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PRESS RELEASE

October 5, 2009

**CONNACHER ANNOUNCES FLOW-THROUGH SHARE OFFERING;
CONTINUATION OF COMMITMENT TO EXPLORE RESOURCE BASE**

Calgary, Alberta – Connacher Oil and Gas Limited (CLL-TSX) (“Connacher” or the “Corporation”) announces today that it has entered into an agreement with a syndicate of underwriters led by RBC Capital Markets under which Connacher will issue 19,250,000 flow-through common shares ("Flow-Through Shares") on a "bought deal" basis for gross proceeds of approximately \$25 million (\$1.30 per Flow-Through Share). Connacher has granted the underwriters an over-allotment option to purchase up to an additional 2,887,500 Flow-Through Shares on the same terms and conditions, exercisable in whole or in part up to 30 days following closing of the offering, for aggregate gross proceeds of approximately \$29 million. The offering is scheduled to close on or about October 22, 2009.

Connacher will use the gross proceeds from the sale of the Flow-Through Shares to pay exploration expenses on the Corporation's properties which qualify as Canadian Exploration Expenses (as such term is defined in the Income Tax Act (Canada)). It is anticipated that the net proceeds will primarily be used to further delineate and define Connacher's oil sands properties through the drilling of additional core holes and for conducting a three-dimensional (3-D) seismic program over Connacher's oil sands properties. Connacher remains positive about, and committed to, the exploration of its oil sands acreage to enhance its reserve and resource base which is anticipated to support future bitumen production growth.

A preliminary short-form prospectus will be filed with securities regulatory authorities in all provinces of Canada except Quebec. The offering is subject to the approval of such securities regulatory authorities, in addition to approval by the Toronto Stock Exchange.

This press release is not an offer to sell securities or the solicitation of an offer to buy securities in any jurisdiction. Securities may not be offered or sold in the United States absent registration or an applicable exemption from registration.

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 bbl/d Pod One SAGD plant in northeastern Alberta. The company has reactivated its construction activities and has fully funded a second similar-sized SAGD oil sands project in Great Divide at Algar. It has conventional crude oil and natural gas production of approximately 3,100 boe/d in Alberta and Saskatchewan, a downstream operation with a 9,500 bbl/d heavy oil refinery in Great Falls, Montana and maintains a 22 percent equity stake in Petrolifera Petroleum Limited (PDP-TSX), a production and exploration company active in Argentina, Colombia and Peru in South America.

Forward-Looking Statements: This news release contains certain “forward-looking information” within the meaning of applicable securities law including statements regarding the proposed use of proceeds of the offering and future enhancements to the Corporation’s reserve and resource base with the anticipated results thereof. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “may”, “will”, “would”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur. These statements are only predictions. 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 factors include the inherent risks involved in the exploration and development of oil sands properties, the possibility that Connacher may not be able to obtain the necessary approvals to proceed with the offering, difficulties or delays in start-up operations, the uncertainties involved in interpreting drilling results and other geological data, fluctuating oil prices, the possibility of 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, start-up, approvals and the ability to access sufficient capital from external sources. For a description of the risks and uncertainties facing Connacher and its business and affairs, readers should refer to Connacher's Annual Information Form for the year ended December 31, 2008. 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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