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PRESS RELEASE

June 16, 2009

**CONNACHER OIL AND GAS LIMITED ANNOUNCES CLOSING OF PREVIOUSLY
ANNOUNCED DEBT FINANCING AND RESUMPTION OF CONSTRUCTION OF ALGAR**

Calgary, Alberta – Connacher Oil and Gas Limited (CLL - TSX) announced today it has closed the sale of 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% and gross proceeds of approximately US\$187 million. The Notes were resold through a syndicate of investment banks with Credit Suisse as Sole Book-Running Manager and RBC Capital Markets and TD Securities, as Joint Lead Managers, to certain institutional investors pursuant to applicable securities law exemptions.

Using the June 15, 2009 Bank of Canada closing exchange rate of US\$0.8831 = C\$1.00, the net proceeds to Connacher from the sale of the Notes (after deducting an estimate of the costs of the transaction) will be approximately C\$205.6 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, and drilling of the associated 15 SAGD well pairs (the "Algar Project").

Connacher also wishes to advise that, having closed this debt financing, its Board of Directors has now authorized management to proceed with the reactivation of the Algar Project. Following completion of a brief pre-start-up organizational period, work is anticipated to commence and the Corporation anticipates that construction at Algar and the drilling of the 15 SAGD well pairs will take approximately 275 days from commencement of field activities. This will be followed by requisite plant commissioning and steaming of the SAGD well pairs, which will require additional time of approximately 120 days, prior to commencing Algar production and its ramp-up towards full plant capacity of 10,000 bbl/d of bitumen.

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 reactivated its plan 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 the planned construction of Algar and the drilling of 15 SAGD well pairs and the timeline associated therewith. 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 Corporation 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 Corporation's Annual Information Form which is filed on SEDAR at www.sedar.com. Due to the risks, uncertainties and assumptions inherent in forward looking information, prospective investors in the Corporation'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 Corporation assumes no obligation to revise or update forward looking information to reflect new circumstances, except as required by law.

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