



FOR IMMEDIATE RELEASE

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## **CONNACHER ACQUIRES BATTRUM RESERVES; 2002 EXIT PRODUCTION FORECAST TO APPROACH 1,300 BOEPD**

CALGARY, AB - Connacher Oil and Gas Limited (CLL-TSXV) announces that it has reached an agreement to acquire a package of Saskatchewan oil reserves and production from a large Canadian independent producer.

The principal assets are operated properties located at Battrum in southwestern Saskatchewan and are comprised of unitized and non-unitized lands with working interests between 75% and 100%. On closing of the acquisition, which is scheduled prior to year-end, the company estimates its 2002 exit rate will approach 1,300 BOE per day, approximately 350% above levels at the beginning of the year.

The acquisition entails the purchase of approximately 1.25 million proved producing barrels of medium gravity 19 to 20 degree API crude oil. Sproule Associates Limited ran economic evaluations for the properties, based on the vendor's internal engineering, as of December 1, 2002, the effective date of the purchase. The properties yielded average production of 384 barrels per day for the first nine months of 2002. The purchase price established through an auction process is \$7.3 million or \$5.80 per proved producing barrel. Annualized net operating income based on actual nine month 2002 results would be approximately \$2.2 million. Based on the year-to-date production rates, the consideration is \$19,000 per daily flowing barrel.

The production being acquired realized an average selling price of \$28.94 per barrel in the first nine months of 2002 with average operating costs of approximately \$6.00 per barrel. Field netbacks year-to-date have averaged over \$15.00 per barrel.

Connacher believes that the property has additional development potential which could result in further recoverable reserve additions and productivity enhancement. Furthermore, in establishing Battrum as a second core area for the company, management believes expansion in the region is achievable. Connacher's management, technical and operating staff are very familiar with Battrum from a past association with a prior owner. Battrum is viewed as an attractive long-life, low-decline property adding stability to Connacher's growing Canadian production base.

Completion is subject to normal conditions associated with this type of transaction, including regulatory approval and resolution of minor preemptive rights. The purchase is initially being financed from available credit facilities with the company's banker. However, with steady production growth expected by the company next year, Connacher's financial plan and budget anticipates year-end 2003 debt will be reduced to annualized exit cash flow levels, after provision for \$8.7 million of capital expenditures.

Connacher is a Calgary-based oil and gas exploration and production company. Its current operations are principally located in the Lloydminster/Islay region of Alberta. Upon closing of the Battrum acquisition, approximately 90% of Connacher's production will be located in Western Canada. 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 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).

The TSX Venture Exchange has neither approved nor disapproved of the contents herein. This Press Release contains forward-looking information.

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