



FOR IMMEDIATE RELEASE

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## CONNACHER RECEIVES UPDATED RESERVE REPORT

Connacher Oil and Gas Limited (CLL-TSX) has received an updated reserve report with an effective date of October 1, 2004. The report was prepared for the company by DeGolyer and MacNaughton Canada Limited ("D&M"), formerly Outtrim Szabo Associates Ltd., which prepared the company's year-end 2003 and first quarter 2004 reports. The new report utilizes D&M's most recent price deck in determining future net revenue forecasts.

The following table summarizes the results contained in the updated D&M report.

Remaining Reserves and Future Net Revenue  
Escalating Prices at October 1, 2004  
Company Share - Escalated Dollar Economics

Reserve Category	Remaining Reserves(1)					
	Crude Oil		Natural Gas		NGLs	
	Gross (2)	Net (3)	Gross (2)	Net (3)	Gross (2)	Net (3)
	stb	stb	mmcf	mmcf	bbl	bbl
Proved Developed						
Producing	1,158,352	967,946	804	785	2,077	1,445
Non-producing	87,939	66,967	160	144		
Total Proved						
Developed	1,246,291	1,034,943	964	929	2,077	1,445
Proved Undeveloped	284,751	268,764	147	147		
TOTAL PROVED	1,531,042	1,303,707	1,111	1,076	2,077	1,445
Probable	1,649,625	1,409,301	1,253	1,197	1,229	869
TOTAL Proved & Probable	3,180,667	2,713,008	2,364	2,273	3,306	2,314
Possible(3)	53,914,037	45,656,988	1,209	1,200	119	103
TOTAL Proved & Probable & Possible	57,094,704	48,369,996	3,573	3,473	3,425	2,417

Reserve Category	Future Net Reserves(4,5,6)		
	Undis- counted	Discounted	
		at 8%	at 10%
	\$000	\$000	\$000
Proved Developed			
Producing	18,191	13,990	13,291

Non-producing	1,910	1,564	1,492
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Total Proved Developed	20,101	15,554	14,783
Proved Undeveloped	4,553	3,205	2,958
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TOTAL PROVED Probable	24,654	18,759	17,741
	30,314	16,275	14,440
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TOTAL Proved & Probable	54,968	35,031	32,181
Possible(3)	710,381	312,116	258,679
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TOTAL Proved & Probable & Possible	765,349	347,147	290,860
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(1) The reserve estimates for the period ended September 30, 2004 were prepared in accordance with National Instrument 51-101 (N1 51-101). Under N1 51-101, proved reserve assignments are based on a 90 percent certainty that total quantities recovered will equal or exceed proved reserve estimates. Proved plus probable reserves are the most likely case and are based on a 50 percent certainty that they will equal or exceed estimates. The new standard provides for a more conservative evaluation of proved and probable reserves, particularly on new wells where production history has not yet been established. The change to proved and probable reserve definitions implemented by N1 51-101 for the year ended December 31, 2003, may make it difficult to compare reserve quantities and reserve valuations to prior years and prior interim periods. Possible reserves were also assigned to certain properties and are those reserves less certain to be recovered than probable reserves. There is at least a 10 percent probability that the quantities actually recorded will exceed the sum of the estimate of proved plus probable plus possible reserves.

(2) Before royalty deduction, net to company interest.

(3) After royalty deduction, net to company interest.

(4) The values do not necessarily represent the fair market value.

(5) ARTC values are minimal for proven and probable reserves as Connacher sold most of its Alberta-based conventional reserves and production in 2004.

(6) Before income taxes and indirect costs and after capital costs and future abandonment costs net of salvage value.

The new report reflects the impact of the sale of the company's properties at Islay/Lloydminster, Alberta and Cabri, Saskatchewan, together with estimated production of oil and natural gas for the second and third quarters of 2004.

The company's proved and probable reserves at October 1, 2004 were 3.6 mmboe.

These reserves were forecast to generate future net revenue of \$55.0 million, with a present worth discounted at 10 percent of \$32.2 million.

Of additional significance in the D&M report is the recognition of possible reserves in one of several prospective bitumen bearing McMurray channels in Connacher's Great Divide SAGD oilsands project. In early 2004 Connacher acquired an 84 section (53,760 acre) land position in this area, which is located approximately 80 kilometers southwest of Fort McMurray, Alberta. During the first quarter, a channel underlying approximately two sections (1,280 acres) was delineated with 11 core holes. The D&M report assigns 52.7 million barrels of recoverable bitumen to this channel. Production of these reserves is now forecast to generate \$688 million of

future net revenue, with a present worth discounted at 10 percent of \$248 million after a capital investment of \$225 million over a 25 year project life, reflecting the higher energy prices in D&M's recently adopted price deck.

Connacher is pursuing capital sources in order to strengthen its overall financial condition and to initiate the Great Divide SAGD oilsands project. Additionally, Connacher is evaluating a restructuring of its Argentinean holdings. These initiatives have an objective of increasing shareholder value and when concluded, will improve the company's outlook.

Per barrel of oil equivalent (boe) amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil (6:1). The conversion is based on an energy equivalency conversion method primarily applicable to the burner tip and does not necessarily represent a value equivalency at the wellhead.

**For further information:**

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