



PRESS RELEASE

December 4, 2009

CONNACHER PROVIDES OPERATIONS UPDATE

Calgary, Alberta – Connacher Oil and Gas Limited (CLL – TSX) is making significant progress at its Algar 10,000 bbl/d steam-assisted gravity drainage (“SAGD”) project, the company’s second such facility which is part of the company’s Great Divide in situ oil sands operation in northeastern Alberta.

Construction activity at Algar was reinstated during July 2009, after being temporarily suspended in early 2009 at the time of the collapse in commodity markets and the crisis in financial markets.

Since that time construction and drilling at Algar has proceeded with discipline on both cost and timing fronts. The company has completed the drilling of 17 horizontal SAGD well pairs at Algar (34 horizontal well bores) in record time and at a cost of approximately \$10 million under budget. As a result of access to superior equipment and crews and with better planning and improvement in the overall execution of the drilling program, Connacher was able to add two extra well pairs to the original program of 15 SAGD well pairs and still realize the savings noted herein. Record per well drilling times of less than five days were recorded for the horizontal wells, drilled to a vertical depth of approximately 450 meters with a horizontal section usually exceeding 700 meters. The wells will be completed and tied in to the Algar plant in time for steam circulation to begin approximately 30 days after the Algar plant is commissioned, now anticipated to occur during late April and early May 2010. Steam will be circulated in the well bores for approximately 90 days thereafter, before the commencement of actual bitumen production from the Algar accumulation.

Construction at the plant is also proceeding on time and on budget. Stakeholders are encouraged to visit our website at www.connacheroil.com to view pictures of the progress at the construction site, which is situated east of Great Divide Pod One, Connacher’s first 10,000 bbl/d oil sands facility. We post updated photos each Monday morning and will continue to do so as long as there is visible change discernible as a result of our construction activity. We also recently posted time-dated overhead photos of Algar which can be viewed by clicking on Operations/Algar/Algar Slide Show/“Algar Construction Progress Comparison – August 2009 – Present” to follow our considerable achievement in the construction program. In our view, the plant is now over 75 percent complete and with the wells drilled and completed in such an efficient manner, we remain committed to our target of completion in April 2010.

Following our September 2009 turnaround at Great Divide Pod One, we encountered some water quality and water treatment issues we reported to you in our interim report for the nine months ended September 30, 2009, which was released to the public on November 11, 2009. These issues arose after certain well workovers completed during the annual plant turnaround resulted in some changes to the chemical balance of the increased volumes of produced emulsion (comprised of hot water or condensed steam and bitumen). This in turn affected the smooth operation of our evaporators, which play an important role in

the cleanup and recycling of the water recovered from the emulsion produced by the SAGD wells. We accordingly experienced periodic shutdowns of the evaporators during the months of October 2009 and November 2009, primarily to clean out certain materials which were impairing the normal functioning of this equipment. In turn, this reduced the volume of steam we could produce and inject into the reservoir and therefore adversely impacted overall daily average production levels. During the month of October 2009, for example, because of these issues our production was below our original expectation at approximately 5,800 bbl/d, or about eight percent below the 6,300 bbl/d levels we had achieved for the nine months ended September 30, 2009, as reported to shareholders in our interim report. This level was also about 11 percent below third quarter 2009 production levels. On occasion, when evaporators were down for cleanout activities, daily or intraday production levels were below these average levels. Similar conditions persisted throughout much of November 2009 as preliminary results, which require final confirmation, indicate Pod One bitumen production levels fell below 5,000 bbl/d.

The good news is that after intensive review of procedures, types of chemical additives used and adopting certain modifications to the process, we are now pleased to report that normal operations appear to have been restored at our Great Divide Pod One facility. Recently, bitumen production has been in the range of 7,500 bbl/d-8,500 bbl/d and we continue to target achieving a stabilized Pod One bitumen production rate averaging or exceeding 8,000 bbl/d during the remainder of 2009.

As already reported, our best estimate production forecast for 2010 from Pod One is 9,000 bbl/d and we anticipate producing approximately 1,685 bbl/d from Algar, calculated on an annualized basis over 365 days. Obviously, we anticipate 2011 daily production will exceed this amount considerably, as Algar production is expected to occur on a full year basis and not just during the latter part of the year after a commerciality declaration as will be the case in 2010.

Connacher Oil and Gas Limited is a Calgary based producer of crude oil, natural gas and bitumen at its 10,000 bbl/d Pod One steam assisted gravity drainage ("SAGD") oil sands project at Great Divide in Alberta, Canada. The company is currently constructing its second 10,000 bbl/d SAGD oil sands project ("Algar") at Great Divide and also owns and operates a 9,500 bbl/d heavy oil refinery at Great Falls, Montana. The company 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 Information

This news release contains certain "forward-looking information" within the meaning of applicable securities laws including anticipated bitumen production levels and the timing associated therewith at the company's Great Divide Pod One and Algar facilities, estimated costs to complete the construction of Algar, the timing associated with completion and tie-in of wells at Algar and the completion of construction, commissioning and steam circulation prior to commencement of production at Algar. Design capacity is not necessarily indicative of the stabilized production levels that may be achieved at the company's SAGD facilities. Moreover, reported average or instantaneous production levels may not be reflective of sustainable production rates and future production rates may differ materially from the production rates reflected herein due to, among other factors, difficulties or interruptions encountered during the production of bitumen. Actual capital costs may differ from estimates of capital costs prepared by management in connection with construction at Algar and such differences may be material. Estimated capital costs are based on historical experience in constructing Connacher's first SAGD project at Great Divide and have been adjusted for inflation, actual expenditures incurred to date and existing contractual commitments. However, costs for and access to required labour, services and equipment, operational

efficiencies or difficulties in construction and drilling, changes in scope of design and weather conditions may individually or collectively materially impact on the actual capital costs incurred in the construction of Algar. 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 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, risks associated with obtaining, maintaining and the timing of receipt of regulatory approvals, permits and licenses and uncertainties relating to access to capital and credit markets. Additional risks and uncertainties are described in the Corporation's Annual Information Form for the year ended December 31, 2008 which is filed on SEDAR at www.sedar.com. The forward-looking information contained in this news release is made as of the date hereof and the company assumes no obligation to update or revise this information to reflect new events or circumstances, except as required by law. Because of the risks, uncertainties and assumptions inherent in forward-looking information, prospective investors in the company's securities should not place undue reliance on the forward- looking information contained herein.

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