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PRESS RELEASE

May 25, 2007

**Connacher Announces Closing of \$100 Million Offering of
Convertible Senior Unsecured Debentures**

Calgary, Alberta, (May 25, 2007) – Connacher Oil and Gas Limited (TSX: CLL) ("Connacher" or the "Company") announced today that it has completed its previously announced financing for \$100,050,000 aggregate principal amount of Convertible Senior Unsecured Debentures due June 30, 2012 (the "Debentures"), which amount includes the exercise in full by the underwriters of an over-allotment option to purchase an additional \$13,050,000 aggregate principal amount of Debentures, issued pursuant to a short form prospectus dated May 17, 2007. The bought deal financing was underwritten by a syndicate led by RBC Capital Markets and included GMP Securities L.P., Orion Securities Inc., Raymond James Ltd., D&D Securities Company, HSBC Securities (Canada) Inc., Desjardins Securities Inc. and Jennings Capital Inc. Mustang Capital Partners Inc. provided assistance in the offering.

The Debentures are senior, unsecured debentures of Connacher and will bear interest at a rate of 4.75% per annum, payable semi-annually in arrears on June 30 and December 31 in each year commencing December 31, 2007. The Debentures are convertible at any time at the option of the holders into common shares at a conversion price of \$5.00 per common share, subject to adjustment under certain circumstances as described in the related trust indenture. On or after June 30, 2010, Connacher has the right to redeem all or a portion of the Debentures at the principal amount plus accrued interest provided Connacher's common shares have traded for at least 20 days on a weighted average basis, at a price which is at least 120% of the conversion price. The Debentures will mature on June 30, 2012 and have been listed for trading on the Toronto Stock Exchange under the symbol CLL.DB, on the basis of an undertaking of satisfactory public distribution.

The net proceeds of the offering will be used by the Company to fund the ongoing capital expenditure program in respect of the development of its oil sands projects and conventional projects and the remainder will be used for operating expenses.

The Debentures and the underlying common shares have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction.

Connacher is a Calgary-based oil and natural gas exploration and production company. Its principal asset is its 100 percent interest in reserves, resources and lands in the Divide regions of Alberta's oil sands. Connacher also has conventional crude oil and natural gas properties in Alberta and Saskatchewan, owns a 9,500 bbl/d refinery in Great Falls, Montana and owns a 26 percent basic and fully-diluted equity interest in, and assists in the management of, Petrolifera Petroleum Limited. This investment has a current market value in excess of \$240 million.

The common shares of Connacher Oil and Gas Limited are traded on the Toronto Stock Exchange under the symbol "CLL" and the Debentures will be eligible for trading at the open of trade on May 25, 2007 under the symbol "CLL.DB".

For further information, contact:

Richard A Gusella

President and Chief Executive Officer

Connacher Oil and Gas Limited

Phone: (403) 538-6201 Fax: (403) 538-6225

inquiries@connacheroil.com Website: www.connacheroil.com

Suite 2600, Watermark Tower
530 – 8th Avenue S.W.
Calgary, Alberta T2P 3S