



FOR IMMEDIATE RELEASE

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## CONNACHER GROWTH CONTINUES IN Q3 2002; DRILLING SUCCESS ESTABLISHES BASIS FOR PRODUCTION GAINS

Calgary, AB. – **Connacher Oil and Gas Limited (CLL-TSXV)** announces continued growth in its operating and financial results for the third quarter ended September 30, 2002. Drilling success late in the third quarter and into the fourth quarter will contribute significant additional production and will provide a solid exit rate as the Corporation moves into 2003.

### Financial and Operating Results

	Three Months Ended September 30			Nine Months Ended September 30		
	<u>2002</u>	<u>2001</u>	%	<u>2002</u>	<u>2001</u>	%
<b>Financial (\$)</b>						
Net Revenue	<b>912,000</b>	240,000	279%	<b>2,311,000</b>	647,000	257%
Funds from operations	<b>234,000</b>	(42,000)		<b>551,000</b>	(128,000)	
Basic and diluted, per share	<b>0.01</b>	-		<b>0.03</b>	(0.01)	
Net Income (loss)	<b>41,000</b>	(106,000)		<b>(57,000)</b>	(251,000)	
Basic and diluted, per share	-	(0.01)		-	(0.04)	
Capital Expenditures (cash)	<b>1,941,000</b>	652,000	198%	<b>5,247,000</b>	719,000	630%
<b><u>Operations – Production, Pricing, Costs (6 mcf = 1 boe)</u></b>						
BOE Production (BOE/d)	<b>551</b>	160	244%	<b>519</b>	147	253%
Selling Price per BOE (\$)	<b>21.10</b>	19.34	9%	<b>18.73</b>	16.11	16%
Operating Costs per BOE (\$)	<b>7.74</b>	10.41	(26%)	<b>7.16</b>	10.35	(31%)
Netback per BOE (\$)	<b>10.14</b>	5.62	80%	<b>9.03</b>	5.60	61%
<b><u>Shares Outstanding</u></b>						
Weighted average	<b>21,671,000</b>	9,989,000		<b>19,051,000</b>	6,400,000	
End of period	<b>21,671,000</b>	11,969,000		<b>21,671,000</b>	11,969,000	

The following highlights and comparative results illustrate Connacher's progress during 2002 as new management redirected the company's affairs.

### Highlights

- ≠# Production for the third quarter rose 244% over the same period in 2001 to average 551 barrels of oil equivalent per day (BOE/d) and surpassed 700 BOE/d during the quarter (6 mcf = 1 BOE). Average production increased despite a temporary reduction in gas sales during a period of low gas prices in the quarter.
- ≠# Funds (cash flow) from operations was \$234,000 or \$0.01 per share for the three month period and \$551,000 or \$0.03 per share for the nine month period whereas cash was required to fund operations last year.

- €# Net income for the three month period was \$41,000 compared to a loss of \$106,000 for the third quarter of 2001. This marks the second consecutive quarter of positive net income.
- €# Operating costs per BOE were reduced 26% for the three months to average \$7.74 and 31% for the nine months to average \$7.16. This contributed to a 80% higher netback of \$10.14 per BOE for the three month period and a 61% higher netback of \$9.03 per BOE for the nine month period.
- €# Two oil wells and two gas wells were drilled in September, including a new pool oil discovery.

Connacher has drilled 11 new wells thus far in 2002, resulting in eight oil wells, two gas wells and one dry hole for an overall success rate of 91%. Connacher's production base is now 77% in Canada. Four new wells (two oil, two natural gas) were drilled at Islay, Alberta during September, and the two oil wells (including one new pool discovery) were placed onstream near the end of the quarter, each at rates around 60 bbls/d. Sales of this new production commenced in October. The two gas wells are in the process of being tied in and will start contributing production and revenue in November 2002. Since the end of the reporting period, a further four wells have been drilled resulting in three additional 100% owned oil wells and one dry hole. One or two additional wells will likely be drilled by year-end in the Lloydminster/Islay region.

Subsequent to the reporting period, Connacher's bankers expanded the company's credit facility by 75% to \$7 million, reflecting the value added from successful new drilling by the company. Approximately \$5 million remains unutilized and available to fund growth expenditures and capital spending programs if required.

In November, Connacher announced plans to raise \$1.4 million of gross proceeds from the sale of 3,111,112 common shares on a flow-through basis at a price of \$0.45 per share. Subscriptions for the total amount have been received, and the financing is scheduled to close on November 26, 2002. Proceeds will be used to fund a portion of Connacher's remaining 2002 and planned 2003 capital programs.

Connacher is also pleased to announce its Board of Directors has today approved a capital budget for 2003 totalling \$8.7 million. The budget provides for the drilling of approximately 32 wells in the Lloydminster/Islay/Kitscoty region of Alberta, as well as additional seismic and land acquisition programs. Most of the drilling will be low-risk development wells, following up on the success of the company's 2002 program. On a risk-adjusted basis, Connacher expects average daily production to double in 2003 over levels achieved in 2002. The capital program is expected to be financed from cash flow, proceeds from the exercise of outstanding warrants which expire in 2003 and limited additional debt leaving the company with a solid balance sheet, unutilized credit and the capacity to acquire new assets should suitable opportunities be identified.

On November 21, 2002, Connacher had 21,064,222 common shares outstanding following the cancellation, subsequent to the reporting period, of 607,017 common shares pursuant to the terms of an escrow agreement. Additionally there were 7,670,216 common shares reserved for outstanding share purchase warrants at an average exercise price of \$0.41 per share and 1,968,000 shares were reserved for outstanding options. Upon closing of the aforementioned fully-subscribed flow-through share financing, scheduled for November 26, 2002, there will be 24,175,334 common shares outstanding.

Connacher is a Calgary-based oil and gas exploration and production company. The company's principal operations are located in the Lloydminster/Islay region of Alberta. Connacher also owns a 50% non-operated working interest in the 95,000-acre Puesto Morales/Rinconada concession in Argentina.

A copy of this press release, the company's third quarter report and related Management Discussion and Analysis (MD&A) will be posted on SEDAR at [www.sedar.com](http://www.sedar.com) and on Connacher's website at [www.connacheroil.com](http://www.connacheroil.com).

**For further information please contact:**

**R.A. Gusella**

*President and Chief Executive Officer*

**Paul J. Jespersen**

*Executive Vice President and Chief Operating Officer*

**Phone: (403) 538-6201**

**Fax: (403) 538-6225**

**Website: [www.connacheroil.com](http://www.connacheroil.com)**

**Email: [inquiries@connacheroil.com](mailto:inquiries@connacheroil.com)**

*The TSX Venture Exchange has neither approved nor disapproved of the contents herein.  
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