



PRESS RELEASE

October 23, 2009

CONNACHER OIL AND GAS LIMITED PROVIDES ALGAR UPDATE

CALGARY - Connacher Oil and Gas Limited (CLL - TSX) announces today that on October 16, 2009 a major milestone was achieved at the Algar construction site with the engineered lift of the two evaporator towers ("towers"), which constitute part of Connacher's second 10,000 bbl/d steam-assisted gravity drainage ("SAGD") plant at its Great Divide oil sands development project in northeastern Alberta.

As shown on our website at www.connacheroil.com under the caption "Algar Slideshow" and also as available at http://files.newswire.ca/574/Algar_Evaporators.pdf, the first tower, which weighed over 476,000 pounds and stands approximately 150 feet tall, approximately 40 feet taller than the evaporator towers at Pod One, was installed initially, followed by the second, smaller tower. These lifts required a sound plan, excellent teamwork, communication and cooperation among a wide range of disciplines, as well as favorable weather conditions with limited wind. The towers were transported to the site by truck, including over Connacher's newly-constructed road from Highway 63 to the plant site. This road was carved out of muskeg in a remote area and the towers were installed on reinforced concrete bases, situated on piles driven into the muskeg. The towers were each stood up in approximately four hours and are expected to be in place for approximately 25 years.

Construction at the Algar project is proceeding on time and under budget at this time, with a target to complete the plant and tie in the associated seventeen SAGD horizontal well pairs in early April 2010. Thereafter, it will take approximately one month to commission the plant and steaming of the well pairs should start in May 2010 and last approximately three months before first production in approximately August 2010.

Thereafter, rampup towards full plant capacity is anticipated to occur between startup and year end 2010 or early 2011. Completion of Algar will double Connacher's capacity at Great Divide to 20,000 bbl/d of bitumen.

Connacher is very pleased with the progress at Algar, as highlighted by this installation of the evaporator towers in a most timely and efficient manner. Barring any unforeseen problems or unduly adverse weather conditions, the company remains optimistic about the timely, cost effective completion of the Algar project and then its eventual impact on the company's production levels from the region.

Separately, with the recent closing of the \$30 million flow through equity financing, after freeze-up Connacher will immediately be embarking on a multi-well core hole drilling program, primarily on the northwest portion of its main lease block at Great Divide and to a lesser extent on its 50 percent-owned Halfway Creek acreage. Additionally, 3-D seismic will be shot on Connacher acreage in the region.

Connacher Oil and Gas Limited is a Calgary based producer of crude oil, natural gas and bitumen at its Great Divide oil sands project in Alberta, Canada. The company also owns and operates a 9,500 bbl/d heavy oil refinery at Great Falls, Montana, where a regularly-scheduled turnaround is nearing completion and owns a 22 percent equity stake in Petrolifera Petroleum Limited, a public crude oil and natural gas company listed on the Toronto Stock Exchange under the symbol PDP and 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 length of time the Towers are expected to remain in place, the timing associated with completion of construction, commissioning and steam circulation prior to commencement of commercial production at Algar, the timing of rampup towards full plant capacity at Algar and the production anticipated to be achieved at that time and the timing and proposed use of proceeds of the recently completed flow through equity financing. 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, 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.

For further information:

Richard A. Gusella, President and Chief Executive Officer
OR Grant D. Ukrainetz, Vice President, Corporate Development
Phone: (403) 538-6201
Fax: (403) 538-6225
inquiries@connacheroil.com
Website: www.connacheroil.com

Suite 900, 332 – 6th Avenue S.W.
Calgary, Alberta T2P 0B
Telephone: (403) 538-6201 Facsimile: (403) 538-6225