

CONNACHER OIL AND GAS LIMITED

INFORMATION CIRCULAR

March 24, 2005

THIS INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF CONNACHER OIL AND GAS LIMITED (the "Corporation" or "Connacher") for use at the Annual and Special Meeting of the shareholders of the Corporation (the "Meeting") to be held on Tuesday, May 10, 2005, at 3:00 p.m. (Calgary time) at the place and for the purposes set out in the accompanying Notice of Meeting. As a shareholder you are cordially invited to be present at the Meeting. To ensure that you will be represented at the Meeting in the event that you are a *registered shareholder* and unable to attend personally, you are requested to date, complete and sign the accompanying instrument of proxy enclosed herewith and return the same to Valiant Trust Company, 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1. If you are an *unregistered shareholder* and receive these materials through your broker or through another intermediary, please complete and return the instrument of proxy in accordance with the instructions provided therein.

The solicitation of proxies is intended to be made primarily by mail but may also be made by telephone, facsimile transmission or other electronic means of communication or in person by the directors and officers of the Corporation. The cost of such solicitation will be borne by the Corporation. Except where otherwise stated, the information contained herein is given as of March 24, 2005.

GENERAL

Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy are officers and directors of the Corporation. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT SUCH SHAREHOLDER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.** Such a shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and instruct the nominee on how the shareholder's shares are to be voted. In any case, the form of proxy should be dated and executed by the shareholder or the shareholder's attorney authorized in writing, or if the shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized.

A proxy will not be valid for the Meeting or any adjournment thereof unless the completed form of proxy is delivered to Valiant Trust Company, 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Meeting or any adjournment thereof.

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it at any time before it is exercised, by instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.

Voting of Proxies

The persons named in the enclosed form of proxy have indicated their willingness to represent, as proxyholders, the shareholders who appoint them. Each shareholder may instruct its proxyholder how to vote the shareholder's shares by completing the blanks in the form of proxy.

Shares represented by properly executed proxy forms in favour of the persons designated in the enclosed proxy form will be voted or withheld from voting on any poll in accordance with instructions made on the proxy forms and, if a shareholder specifies a choice as to any matters to be acted on, such shareholder's shares shall be voted accordingly. In the absence of such instructions, such shares **WILL BE VOTED IN FAVOUR OF ALL MATTERS IDENTIFIED IN THE NOTICE OF MEETING ACCOMPANYING THIS INFORMATION CIRCULAR.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting. At the time of printing this Information Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not own shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of that broker) is similar to the form of proxy provided to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications Corporation ("ADP"). ADP typically asks Beneficial Shareholders to return proxy forms to ADP. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving an ADP proxy cannot use that proxy to vote Common Shares directly at the Meeting - the ADP proxy must be returned to ADP well in advance of the Meeting in order to have the Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of a broker (or agent of the broker), a Beneficial

Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Voting Shares and Principal Holders Thereof

As at March 21, 2005, the Corporation's issued and outstanding voting shares consist of 92,652,500 Common Shares. Holders of Common Shares are entitled to one vote for each Common Share held on all matters to be considered and acted upon at the Meeting or any adjournment thereof.

The Corporation has set the close of business on March 23, 2005 as the record date for the Meeting. The Corporation will prepare a list of shareholders of record at such time. Holders of Common Shares of the Corporation named on that list will be entitled to vote the Common Shares then registered in their name at the Meeting, except to the extent that (a) the holder has transferred the ownership of any of the holder's shares after that date, and (b) the transferee of those shares produces properly endorsed share certificates, or otherwise establishes that the transferee owns the shares, and demands at any time before the Meeting that the transferee's name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote the shares at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Corporation, as at the date of this Circular, no person, firm or company beneficially owns, directly or indirectly, or exercises control or direction over voting securities carrying 10 percent or more of the voting rights attached to the voting securities of the Corporation.

EXECUTIVE COMPENSATION AND REMUNERATION OF DIRECTORS

Executive Compensation

During fiscal 2004, the Corporation had four executive officers. The following table discloses, for the periods indicated, total compensation received by the following executive officers: the President and Chief Executive Officer and the Vice President, Finance and Chief Financial Officer (collectively, the "Named Executive Officers"). The salary and bonus paid or payable to the remaining two executive officers in respect of fiscal 2004 did not exceed \$150,000.

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Securities Under Options Granted ⁽¹⁾ (#)	Shares or Share Units Subject to Resale Restrictions(\$)	LTIP Payouts (\$)	All Other Compensation (\$)
Richard A. Gusella President and Chief Executive Officer	2004	150,000	59,000	-- ⁽³⁾	300,000	Nil	Nil	Nil
	2003	120,000 ⁽²⁾	35,200	15,576 ⁽³⁾	140,000	Nil	Nil	Nil
	2002	120,000 ⁽²⁾	25,000	15,651 ⁽³⁾	490,000	Nil	Nil	Nil
Richard R. Kines ⁽⁴⁾ Vice President, Finance and Chief Financial Officer	2004	120,000	29,500	-- ⁽³⁾	180,000	Nil	Nil	Nil
	2003	114,000	14,112	Nil	40,000	Nil	Nil	Nil

Notes:

- (1) Each option entitles the holder to acquire one Common Share of the Corporation.
- (2) Includes management consulting fee of \$120,000 in 2003 and 2002 paid to 942129 Alberta Ltd., a corporation which was wholly-owned by Mr. Gusella, for services rendered as President and Chief Executive Officer. Effective January 1, 2004, Mr. Gusella became an employee of the Corporation.
- (3) Perquisites and other personal benefits did not exceed \$50,000 and 10 percent of the total of the annual salary and bonus of the Named Executive Officer for 2004. For 2003 and 2002 includes a car allowance (2003 and 2002 - \$12,000).
- (4) Mr. Kines was appointed Chief Financial Officer of the Corporation on June 20, 2003 and Vice President, Finance and Chief Financial Officer on December 7, 2004.

Stock Options

The Corporation has adopted a Stock Option Plan pursuant to which the Corporation may grant incentive stock options to officers, employees, directors and consultants of the Corporation or any subsidiary thereof. For details of the Stock Option Plan see "Business of the Annual and Special Meeting - Approval of Amendments to the Corporation's Stock Option Plan".

The following table sets forth information in respect of all option grants made during the most recently completed financial year to each of the Named Executive Officers pursuant to the Stock Option Plan.

Name	Securities Under Options Granted (#) ⁽¹⁾	% of Total Options Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
Richard A. Gusella	210,000	10%	\$0.35	\$0.35	June 16, 2009
	90,000	4%	\$0.66	\$0.66	December 7, 2009
Richard R. Kines	120,000	6%	\$0.35	\$0.35	June 16, 2009
	60,000	3%	\$0.66	\$0.66	December 7, 2009

Note:

- (1) Options to purchase Common Shares of the Corporation.

The following table sets forth information in respect of options exercised by the Named Executive Officers during the fiscal year ended December 31, 2004, the aggregate number of unexercised stock options held as at December 31, 2004, and the value of unexercised, in-the-money options as at December 31, 2004. The actual value of the unexercised in-the-money options will be determined by the market price of the Corporation's Common Shares on the dates such options may be exercised by any of the optionees.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at December 31, 2004		Value of Unexercised in-the-money Options at December 31, 2004 ⁽¹⁾	
			Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)
Richard A. Gusella	75,000	99,000	630,000	300,000	174,000	73,500
Richard R. Kines	30,000	36,600	70,000	180,000	12,750	42,000

Note:

- (1) The closing trading price of the Common Shares on December 31, 2004 on the Toronto Stock Exchange ("TSX") was \$0.55.

Employment Contracts

As at December 31, 2004 there were no employment contracts between the Corporation and any Named Executive Officer or any compensatory plan, contract or arrangement in place where a Named Executive Officer was entitled to payment in the event of resignation, retirement, termination or change of control. The Corporation's Human Resources Committee is currently negotiating the terms of employment contracts for each of the executive officers. It is contemplated that these employment

contracts will include, among other things, payments in the event of termination without cause or upon a change of control of the Corporation.

Compensation of Directors

No compensation is currently paid to directors who are not executive officers for their services as directors. Directors are eligible to receive grants of stock options from time to time. During the financial year ending December 31, 2004, 339,000 stock options in aggregate were granted to the directors of the Corporation who are not executive officers.

Mr. Berard is a partner of Macleod Dixon LLP, legal counsel to the Corporation. During the year ended December 31, 2004, \$250,840 was paid to Macleod Dixon LLP in relation to legal fees for services rendered. None of the remaining non-executive directors received any compensation from the Corporation or its subsidiaries for services rendered as a consultant or expert.

Composition of the Human Resources Committee

During the fiscal year ended December 31, 2004, the Human Resources Committee of the Board of the Corporation was comprised of Mr. Gary Freeman, Chairman, Mr. Charles Berard and Mr. Colin Evans. None of Messrs. Freeman, Berard or Evans is or was an officer, employee or former officer or employee of the Corporation or any of its affiliates or was indebted to the Corporation during the fiscal year ended December 31, 2004.

Report on Executive Compensation

The Corporation's executive compensation program is administered by the Human Resources Committee. As part of its mandate, the Committee reviews and recommends to the Board the remuneration of the Corporation's executive officers, including the Named Executive Officers identified in the Summary Compensation Table. The Committee is also responsible for reviewing the Corporation's compensation policies and guidelines generally. The Committee met four times during the fiscal year ended December 31, 2004.

Compensation of all executive officers, including the President and Chief Executive Officer of the Corporation, is compared against compensation paid to similarly sized junior oil and gas companies as reported in the 2004 Mercer Human Resources Consulting Survey and based on publicly available information. Compensation levels are determined based on level or seniority, experience and expertise and the achievement of individual performance and corporate performance. The compensation of the President and Chief Executive Officer is weighed more to corporate performance than the compensation of the remaining executive officers. The Corporation compensates its executive officers through base salary, bonuses and the award of stock options under the Corporation's Stock Option Plan at levels which the Committee believes are reasonable in light of the performance of the Corporation under the leadership of the executive officers.

Base Salary: Executive annual base salaries were set at the 50th percentile level for peer group oil and gas companies based upon the 2004 Mercer Human Resources Consulting Survey.

Bonuses: Bonuses are paid at the discretion of the Human Resources Committee, based upon the achievement of certain pre-established performance goals. The Human Resources Committee is currently reviewing the Corporation's bonus policy with a view to establishing a bonus plan suitable to the Corporation and the nature of its business.

Option Plan: All executive officers and employees are entitled to participate in the Corporation's Stock Option Plan which forms an important element of the Corporation's compensation policies. Options are granted at market price as at the date of grant and grow in value as the trading value of the Common Shares rise. Options provide for long-term reward and incentive for increasing shareholder

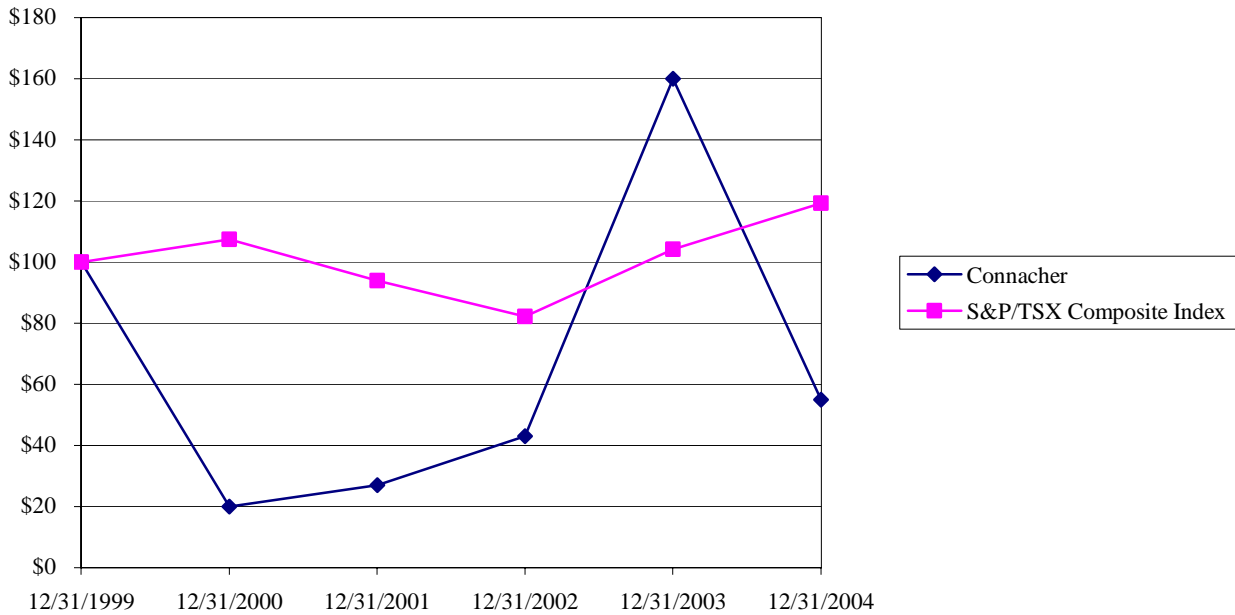
value and align the interests of the executive officers with the long-term interests of shareholders. Option awards are granted at the Board's discretion based on the individual's position and performance, current salary and using a market value criterion, having regard to the overall corporate and individual performance.

The foregoing is respectfully submitted by the Human Resources Committee.

Gary Freeman, Chairman
 Charles Berard
 Colin Evans

Performance Analysis

The following graph compares the yearly change in the cumulative total shareholder return of a \$100 investment made on December 31, 1999 in the Corporation's Common Shares with the cumulative total return of the S&P/TSX Composite Total Return Index assuming the reinvestment of dividends, where applicable, for the comparable period.



	Connacher	S&P/TSX Composite Index
December 31, 1999	\$100	\$100
December 31, 2000	\$20.00	\$107.41
December 31, 2001	\$27.00	\$93.91
December 31, 2002	\$43.00	\$82.23
December 31, 2003	\$160.00	\$104.20
December 31, 2004	\$55.00	\$119.29

Notes:

- (1) Formerly the TSE 300 Index.
- (2) On January 23, 2001 the Corporation amended its articles to consolidate the authorized and issued common shares on the basis of one new common share for each ten outstanding common shares.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management of the Corporation is not aware of any material interest, direct or indirect, of any director or officer of the Corporation, any person beneficially owning, directly or indirectly, more than 10% of the Corporation's voting securities, or any associate or affiliate of such person in any transaction within the last financial year or in any proposed transaction which in either case has materially affected or will materially affect the Corporation or its subsidiaries.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the most recently completed financial year was there any indebtedness of any director or officer, or any associate of any such director or officer, to the Corporation or to any other entity which is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER STOCK OPTION PLAN

The following table sets forth the number of Common Shares to be issued upon exercise of outstanding options issued pursuant to equity compensation plans, the weighted average exercise price of such outstanding options, and the number of Common Shares remaining available for future issuance under equity compensation plans of the Corporation as at December 31, 2004.

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	3,988,600	\$0.53	654,392 ⁽¹⁾
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	3,988,600	\$0.53	654,392⁽¹⁾

Note:

- (1) At the Meeting, shareholders will be asked to approve an increase in the number of shares reserved and available for issuance pursuant to the Stock Option Plan. See "Business of the Annual and Special Meeting - Approval of Amendments to the Corporation's Stock Option Plan".

CORPORATE GOVERNANCE

Connacher's Board of Directors ("Board") is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of its shareholders but that it also promotes effective decision making at the Board level. The Board is of the view that its approach to corporate governance is appropriate for the size of the Corporation. Schedule "A" to this Information Circular sets forth the guidelines relating to corporate governance adopted by the TSX, together with a brief discussion of the Corporation's alignment therewith.

Mandate of the Board

The Board has responsibility for the stewardship of the Corporation. In carrying out this mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. These matters include overall corporate plans and strategies, budgets, internal controls and management information systems, risk management as well as interim and annual financial and operating results. The

Board is also responsible for the approval of all major transactions, including equity issuances, acquisitions and dispositions, as well as the Corporation's debt and borrowing policies. The Board strives to ensure that actions taken by Management correspond closely with the objectives of its Board and shareholders. The Board met eleven times in 2004, with an 89% attendance record for the independent directors.

Effective March 31, 2004, Mr. Don Copeland resigned as Chairman and as a director of the Corporation. Effective April 5, 2004, the Board of Directors appointed Mr. Colin M. Evans as a director of the Corporation to fill the vacancy created by Mr. Copeland's resignation. On March 23, 2005 Colin M. Evans was appointed Chairman of the Audit Committee and Stewart D. McGregor was appointed Lead Director by the Board. The Lead Director's role will be to liaise primarily with the Chief Executive Officer and the Board and to establish a process for the Board to function independently of management with the necessary resources available to support the Board in discharging its responsibilities.

Composition of the Board

During fiscal 2004, the Board consisted of five directors who provided a diversity of business experience. Of these directors, four were independent of management and three were unrelated directors. An unrelated director is a director that is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholders. Richard A. Gusella is a related, non-independent director due to his position as President and Chief Executive Officer of the Corporation. Charles W. Berard is a related director due to the fact that he is a partner of Macleod Dixon LLP, legal counsel to the Corporation.

There are presently five directors of the Board. Four of the current board members are independent of management and three are unrelated directors.

The independent members of the Board hold *in camera* sessions at which members of management are not in attendance during each regularly constituted meeting of the Board. In addition, the independent members of the Board meet informally as required to discuss matters related to the Corporation.

None of the independent directors, other than Charles W. Berard, currently has any involvement with any other reporting issuer. Mr. Berard is a director of Clear Energy Inc. (TSX), Verenex Energy Inc. (TSX Venture Exchange ("TSXV")), Northern Shield Resources Inc. (TSXV), Diamond Tree Energy Inc. (TSXV) and Fairmount Energy Inc. (TSXV), a director and corporate secretary of Vermilion Energy Trust (TSX) and corporate secretary of Western Oil Sands Inc. (TSX).

Board Committees and their Mandates

The Board has three committees. The committees are: Audit Committee (including the Reserves Subcommittee), Human Resources Committee and the Governance Committee. The following is a description of the committees and their current membership.

Audit Committee and Reserves Subcommittee

Chair: Colin M. Evans

Members: Gary W. Freeman (Chair of the Reserves Sub-Committee) and Stewart D. McGregor

The Audit Committee is constituted with three independent, unrelated directors. The Board has determined that all of the members of the Audit Committee are "financially literate" as defined in Multilateral Instrument 52-110. An individual is considered financially literate if he has the ability to read and understand a set of financial statements that present a breadth and complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be

expected to be raised by the issuer's financial statements. None of the members of the Audit Committee have been determined by the Board to be an "audit committee financial expert".

The primary functions of the Audit Committee include:

- reviewing and recommending to the Board for approval, the Corporation's annual earnings press release, annual financial statements and the related management discussion and analysis,
- reviewing and approving all interim earnings press releases, the Corporation's interim financial statements (prior to their publication, filing or delivery to securityholders) and the related management discussion and analysis,
- reviewing and approving, as prescribed, other financial information;
- recommending to the Board the auditor who will be proposed at the annual shareholders' meeting for appointment as the Corporation's external auditor for the ensuring year;
- evaluating and ensuring the independence of the Corporation's external auditor;
- reviewing and pre-approving the terms of the annual external engagement plan, as well as non-audit services the auditor is to perform;
- reviewing results of external audit activities;
- reviewing the Corporation's ongoing relationship with its auditor;
- maintaining direct access to the Corporation's external auditor and meeting separately with management and the external auditor;
- reviewing and assessing regularly:
 - (a) the quality and acceptability of accounting policies and financial reporting practices used by the Corporation;
 - (b) any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Corporation;
 - (c) any new or pending developments, in accounting and reporting standards that may affect the Corporation; and
 - (d) the key financial estimates and judgements of management that may be material to the financial reporting of the Corporation;
- reviewing and obtaining reasonable assurance that the Corporation's internal financial control and management information systems are properly designed and effectively implemented to produce accurate, appropriate and timely financial information;
- reviewing areas of significant business risks, insurable risks and insurance coverage; and
- in respect of matters within the Audit Committee's purview and delegation, assisting the Board in its oversight of the Corporation's compliance with legal and regulatory requirements.

The Audit Committee has the authority to engage independent counsel and other advisers having special competencies, as it determines necessary to carry out its duties, and it determines the compensation of such advisors.

The Audit Committee reports to the Board at each regularly scheduled meeting following an Audit Committee meeting.

Further information relating to the Corporation's Audit Committee can be found on page 19 of the Corporation's Annual Information Form for the year ended December 31, 2004.

The Reserves Sub-Committee is constituted with three independent, unrelated directors. The Reserves Sub-Committee is responsible for ensuring that the Board has designed and implemented

effective reserve programs, controls and reporting systems to assist the Board in fulfilling its oversight responsibilities generally and under applicable securities laws. The Reserves Sub-Committee's primary functions include:

- reviewing the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities;
- reviewing the qualifications and independence of the qualified reserves evaluators to be appointed or re-appointed by the Board;
- reviewing the Corporation's procedure for providing information to the qualified reserves evaluator or auditor who reports on reserves data;
- meeting with management and the qualified reserves evaluator or auditor to review the reserves data and the report of the qualified reserves evaluator or auditor and to determine whether any restrictions affect the ability of the qualified reserves evaluator or auditor to report on reserves data without reservation;
- reviewing and recommending to the Board for approval the content and filing of the Corporation's annual statement of reserves data and other oil and gas information;
- reviewing and recommending to the Board for approval the filing of the annual report on reserves data by the qualified reserves evaluator or auditor;
- reviewing and recommending to the Board for approval the content and filing of the Corporation's annual report of management and directors on oil and gas disclosure; and
- in respect of matters within the Reserves Committee's purview and delegation, assisting the Board in its oversight of the Corporation's compliance with legal and regulatory requirements.

Human Resources Committee

Chair: Gary W. Freeman

Members: Charles W. Berard, Colin M. Evans

The Human Resources Committee is constituted with three independent directors, none of whom is or was indebted to the Corporation at any time. In addition, none of the members of the Human Resources Committee have had any interest in a material transaction involving the Corporation.

The primary functions of the Human Resources Committee include:

- reviewing, on an annual basis, the Corporation's executive compensation policies, practices and overall compensation philosophy;
- reviewing and making recommendations to the Board regarding total compensation packages for officers and senior management who receive compensation in excess of \$100,000 per year;
- reviewing and making recommendations to the Board regarding stock option grants in accordance with the terms of the Stock Option Plan;
- reviewing the adequacy and form of directors' compensation and making recommendations designed to ensure that directors' compensation adequately reflects the responsibilities of and risks of membership on the Board of Directors; and
- producing and reviewing the Corporation's disclosure of executive compensation.

Governance Committee

Chair: Charles W. Berard

Member: Stewart D. McGregor and Colin M. Evans

The Governance Committee is constituted with three independent directors. The primary functions of the Governance Committee include:

- reviewing the structures and procedures to ensure that the Board is able to, and in fact does, function independently of management;
- assessing the effectiveness of the Board as a whole, the various other committees as well as individual directors;
- assessing the Corporation's approach to corporate governance and monitoring the relationship between management and the Board;
- recommending candidates to the Board for nomination as directors and for the composition of various Board committees and for recommendations regarding committee chair appointments; and
- reviewing the directors' compensation program and making recommendations to the Human Resources Committee in connection therewith.

BUSINESS OF THE ANNUAL AND SPECIAL MEETING

Receipt of the Financial Statements and Auditors' Report

The financial statements of the Corporation for the year ended December 31, 2004 and the auditors' report thereon will be placed before the shareholders at the Meeting.

Under National Policy 54-102 – Interim Financial Statement and Report Exemption, a person or corporation who in the future wishes to receive interim financial statements from the Corporation must deliver a written request for such material to the Corporation, together with a signed statement that the person or corporation is the owner of securities (other than debt instruments) of the Corporation. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed return card, together with the completed form of proxy to Valiant Trust Company, 310, 606 - 4th Street S.W., Calgary, Alberta, T2P 1T1.

Election of Directors

At present, the Board of Directors may consist of a minimum of three and a maximum of twelve directors. It is proposed that five persons be elected as directors at the Meeting.

Management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for other nominees in their discretion.

The following table sets forth, for all persons proposed to be nominated for election as directors, all positions and offices with the Corporation now held by them, their principal occupations during the preceding five years, the periods during which they have served as directors of the Corporation, and the number of voting shares of the Corporation beneficially owned, directly or indirectly, by each of them, or over which they exercise control or direction, as of March 21, 2005. Each director elected will hold office until the close of the next annual meeting of shareholders, or until his successor is duly elected or appointed.

Name and Position with the Corporation	Principal Occupation For the Past Five Years	Director Since	Number of Voting Shares
Richard A. Gusella Calgary, Alberta Canada President, Chief Executive Officer and Director	President and Chief Executive Officer of the Corporation since May 2001. Prior thereto President of Gusella Oil Investments Limited, a private oil and gas corporation, since June 2000. From April 1994 to June 2000 Chairman and Chief Executive Officer of Carmanah Resources Limited, a public oil and gas corporation listed on the Toronto Stock Exchange.	May 30, 2001	910,351
Charles W. Berard ⁽²⁾⁽³⁾ Calgary, Alberta Canada Director	Partner, Macleod Dixon LLP, a law firm.	May 30, 2001	483,333
Colin M. Evans ⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta Canada Director	Vice President Finance, Milestone Exploration Inc., a private oil and gas company. President of Evans & Co. Inc., a private consulting corporation providing financial and operating advisory services to oil and gas corporations.	April 5, 2004	Nil
Gary W. Freeman ⁽¹⁾⁽³⁾ Calgary, Alberta Canada Director	Co-founder and director of Spirit Energy Inc., a private oil and gas corporation, since May 2000. From May 1997 to May 2000, co-founder and director of Auburn Energy Ltd., a private oil and gas corporation acquired by TUSK Energy Inc.	June 12, 2003	220,000
Stewart D. McGregor ⁽¹⁾⁽²⁾⁽⁴⁾ Calgary, Alberta Canada Director	President of Camun Consulting Corporation, a private consulting and investment company, since 1994.	June 12, 2003	765,000 ⁽⁶⁾

Notes:

- (1) Members of the Audit Committee and the Reserves Subcommittee.
- (2) Members of the Governance Committee.
- (3) Members of the Human Resources Committee.
- (4) Lead Director
- (5) The Corporation does not have an Executive Committee.
- (6) Includes Common Shares held by a personal holding corporation.

Appointment of Auditors

The shareholders will be asked to vote for the appointment of Deloitte & Touche LLP, Chartered Accountants, Calgary, Alberta, as auditors of the Corporation until the close of the next annual general meeting, at such remuneration as may be approved by the Board of Directors of the Corporation. Deloitte & Touch LLP, Chartered Accountants, have been the auditors of the Corporation since January 7, 1994.

The following summarizes the total fees paid to Deloitte & Touche LLP, the external auditor of the Corporation, for the year ended December 31, 2004:

	2004
Audit fees	\$67,000
Review engagement fees ⁽¹⁾	25,000
Tax fees ⁽²⁾	5,500
All other fees ⁽³⁾	6,800
TOTAL	\$104,300

Notes:

- (1) Review of the Corporation's interim financial statements
- (2) Tax planning and compliance
- (3) Services related to corporate and property acquisitions

Approval of Amendments to the Corporation's Stock Option Plan

The Corporation has adopted a Stock Option Plan (the "Option Plan"). The purpose of the Option Plan is to attract, retain and motivate officers, employees and directors of the Corporation and consultants engaged to provide ongoing management or consulting services to the Corporation or any subsidiary thereof by providing such persons with the opportunity to acquire an increased proprietary interest in the Corporation. The maximum number of Common Shares reserved for issuance pursuant to the Option Plan is 4,642,992, which represents approximately 5.0% of the outstanding Common Shares of the Corporation as at March 24, 2005.

The Option Plan allows the Board of Directors of the Corporation from time to time, in its discretion, and in accordance with applicable regulatory requirements, to grant to officers, employees, directors and service providers to the Corporation and its subsidiaries, options to purchase Common Shares, provided that the number of Common Shares reserved for issuance does not exceed 10% of the issued and outstanding Common Shares without the approval of shareholders. The number of Common Shares reserved for issuance to any one individual can not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to insiders may not exceed 10% of the issued and outstanding Common Shares. The exercise price of each stock option is determined at the discretion of the Board of Directors of the Corporation at the time of the granting of the stock option, provided that the exercise price cannot be lower than the most recent closing price of the Common Shares on the TSX at the time of the grant. Pursuant to the terms of the Option Plan, the Board of Directors has the discretion to determine the term and vesting provisions of the stock options at the time of granting the stock options, including earlier termination provisions for such stock options. The options are not assignable or transferable by an optionee, except for a limited right of assignment in the event of the death or incapacity of the optionee. Under the Option Plan the Corporation has the right to amend or terminate the terms and conditions of the Option Plan from time to time by resolution of the Board of Directors of the Corporation. Any amendments will be subject to the prior consent of any applicable regulatory bodies, including the TSX. Amendments and termination will take effect only with respect to stock options issued thereafter, provided that they may apply to any stock options previously issued with the mutual consent of the Corporation and the optionees holding the stock options.

To date, a total of 670,000 Common Shares were issued pursuant to the exercise of stock options granted under the Option Plan, thus reducing the number of Common Shares available for issuance pursuant to the Option Plan to 3,972,992 Common Shares. Options to purchase 5,228,600 Common Shares in aggregate have been granted, of which 1,808,600 are presently unexercisable as they are subject to the vesting provisions adopted by the Corporation and options to purchase 1,255,608 Common Shares are presently unexercisable as they are subject to shareholder approval of the amendments to the Corporation's Option Plan and two-thirds of such options are subject to future vesting provisions. As the number of issued and outstanding Common Shares has increased significantly since the last shareholders meeting when the Option Plan was amended, the Board of Directors of the Corporation has approved an amendment to the Option Plan (the "Amendment") designed to: (i) replace 670,000 Common Shares which have been issued upon the exercise of options previously granted; and (ii) increase the number of Common Shares available for issuance upon the exercise of options granted under such Plan by an additional 4,622,258 Common Shares.

The Amendment is intended to replenish the number of Common Shares available for issuance under the Option Plan so that an aggregate of 9,265,250 Common Shares (which is equal to 10% of the currently issued and outstanding Common Shares) are available for issuance under the Option Plan. By the Amendment, Section 2 of the Option Plan which provides for the maximum number of Common Shares available for the grant of options is amended and will result in the Plan properly reflecting the actual number of Common Shares which are available for issuance upon the exercise of options previously granted and options to be granted in the future as of the date of the Amendment. If approved, the Corporation would have 4,036,650 Common Shares available in respect of future grants of stock options.

The following table provides information regarding the total number of Common Shares issued and issuable under the Option Plan as of the date hereof and the total number of Common Shares issued and issuable under the Option Plan assuming the approval by shareholders of the Amendment.

	Option Plan	Option Plan assuming approval of Amendment
Total Number of Common Shares reserved for issuance	4,642,992	9,265,250
Total Number of Common Shares reserved for issuance as a percentage of the total number of Common Shares outstanding ⁽¹⁾	5.0	10.0
Total Number of Common Shares issuable pursuant to outstanding options	5,228,600 ⁽²⁾	5,228,600 ⁽²⁾
Total Number of Common Shares issuable as a percentage of the total number of Common Shares outstanding ⁽¹⁾	5.6	5.6
Total Number of Common Shares issued upon exercise of Options	670,000	--
Total Number of Common Shares issued upon exercise of Options as a percentage of the total number of Common Shares outstanding ⁽¹⁾	0.7	--
Total Number of Common Shares available for future grants	Nil ⁽²⁾	4,036,650 ⁽³⁾

Notes:

- (1) Based on 92,652,500 Common Shares currently issued and outstanding.
- (2) Options to purchase 1,255,608 Common Shares are presently unexercisable as they are subject to shareholder approval of the amendments to the Corporation's Option Plan.
- (3) Reflects increase in maximum number of Common shares reserved (4,622,258 Common Shares) and replacement of Common Shares issued on exercising of stock options (670,000).

The Board of Directors of the Corporation believes that it is important to provide competitive compensation to officers, employees, directors and consultants of the Corporation or any subsidiary thereof, including long term incentive compensation such as options. The Board of Directors of the Corporation considers the increase in the number of Common Shares reserved for issuance pursuant to the exercise of options under the Option Plan to be appropriate.

Shareholders are being asked to consider and, if thought fit, pass an ordinary resolution approving the Amendment to the Option Plan. A copy of the Stock Option Plan can be obtained by shareholders, upon request to the Corporate Secretary of the Corporation.

The following is the text of the ordinary resolution to be considered at the Meeting:

BE IT RESOLVED THAT:

1. The Corporation is hereby authorized to amend Section 2 of the Stock Option Plan (the "Plan") to replace 670,000 Common Shares which have been issued upon the exercise of previously granted options and increase the number of Common Shares which are available for issuance under the Plan by 4,622,258 Common Shares so that an aggregate number of Common Shares equal to 10% of the Corporation's issued and outstanding Common Shares will be available for issuance under the Plan, by deleting Section 2 in its entirety and replacing it with the following:

'Subject to Section 12 of the Plan, the number of common shares of the Corporation ("Common Shares") reserved from time to time for issuance to Eligible Optionees (as hereinafter defined) pursuant to Stock Options granted pursuant to the Plan or stock options granted prior to the adoption of the Plan shall not exceed 9,265,250 Common Shares of the Corporation. Unless otherwise approved by the Toronto Stock Exchange (or such other exchange on which the Common Shares of the Corporation may be listed from time to time)

(hereinafter referred to as the "Exchange") and the shareholders of the Corporation, the number of Common Shares reserved for issuance upon the exercise of Stock Options shall not at any time exceed 10% of the aggregate number of issued and outstanding Common Shares of the Corporation on a non-diluted basis ("Total Common Shares").'

2. Any one director or officer of the Corporation be and is hereby authorized and directed to do such things and to execute and deliver all such instruments, deeds and documents, and any amendments thereto, as may be necessary or advisable in order to give effect to the foregoing resolutions, and to complete all transactions in connection with the implementation of the amendment to the Option Plan."

To be approved, the foregoing resolution must be passed by the affirmative vote of holders of not less than 50% plus one of the Common Shares represented in person or by proxy at the Meeting. The persons named in the enclosed form of proxy intend, unless otherwise directed, to vote in favour of the resolution approving the amendment to the Option Plan.

Other Business

Management is not aware of any matter to come before the Meeting other than the matters referred to in the Notice of the Meeting. However, if any other matter properly comes before the Meeting, the accompanying form of proxy confers discretionary authority to vote with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters that properly may come before the Meeting.

Additional Information

Copies of the Corporation's most recent renewal annual information form and any information incorporated therein by reference, the Corporation's audited financial statements as at and for the year ended December 31, 2004 and other information relating to the Corporation may be obtained on the SEDAR website at www.sedar.com or from the President and Chief Executive Officer of Connacher at 2600, 530 8th Avenue S.W., Calgary, Alberta T2P 3S8. Additional financial information is provided in the Corporation's financial statements and management discussion and analysis for the year ended December 31, 2004, which are contained in the Annual Report of the Corporation for the year ended December 31, 2004.

SCHEDULE "A"
to the Information Circular of Connacher Oil and Gas Limited
dated March 24, 2005

Corporate Governance Guideline	Connacher Alignment	Comments
1. The Board should explicitly assume responsibility for stewardship of the Corporation, and specifically for:		
(a) Adoption of a strategic planning process	Yes	Annual meetings of the Board are held to approve the budget of the Corporation with special meetings held as required to review the Corporation's business strategies, its annual plans and changes in the annual budget. In addition, the Board reviews major strategic initiatives and acquisitions, dispositions and financings.
(b) Identification of principal risks, and implementing risk management systems	Yes	The Board's participation in the strategic planning process involves consideration of the principal risks inherent in the Corporation's business. The Audit Committee of the Board of Directors also addresses specific risks and risk management in its review of the Corporation's financial statements.
(c) Succession planning, appointing and monitoring senior management	Yes	The Governance Committee is responsible for succession planning at the Board and senior management levels. The Human Resources Committee reviews compensation policies and plans, assesses the performance of senior management of the Corporation against the Corporation's goals and recommends the salary, bonus and option grants of the senior executive officers of the Corporation to the Board for approval.
(d) Communications policy	Yes	The Corporation's corporate disclosure policy which was adopted in 2003 and amended in 2004 provides for open and timely disclosure of relevant information relating to the Corporation and its business and affairs and the Corporation is subject to applicable securities legislation in this regard. The Chief Executive Officer has been designated as the principal contact person pursuant to the Corporation's corporate disclosure policy. However, on occasion, the Chief Executive Officer may designate members of management and/or the directors to communicate with shareholders or the media directly. This policy provides for, among other things, procedures to identify material non-public information and to prevent inadvertent disclosure.
		The Board reviews the Corporation's audited consolidated financial statements and selected corporate disclosure documents including the annual information form, management's discussion and analysis, information circulars and all offering documents before they are publicly released. Information which is publicly disclosed is released through newswire services, posted on www.sedar.com and the Corporation's website.

Corporate Governance Guideline	Connacher Alignment	Comments
(e) Integrity of internal control and management information systems	Yes	The Audit Committee is specifically mandated to assist the Board by reviewing the effectiveness of financial reporting, management information and internal control systems. The Audit Committee meets quarterly with the auditors, independently of management, and the Reserves Sub-Committee reviews the independent reserve report with the independent engineers, independently of management.
2. Majority of directors should be "unrelated", (free from conflicting interests)	Yes	During fiscal 2004, the Board consisted of five directors in total, a majority of whom were "unrelated directors". The Board presently consists of five directors in total. Two of these directors are related directors. The Board evaluates candidates on a regular basis with a view to increasing the number of independent experienced directors on the Board.
3. Disclose for each director whether he or she is related, and how that conclusion was reached.	Yes	<p>Colin Evans, Gary Freeman and Stewart McGregor are unrelated to the Corporation as that term is used in the TSX guidelines and applicable securities legislation. Prior to his resignation as a director on March 31, 2004, Donald Copeland, who was replaced by Colin Evans, was also unrelated to the Corporation. These directors are independent of management, none has any interest, business or other relationship that could, or could reasonably be perceived to, materially interfere with his ability to act in the best interests of the Corporation.</p> <p>Richard A. Gusella, President and Chief Executive Officer of the Corporation, is a member of management and thus related to the Corporation. Charles W. Berard, a partner of Macleod Dixon LLP, legal counsel to the Corporation, is also a related director as a result of this relationship. Mr. Berard is, however, independent of management.</p>
4. Appoint a Committee:		
(a) Responsible for the appointment and assessment of directors	Yes	The Governance Committee is responsible for nominating new directors and assessing the Board overall as well as individual directors. Management evaluates potential candidates for nomination and these candidates are screened by the Governance Committee prior to making a recommendation to the Board regarding appointment.
(b) Composed exclusively of outside directors (i.e., non-management directors the majority of whom are unrelated)	Yes	The Governance Committee is comprised of all non-management directors and a majority of these directors are unrelated.
5. Implement a process for assessing effectiveness of the Board, its committees and individual directors	Yes	The Board assesses the effectiveness, composition and size of the Board.

<u>Corporate Governance Guideline</u>	<u>Connacher Alignment</u>	<u>Comments</u>
6. Provide orientation and education programs for new directors	Yes	The Corporation has an informal orientation program involving meetings with senior management on key business, financial and operational issues together with disclosure and insider trading policies used by the Corporation is used to educate new directors.
7. Examine size of Board and consider reducing with a view to improving effectiveness	Yes	The Board of Directors presently consists of five members which is considered appropriate for the Corporation at this time.
8. Review compensation of directors in light of risks and responsibilities	Yes	Initially, the Governance Committee reviews directors' compensation and makes recommendations to the Human Resources Committee. The Human Resources Committee then reviews these recommendations and examines peer group compensation prior to reporting to the Board on directors' compensation issues. Given the present stage of development of the Corporation, the Corporation has relied upon the granting of stock options as the sole form of director compensation. This is reviewed at least annually.
9. Committees should generally be composed of non-management directors, a majority of whom are unrelated	Yes	All Board committees are made up of non-management directors, a majority of whom are unrelated.
10. Appoint a committee responsible for approach to corporate governance issues	Yes	The Governance Committee addresses corporate governance matters.
11.(a) Define limits to management's responsibilities by developing mandates for:		
(i) the Board	Yes	The mandate of the Board is to assume responsibility for the stewardship of the Corporation. The Board monitors and supervises the business and affairs of the Corporation with a focus on what is in the best interests of the Corporation, and consistent with enhancing shareholder value. The Board has delegated authority to the Chief Executive Officer, subject to certain limitations.
(ii) the Chief Executive Officer	Yes	The Board believes management is responsible for the effective, efficient and prudent management of the Corporation's day-to-day operations, subject to the Board's stewardship. Management's responsibility includes the implementation of the approved strategic plan within authorized budgets and in compliance with the Corporation's policies and procedures. Additionally, management is expected to fully inform the Board on the business and affairs of the Corporation, to develop and maintain a sound, effective organizational structure and to ensure capable management.

Corporate Governance Guideline	Connacher Alignment	Comments
(b) Board should approve the Chief Executive Officer's corporate objectives	Yes	The corporate objectives for which the Chief Executive Officer is responsible are set by the Board of Directors.
12. Establish structures and procedures to enable the Board to function independently of management	Yes	In order to enable the Board to function independently of management, Stewart D. McGregor, an independent unrelated director of the Corporation, was appointed Lead Director on March 23, 2005. The Lead Director's role is to liaise primarily with the Chief Executive Officer and to establish a process for the Board to function independently of management with the necessary resources to support the Board in discharging its responsibilities.
13.(a) Ensure an Audit Committee has a specifically defined mandate and direct communication channels with internal and external auditors	Yes	The Audit Committee has a specifically defined mandate. Reference is made to the 2004 Annual Information Form of the Corporation for a description of this mandate. The Audit Committee reviews the Corporation's audited consolidated financial statements and interim financial statements and selected corporate disclosure documents before they are approved by the Board of Directors. It recommends for approval the public release of quarterly financial results, monitors accounting, financial reporting, control and audit functions, reviews risk management policies and reviews issues relating to legal and regulatory responsibilities. The Audit Committee reviews the audit plans for the external auditors and meets with them, in each case independently of management.
(b) All members of the Audit Committee should be non-management directors	Yes	All committees of the Board are comprised solely of non-management directors.
14. Implement a system to enable individual directors to engage outside advisors at the Corporation's expense	Yes	In addition to the authority of committees to retain external advisors in connection with their responsibilities, individual directors may engage outside advisors at any time (at the expense of the Corporation) to provide advice with respect to a corporate decision or action.