives including joint venture partnering and other options which can be identified will be considered carefully during the next several months as requirements and timing are crystallized. Connacher's complete management's discussion and analysis ("MD&A") and financial statements for the three months ended March 31, 2005 will be included in the company's interim report, which will be posted on SEDAR and on the company's website.

As at May 10, 2005 there were 92.8 million common shares outstanding. There are a further 2.4 million common shares reserved for outstanding warrants and 5.2 million common shares reserved for options pursuant to the company's Stock Option Plan.

This press release contains forward-looking statements. 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, 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 in relation to production, costs and expenses and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the uncertainty associated with negotiating with foreign governments and risk associated with international activity and the risks and uncertainties associated with securing the necessary regulatory approvals and financing to proceed with the Great Divide project. There can be no assurance that Petrolifera will be awarded the two licenses in Peru. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in the company's securities should not place undue reliance on these forward-looking statements.

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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