



PRESS RELEASE

March 16, 2006

CONNACHER OIL AND GAS LIMITED ACQUIRES LUKE ENERGY LTD.

Calgary, Alberta – Connacher Oil and Gas Limited ("Connacher") – (**CLL – TSX**) - announced today that it has completed the previously announced acquisition of all of the outstanding common shares ("Luke Shares") of Luke Energy Ltd. ("Luke") by way of a business combination under a court approved Plan of Arrangement (the "Arrangement") involving Connacher, Luke and a wholly-owned subsidiary of Connacher.

Under the Arrangement, holders of Luke Shares will receive \$2.31 in cash and 0.75 of one common share of Connacher for each Luke Share held, resulting in the payment of approximately \$91.5 million and the issuance from treasury of approximately 30 million common shares of Connacher. Following closing of the Arrangement, Connacher remains debt free with an expanded cash flow base from the newly acquired Luke assets, approximately \$54 million of cash and \$55 million of unutilized credit facilities. Connacher now has approximately 190 million common shares outstanding (199 million common shares on a diluted basis).

Connacher also announced that it has completed filings today with the Toronto Stock Exchange to delist the Luke Shares (**LKE - TSX**) and expects such delisting to occur within two or three business days following the date hereof. Connacher has also made application to the local securities regulatory authority or regulator in each jurisdiction in which Luke is a reporting issuer for a decision that Luke has ceased to be a reporting issuer in each such jurisdiction.

Connacher is a Calgary-based oil and natural gas exploration and production company. Its principal asset is its 100 percent ownership of the Great Divide oil sands project in Alberta, where 110 sections (70,400 acres) of oil sands leases are held. The company owns conventional acreage and oil production in southwest Saskatchewan. Connacher also owns approximately 33 percent (basic) of Petrolifera Petroleum Limited (**PDP - TSX**), a Canadian public company engaged in oil and natural gas exploration and production in Argentina and Peru. In early March 2006 Connacher announced it had signed a definitive agreement to acquire refining assets and related product inventory located in Great Falls, Montana for approximately US\$55 million, comprised of \$51 million cash and one million Connacher common shares to be issued from treasury. The cash portion of the purchase is to be substantially financed with a bridge loan which has been arranged with a large international bank.

Forward-Looking Statements: This press release contains certain forward-looking statements within the meaning of applicable securities law. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the exploration and development of oil sands properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating oil prices, uncertainties associated with obtaining regulatory approvals for Connacher's Great Divide oil sands project, the possibility of third-party requests for information or intervention which could delay regulatory approvals, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors including unforeseen delays. As an oil sands enterprise in the

development stage, Connacher faces risks, including those associated with exploration, development, regulatory approvals and the ability to access sufficient capital from external sources. Connacher undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, unless required by law. The reader is cautioned not to place undue reliance on forward-looking statements.

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