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PRESS RELEASE

June 11, 2009

**CONNACHER OIL AND GAS LIMITED ANNOUNCES INCREASED OFFERING OF
FIRST LIEN SENIOR SECURED NOTES TO US\$200 MILLION AND RELATED PRICING**

Calgary, Alberta – Connacher Oil and Gas Limited (CLL - TSX) announced today it has entered into a definitive agreement to issue and sell US\$200 million face value of 11.75% First Lien Senior Secured Notes due July 15, 2014 ("Notes") at a price of 93.678%, resulting in a yield to maturity of 13.5%. The Notes have been resold through a syndicate of investment banks to certain institutional investors pursuant to applicable securities law exemptions. The completion of the Note financing is anticipated to occur on June 16, 2009 and is subject to the finalization of definitive documentation and other customary closing conditions.

Using the June 11, 2009 Bank of Canada noon exchange rate of US\$0.9106 = C\$1.00, the net proceeds to Connacher from the sale of the Notes (after deducting the estimated costs of the transaction) will be approximately C\$199.4 million. The net proceeds will be used for working capital and general corporate purposes, including to fund a portion of the remaining construction, drilling and completion costs associated with the construction of Algar, the Corporation's second 10,000 barrel per day steam-assisted gravity drainage ("SAGD") oil sands project, once a decision is made by Connacher's Board of Directors to authorize reinstatement of construction at Algar and drilling of the associated 15 SAGD well pairs. This decision has not yet been finalized. However, in accordance with Connacher's practice to pre-fund major capital projects, upon closing of this offering of Notes, net proceeds, together with current cash balances, including the \$163.9 million of net proceeds recently received from the offering of common shares completed on June 5, 2009, will clearly position the Corporation to reinstate construction at Algar in a timely manner, as the Corporation's available cash balances would substantially exceed the estimated remaining \$200 million of construction, drilling and completion costs for Algar, assuming stable economic conditions.

It is anticipated that receipt of the net proceeds of the offering of Notes would eliminate the need for the Corporation to pursue a construction loan for Algar. Connacher is continuing to advance its negotiations with a Canadian chartered bank on behalf of a syndicate of proposed lenders to secure a revolving working capital facility (the "Working Capital Facility"). The Working Capital Facility, if made available and subject to the meeting of any funding conditions, would provide additional liquidity and financial flexibility for the Corporation's normal course business activities. The availability, terms and conditions of the proposed Working Capital Facility are yet to be finalized. There can be no assurance that the Corporation will be able to complete the proposed Working Capital Facility on terms and conditions acceptable to the Corporation, to the syndicated loan market or at all.

Moody's Investors Service ("Moody's") and Standard & Poor's ("S&P") have recently rated the Notes as B1 and BB-, respectively. Moody's lowered its rating of the Corporation to Caa1 from B3, while S&P affirmed its rating of the Corporation of B.

Connacher Oil and Gas Limited is a Calgary-based integrated oil company. Its primary upstream production is from oil sands operations at its 10,000 barrel per day Great Divide Pod One SAGD plant in northeastern Alberta. The Corporation has plans to construct a second similar sized SAGD project in Great Divide at Algar. It owns conventional Canadian production and reserves, a downstream operation with a 9,500 barrel per day heavy oil refinery in Great Falls, Montana and maintains a 24 percent equity stake in Petrolifera Petroleum Limited (PDP-TSX), a production and exploration company active in Argentina, Colombia and Peru in South America. Connacher's Common Shares and convertible debentures are listed for trading on the Toronto Stock Exchange under the symbol "CLL".

This press release is not an offer of the Notes in the United States. The Notes have not and will not be registered under the U.S. Securities Act of 1933, as amended (the "US Securities Act"). The Notes may not be offered or sold, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the US Securities Act, or to persons outside the United States in compliance with Regulation S and applicable Canadian exemptions. Any public offering of securities made in the United States would be made by means of a prospectus that would be obtainable from Connacher and that would contain detailed information about Connacher and management, as well as financial statements.

Forward-Looking Information

This news release contains certain "forward-looking information" within the meaning of applicable securities laws including information regarding Connacher's proposed offering of Notes and use of proceeds in connection therewith, the anticipated reinstatement of construction of Algar and the drilling of 15 SAGD well pairs and the ability of the Corporation to raise additional financing through the Working Capital Facility. Forward-looking information is based on the opinions and estimates of management at the date the information is provided and is 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 information. These risks include, but are not limited to risk 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, risks associated with obtaining, maintaining and the timing of receipt of regulatory approvals, permits and licenses, uncertainties relating to access to capital markets and the risk of continuing deterioration of global economic conditions. In certain circumstances the company may curtail production, defer expenditures and/or modify its plans with respect to capital expenditures, which may impact year-end cash balances and net operating income. Additional risks and uncertainties are described in the company's Annual Information Form which is filed on SEDAR at www.sedar.com.

The ability of the company to complete the proposed offering of Notes is subject to the completion of definitive documentation and the satisfaction of certain conditions to closing. The current financial crisis has resulted in severe economic uncertainty and resulting illiquidity in capital markets which increases the risk associated with the company's financing plans. There can be no assurance that the company will be successful in completing the proposed financing. Failure to complete the proposed offering of Notes will require the company to examine other alternatives for securing the financing needed to reinstate the construction of Algar. 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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