



PRESS RELEASE

FEBRUARY 25, 2008

**CONNACHER REPORTS SIGNIFICANT INCREASES IN RESERVES AND 10%
PRE-TAX PRESENT VALUE DURING 2007**

Calgary, Alberta – Connacher Oil and Gas Limited (CLL – TSX) announces that the company’s reserve base and related 10% present value of future net revenue (“present value or present worth”) expanded significantly during 2007. The increase in bitumen reserves and resources at Great Divide and Halfway Creek reflects the completion of facilities at Great Divide Pod One (“Pod One”) and the impact of Connacher’s Q1 2007 core hole drilling program on its main lease block in the region. The increase in conventional reserves reflects successful drilling at Marten Creek, Alberta, also during Q1 2007. Total 2P reserves (“1P-proved; 2P-proved and probable; 3P-proved, probable, and possible”) at year end 2007 increased 101 percent to 187.3 million barrels from 92.9 million barrels at December 31, 2006. The 10% present value for these 2P reserves increased 126 percent over December 31, 2006 estimates from \$529 million to \$1.2 billion.

The estimates are as at December 31, 2007 and do not include any of the results of Connacher’s active and successful drilling program thus far during 2008. The full impact of this activity will be captured in a mid-year 2008 update report, which will be prepared and reported upon after drilling results, core analysis and other information are fully assessed by the company and its independent evaluators, GLJ Petroleum Consultants (“GLJ”) of Calgary, Alberta.

Comparative reserve volumes and values are presented on a year-over-year calendar basis, although the company did prepare a mid-year report. There was no material change in total estimated reserve volumes compared to those estimated at mid-year 2007; however, there is, for example, a 43 percent increase in the 10% present value assigned to Connacher’s 2P reserves at December 31, 2007, compared to the mid-year estimates for this category. The increase reflects a higher price forecast at year end 2007 and the expenditure of capital to complete Pod One facilities and wells prior to year end 2007.

The reserve estimates provided herein were prepared by GLJ in a report (“GLJ 2007 Report”) with an effective date of December 31, 2007. The GLJ 2007 Report was prepared using assumptions and methodology guidelines outlined in the Canadian Oil and Gas Evaluation Handbook (“COGE Handbook”) and in accordance with National Instrument 51-101 (“NI 51-101”). Comparisons provided herein with respect to Connacher’s conventional and bitumen reserves and resources are to estimates contained in a report prepared by GLJ with an effective date of December 31, 2006 (“GLJ 2006 Report”). Future net revenue is calculated after deduction of forecast royalties, operating expenses, capital expenditures and abandonment costs but before corporate overhead or other indirect costs, including interest and income taxes. The GLJ 2007 Report was prepared utilizing the GLJ January 1, 2008 price forecast, effective December 31, 2007. The GLJ 2007 Report does not consider the impact of the adoption of Alberta’s new royalty regime in 2009 as the detailed regulations have yet to be

released. The company does not believe the proposed Alberta royalty changes will have an unduly adverse effect on its reserve volumes or related present values, but it is anticipated that if the current proposals are adopted the impact will be negative.

All references to barrel of oil equivalent (“boe”) are calculated on the basis of 6 mcf:1 bbl. Readers are cautioned that the conversion used in calculating barrels of oil equivalent is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Furthermore, boes may be misleading if used in isolation. Future net revenues disclosed herein do not represent fair market value. Also, estimations of reserves and future net revenue to be discussed in this press release constitute forward-looking information. See “Forward Looking Information” below.

Bitumen Reserves

Connacher owns a 100% working interest in approximately 95,000 net acres of oil sands leases at its Great Divide project in north-eastern Alberta, approximately 80 kilometres southwest of Fort McMurray and at Halfway Creek, Alberta. Numerous oil accumulations in the McMurray formation have been identified for development on the Great Divide leases, including Pod One, which contains over 20 metres of net steam assisted gravity drainage (“SAGD”) pay and is now producing bitumen. Additional details regarding Connacher’s development at Great Divide can be accessed at www.connacheroil.com or www.sedar.com. The company has already applied to develop a similar 10,000 bbl/d facility at Pod Two or Algar.

During 2007, Connacher’s 1P bitumen reserves increased 21 percent to 53 million barrels, after deduction of minor volumes of bitumen produced during December 2007 at Pod One. Connacher’s 2P bitumen reserves also increased 111 percent to reach 178 million barrels, compared to 84 million barrels at year end 2006. Proved, probable and possible (“3P”) bitumen reserves were estimated at 242 million barrels at year end 2007 compared to 110 million barrels at December 31, 2006, an increase of 120 percent. These estimates do not include any of the results from 2008 drilling of core holes at Great Divide or at Halfway Creek, both in Alberta.

During 2007, GLJ was also able to continue its recognition of considerable additional contingent and prospective resources (as defined in the notes following the table below) on the oil sands leases owned by Connacher. It should be noted that reserves, contingent resources and prospective resources involve different risks associated with achieving commerciality.

Contingent resources were assigned in regions with lower core-hole drilling density than the reserve regions and are outside current areas of application for development. These resource estimates are not classified as reserves at this time, pending further reservoir delineation, project application, facility and reservoir design work. Contingent resources entail additional commercial risk than reserves which have not been included in the net present valuation. There is no certainty that it will be commercially viable to produce any portion of the contingent resources.

Prospective resources were assigned in unexplored regions of Connacher’s acreage. Prospective resources entail additional commercial risk than reserves and contingent resources which have not been included in the net present valuation. There is no certainty that any portion of the prospective

resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources.

Proved bitumen reserves (1P) and low estimate contingent resources were estimated at 114 million barrels; 2P bitumen reserves and best estimate contingent resources were estimated at 303 million barrels; 3P bitumen reserves and high estimate contingent resources were estimated at 452 million barrels.

1P bitumen reserves and low estimate contingent and prospective resources were estimated at 114 million barrels, the same as above, as no prospective resources are associated with 1P reserves. 2P bitumen reserves and best estimate contingent and prospective resources were estimated at 417 million barrels and 3P bitumen reserves and high estimate contingent and prospective resources were estimated at 799 million barrels.

The GLJ 2007 Report estimated Connacher's 1P bitumen reserves would generate \$1 billion of future net revenue with a 10 percent present value of \$492 million, after deduction of future capital requirements of \$295 million and abandonment costs of \$8 million.

2P bitumen reserves were forecast to generate \$3.7 billion of future net revenue, with a 10 percent present value of \$1.1 billion, after provisions for future capital of \$1.1 billion and abandonment costs of \$20 million.

3P bitumen reserves were forecast to generate \$5.7 billion of future net revenue with a 10 percent present value of \$1.2 billion, after provisions for future capital of \$1.6 billion and abandonment costs of \$31 million.

1P bitumen reserves plus low estimate contingent resources were forecast to generate \$1.9 billion, of future net revenue with a 10 percent present value of \$634 million, after provisions for future capital of \$981 million and abandonment costs of \$18 million.

2P bitumen reserves and best estimate contingent resources were forecast to generate \$6.5 billion of future net revenue, with a 10 percent present value of \$1.4 billion, after future provisions for future capital of \$2.3 billion and \$43 million of abandonment.

3P bitumen reserves plus high estimate contingent resources were forecast to generate \$10 billion of future net revenue, with a 10 percent present value of \$1.9 billion, after provisions for future capital of \$3.5 billion and abandonment costs of \$65 million.

Economic runs for 1P bitumen reserves and low estimate contingent and prospective resources are identical to 1P bitumen reserves plus low estimate contingent resources, as no prospective resources were assigned in conjunction with 1P reserves.

2P bitumen reserves and best estimate contingent and prospective resources were forecast to generate \$9 billion of future net revenue, with a 10 percent present value of \$1.8 billion, after provisions for future capital of \$3.2 billion and abandonment costs of \$58 million. Under this scenario, future annual production is forecast by GLJ to peak at 41,332 barrels per day in 2017.

3P bitumen reserves and high estimate contingent and prospective resources were forecast to generate \$18.8 billion of future net revenue, with a 10 percent present value of \$2.6 billion after provisions for future capital of \$6.7 billion and abandonment costs of \$124 million. Under this scenario, future annual production is forecast by GLJ to surpass 57,000 barrels per day in 2013.

The resource volumes have not been classified as reserves at this time, pending further delineation drilling, development planning, project design and regulatory application. The resource values should be considered indicative in nature, only, pending further design work to confirm timing and capital estimates. Readers are cautioned that there is also a difference between contingent and prospective resources with differing risks and that there is no certainty that it will be commercially viable to produce any portion of the resources.

Conventional Reserves

Connacher's conventional reserve base also expanded during 2007.

On an oil equivalent basis, 1P reserves increased 5 percent to 6.8 million boes after producing 850,000 barrels in 2007. The company's 2P equivalent reserves increased 8 percent to 9.5 million boes.

The increases primarily reflect the successful drilling at Marten Creek, Alberta.

The GLJ 2007 Report estimated that Connacher's conventional 1P reserves would generate \$168 million of future net revenue with a 10 percent present value of \$112 million, after provision for future capital requirements for Connacher's 1P reserves estimated at \$14.3 million and abandonment costs net of salvage value at \$4.4 million.

The company's 2P conventional reserves were forecast to generate \$245 million of future net revenue, with a 10 percent present value of \$143 million, after provisions for future capital requirements of \$15.8 million and forecast abandonment costs of \$4.8 million.

Connacher's conventional production provides current cash flow, loan value and a hedge against natural gas requirements at Great Divide.

Total Company Combined Reserves (Conventional and Bitumen)

On a combined basis, Connacher's reserves accordingly grew at very significant rates. Total 1P equivalent reserves at December 31, 2007 were estimated by GLJ to be 59.9 million boes, an increase of 19 percent over year end 2006.

Connacher's 2P equivalent reserves increased 101 percent to 187.3 million boes at December 31, 2007 compared to 92.9 million boes at year end 2006.

The company's 2P conventional and bitumen reserves at year end 2007 are forecast to generate \$4 billion of future net revenue, with a 10 percent present value of \$1.2 billion, after provisions for future capital of \$1.1 billion and abandonment costs of \$25 million. This represents a 127 percent increase in the 10 percent present value compared to 2006.

On a per share basis, this calculated present value for 2P reserves alone equates to approximately \$5.70 per Connacher common share outstanding, before provision for the value of contingent and prospective resources as estimated in the GLJ 2007 Report, the value of the company's refinery and its investment in Petrolifera Petroleum Limited and balance sheet adjustments. There are presently approximately 210 million Connacher common shares outstanding.

No reserve volumes or future net revenue or present value thereof was assigned herein to Connacher's 26 percent equity interest in Petrolifera Petroleum Limited's crude oil and natural gas reserves in Argentina.

A detailed breakdown of reserves by category and other disclosure items related to the reserve reports referenced herein will be included in the company's Annual Report and its Annual Information Form ("AIF") which will be filed on SEDAR at www.sedar.com in March 2008.

Unproved Property Valuation

Connacher retained Sayer Energy Advisors ("Sayer"), independent energy advisors of Calgary, Alberta, to conduct an evaluation of its unproved properties in Western Canada. Sayer completed a report (the "Sayer Report") with an effective date of December 31, 2007. It was prepared according to Standard of Disclosure for Oil and Gas activities described in NI 51-101.

Sayer assigned a low value of \$12.9 million, a median value of \$14.7 million and a high value of \$16.5 million to Connacher's 77,182 net hectares of petroleum and natural gas rights held in the Provinces of Alberta, British Columbia and Saskatchewan as at December 31, 2007. The valuation does not include any of Connacher's bitumen rights, which are evaluated within the GLJ 2007 Report.

Summary Tables

(Tables may not add due to rounding.)

A. Volumes

Connacher Oil and Gas Limited			
Bitumen Reserves and Resources– Before Tax ⁽⁹⁾			
	31/12/06	31/12/07	
	(m bbl)		%Δ
Proved Reserves (1P) ⁽¹⁾	43,841	53,016	21
Proved and Probable Reserves (2P) ⁽¹⁾⁽²⁾	84,147	177,792	111
Proved, Probable and Possible Reserves (3P) ⁽¹⁾⁽²⁾⁽³⁾	109,861	242,009	120
Low Estimate Contingent Resources ⁽⁴⁾⁽⁶⁾	21,303	61,325	188
Best Estimate Contingent Resources ⁽⁴⁾⁽⁷⁾	103,671	125,531	21
High Estimate Contingent Resources ⁽⁴⁾⁽⁸⁾	155,862	209,855	35
1P + Low Estimate Contingent Resources ⁽¹⁾⁽⁴⁾⁽⁶⁾	70,533	114,340	62
2P + Best Estimate Contingent Resources ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁷⁾	187,818	303,323	61
3P + High Estimate Contingent Resources ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁸⁾	265,723	451,895	70
Low Estimate Prospective Resources ⁽⁵⁾⁽⁶⁾	0	0	0
Best Estimate Prospective Resources ⁽⁵⁾⁽⁷⁾	72,807	113,398	56
High Estimate Prospective Resources ⁽⁵⁾⁽⁸⁾	213,230	347,133	63
1P+ Low Estimate Contingent and Prospective Resources ⁽¹⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁹⁾	110,477	114,340	3
2P + Best Estimate Contingent and Prospective Resources ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁷⁾⁽⁹⁾	260,625	416,720	60

3P + High Estimate Contingent and Prospective Resources ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁸⁾⁽⁹⁾	478,953	799,028	67
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Connacher Oil and Gas Limited									
Conventional Canadian Reserves – Before Tax ⁽¹⁰⁾									
	LIGHT/MEDIUM OIL			NATURAL GAS (mmcf)			EQUIVALENT (mboes)		
	31/12/06	31/12/07	%Δ	31/12/06	31/12/07	%Δ	31/12/06	31/12/07	%Δ
Proved Reserves (1P)	2,422	2,356	(3)	24,706	26,916	9	6,540	6,842	5
Probable Reserves	786	694	(11)	8,773	11,535	31	2,248	2,617	17
Proved + Probable Reserves (2P)	3,208	3,050	(5)	33,479	38,451	15	8,788	9,459	8

Connacher Oil and Gas Limited			
Combined Conventional and Bitumen Reserves– Before Tax ⁽¹⁰⁾			
	31/12/06	31/12/07	%Δ
	(mboes)		
Proved Conventional Reserves ⁽¹⁾	6,540	6,842	
Proved Bitumen Reserves ⁽¹⁾	43,841	53,016	
Total Proved Reserves (1P) ⁽¹⁾	50,381	59,857	19
Probable Conventional Reserves ⁽²⁾	2,248	2,617	
Probable Bitumen Reserves ⁽²⁾	40,306	124,776	
Total Probable Reserves ⁽²⁾	42,554	127,393	199
Proved + Probable Conventional Reserves (2P) ⁽¹⁾⁽²⁾	8,788	9,459	
Proved + Probable Bitumen Reserves ⁽¹⁾⁽²⁾	84,147	177,792	
Total 2P Reserves ⁽¹⁾⁽²⁾	92,935	187,250	101

B. Present Value

Connacher Oil and Gas Limited			
10% Present Value of Future Net Revenue ⁽⁹⁾			
Bitumen Reserves and Resources – Before Tax			
	31/12/06	31/12/07	%Δ
	(\$MM)		
Proved Reserves (1P) ⁽¹⁾	191	492	158
Proved and Probable Reserves (2P) ⁽¹⁾⁽²⁾	376	1,051	180
Proved, Probable and Possible Reserves (3P) ⁽¹⁾⁽²⁾⁽³⁾	464	1,165	151
Low Estimate Contingent Resources ⁽⁴⁾⁽⁶⁾	52	142	173
Best Estimate Contingent Resources ⁽⁴⁾⁽⁷⁾	208	348	67
High Estimate Contingent Resources ⁽⁴⁾⁽⁸⁾	350	742	112
1P + Low Estimate Contingent Resources ⁽¹⁾⁽⁴⁾⁽⁶⁾	243	634	161
2P + Best Estimate Contingent Resources ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁷⁾	584	1,399	140
3P + High Estimate Contingent Resources ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁸⁾	814	1,906	134
Low Estimate Prospective Resources ⁽⁵⁾⁽⁶⁾	0	0	0
Best Estimate Prospective Resources ⁽⁵⁾⁽⁷⁾	194	379	95
High Estimate Prospective Resources ⁽⁵⁾⁽⁸⁾	431	724	68

1P+ Low Estimate Contingent and Prospective Resources ⁽¹⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁹⁾	486	634	30
2P + Best Estimate Contingent and Prospective Resources ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁷⁾⁽⁹⁾	778	1,778	128
3P + High Estimate Contingent and Prospective Resources ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁸⁾⁽⁹⁾	1,245	2,631	111

Connacher Oil and Gas Limited			
10% Present Value of Future Net Revenue			
Total Company (Conventional and Bitumen) – Before Tax ⁽¹⁰⁾			
	(\$MM)		
	31/12/06	31/12/07	%Δ
Proved Conventional Reserves ⁽¹⁾	121	112	
Proved Bitumen Reserves ⁽¹⁾	191	492	
Total Proved Reserves (1P) ⁽¹⁾	312	603	94
Probable Conventional Reserves ⁽²⁾	31	32	
Probable Bitumen Reserves ⁽²⁾	185	559	
Total Probable Reserves ⁽²⁾	216	591	174
Proved + Probable Conventional Reserves (2P) ⁽¹⁾⁽²⁾	152	143	
Proved + Probable Bitumen Reserves ⁽¹⁾⁽²⁾	376	1,051	
Total 2P Reserves ⁽¹⁾⁽²⁾	528	1,194	126

Notes:

- 1) Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is 90% likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- 2) Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
- 3) Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is only a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.
- 4) Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies.
- 5) Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.
- 6) Low Estimate is considered to be a conservative estimate of the quantity that will actually be recovered from the accumulation. If probabilistic methods are used, this term reflects P90 confidence level.
- 7) Best Estimate is considered to be the best estimate of the quantity that will actually be recovered from the accumulation. If probabilistic methods are used, this term is a measure of central tendency of the uncertainty distribution (P50).
- 8) High Estimate is considered to be an optimistic estimate of the quantity that will actually be recovered from the accumulation. If probabilistic methods are used, the term reflects a P10 confidence level.
- 9) Contingent resources and prospective resources are additive only for purposes of economic calculations, but are distinct categories with different risks.
- 10) Does not include bitumen resources or undeveloped land value.

Forward Looking Information

This press release contains forward-looking information, including but not limited to estimated reserves and future net revenues, and future capital expenditures. The information is based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations and risks associated with obtaining, maintaining and the timing of receipt of regulatory approvals, permits, and licenses. Additional risks and uncertainties are described in the company's Annual Information Form which is filed on SEDAR at www.sedar.com.

The reserves and future net revenue in this press release represent estimates only. The reserves and future net revenue from the company's properties have been independently evaluated by GLJ with effective dates of December 31, 2007 and December 31, 2006, respectively. This evaluation includes a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of crude oil and natural gas, operating costs, abandonment and salvage values, royalties and other government levies that may be imposed during the producing life of the reserves. These assumptions were based on price forecasts prepared by GLJ as at the dates of the reports and many of these assumptions are subject to change and are beyond the control of the company. Details of these assumptions will be contained in the company's Annual Information Form for the year ended December 31, 2007. Actual production, sales and cash flows derived therefrom will vary from the evaluation and such variations could be material. The present value of estimated future net cash flows referred to herein should not be construed as the current market value of estimated crude oil and natural gas reserves attributable to the company's properties.

Due to the risks, uncertainties and assumptions inherent in forward-looking information, prospective investors in the company's securities should not place undue reliance on forward-looking information. Forward looking information contained in this press release is made as of the date hereof and are subject to change. The company assumes no obligation to revise or update forward looking information to reflect new circumstances, except as required by law.

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