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## CONNACHER REPORTS FIRST QUARTER RESULTS

Calgary, Alberta – Connacher Oil and Gas Limited (CLL – TSX) today reported its operating and financial results for the three month period ended March 31, 2004 with comparative results for 2003.

Highlights are as follows:

- Twelve successive quarters of production increases; production 58 percent higher than a year ago, with natural gas sales up 87 percent.
- Revenue increased 52 percent over the same period last year.
- Cash flow from operations up 21 percent, despite lower prices due to a strong Canadian dollar.
- Thirteen wells were drilled in the period. All were cased.
- A significant oil discovery was made at Tompkins, Saskatchewan.
- Conventional proved and probable reserves grew three percent after production; 10 percent present worth increases approximately 15 percent from year end 2003 levels to \$48.4 million.
- Independent evaluator recognizes 53 million barrels of possible recoverable bitumen reserves and assigns 10 percent present worth of \$161 million to one of several identified accumulations at Connacher's Great Divide Project.

	Three Months Ended March 31		
	2004	2003	% Change
<b>FINANCIAL</b> (\$000 except per share amounts)			
Total Revenue	3,290	2,164	52
Cash flow from operations <sup>(1)</sup>	944	779	21
Per basic and diluted share	0.02	0.03	(33)
Net earnings (loss)	(689)	166	-
Per basic and diluted share	(0.01)	0.01	-
Capital expenditures	10,391	10,768	(4)
Bank debt	20,600	10,650	93
Working capital deficiency	9,850	864	1,040
Net debt	30,450	11,514	164
Shareholders' equity	22,081	7,317	202
Total assets	60,463	21,387	183
Common shares outstanding (000)			
Weighted average			
Basic	46,067	25,021	84
Diluted	50,119	25,528	96
End of period			
Issued	46,153	28,717	61
Fully diluted	53,957	43,551	24
<b>OPERATING</b>			
Daily production			
Crude oil (bbl/d)	859	582	48
Natural gas (mcf/d)	2,268	1,216	87
Barrels of oil equivalent (boe/d) <sup>(2)</sup>	1,237	785	58
Prices			
Oil (\$/bbl)			
Canada	29.71	30.99	(4)
Argentina	42.24	46.72	(10)
Total	30.41	32.22	(6)
Natural gas (\$/mcf)			
Canada	5.68	7.21	(21)
Argentina	0.24	0.32	(25)
Total	4.42	4.03	10
Barrels of oil equivalent (\$boe)	29.22	30.15	(3)
Netback (\$/boe)	13.76	17.36	(21)

(1) Cash flow from operations as set out in the company's Consolidated Statements of Cash Flows 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.

(2) All references to barrels of oil equivalent (boe) are calculated on the basis of 6 mcf : 1 bbl.

Connacher made progress during the first quarter of 2004, although operationally it was a challenging period for the company.

Connacher reported on these challenges in earlier press releases in January, March and April 2004.

During the quarter, Connacher invested \$10.4 million including \$7.4 million on drilling, completions and workovers, \$900 thousand on Cabri facilities, completions and recompletions; and \$2.1 million for land, seismic and other assets. A total of 13 wells were drilled and cased, including one potentially significant oil discovery at Tompkins, Saskatchewan where follow-up drilling is scheduled. Also, eleven coreholes were drilled on Connacher's land at its Great Divide project located 80 kilometers southwest of Fort McMurray. Including the cost of 53,260 acres of rights acquired in early 2004 on this project, Connacher has \$3 million invested in the area. As previously reported, the company's independent reserve evaluator, DeGolyer and MacNaughton Canada Ltd. (D&M) assigned a 10 percent present worth of \$161 million on the 53 million barrels of possible recoverable bitumen reserves under one of several identified channels on Connacher's acreage.

As at March 31, 2004 the company had a working capital deficiency and its banker has waived compliance with its debt covenant. The company's banker is currently conducting its annual review of the company's reserves and credit facility, which will likely result in a reduction to the facility.

In advance of any possible reduction, the company is undertaking actions to reduce its working capital deficiency. These actions include the possible sale of certain conventional heavy oil properties, the reorganization of Connacher's Argentinian holdings, monetization of a portion of its oil sands interests and the raising of additional funds from the sale of common shares. The success and extent of these initiatives will also determine the magnitude of the company's capital program during the balance of the year.

During the balance of 2004 Connacher's plans may include infill and exploitation drilling at Cabri, Saskatchewan if remedial efforts at Cabri North yield satisfactory production increases. Follow-up development drilling at Tompkins, exploitation drilling at Battrum and exploratory drilling at Claydon, all in southwest Saskatchewan, is also planned.

Connacher is a Calgary based oil and gas exploration and production company. Its principal assets are located at Battrum, Cabri and Tompkins in southwest Saskatchewan. Producing assets are also held at Islay and Lloydminster in Alberta, and in Argentina. The company also owns 100 percent of over 50,000 acres of oilsands rights southwest of Fort McMurray at its Great Divide project.

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