



PRESS RELEASE

February 12, 2010

**10% PRESENT VALUE (PV) OF CONNACHER'S PROVED AND PROBABLE (2P) BITUMEN RESERVES INCREASES 46% TO \$2 BILLION AT YEAR-END 2009;
10% PV OF 3P BITUMEN RESERVES SURPASSES \$3 BILLION**

Calgary, Alberta – Connacher Oil and Gas Limited (CLL – TSX) announced today that as at December 31, 2009 the 10% present value (“10% PV”) of its estimated pre-tax future net revenue of its proved and probable (“2P”) bitumen reserves, as evaluated by GLJ Petroleum Consultants Ltd., independent qualified reserves evaluators, (“GLJ”), increased 46 percent over year end 2008 values to surpass \$2 billion. The 10% PV of estimated pre-tax future net revenue of proved, probable and possible (“3P”) bitumen reserves increased 50 percent during the same period to reach \$3.16 billion. The increases primarily reflect the impact of major capital outlays for Algar during 2009, lower operating costs resulting from lower fuel prices and the higher price deck for bitumen, resulting from reduced price differentials, used by GLJ in its 2009 report. The 10% PV estimates are based on 379 million barrels of 2P bitumen reserves and 462 million barrels of 3P reserves, after 2009 production estimated at 2.3 million barrels of bitumen (heavy oil) at Great Divide Pod One. There was no significant consequential change in Connacher’s bitumen reserves during the past year, as limited core hole drilling was conducted in 2009, in response to the difficult commodity price, capital market and credit market conditions which existed, primarily during the early months of the year.

Henceforth, in this press release, bitumen and unconventional and heavy oil are terms used interchangeably. Also, in this press release, unless otherwise stated, reserves refer to reserves of either bitumen or conventional crude oil, natural gas or natural gas liquids or barrels of oil equivalent (“boe”) and resources refers to bitumen resources. Future net revenue is calculated after the deduction, of forecast royalties, operating expenses, capital expenditures and well abandonment costs, but before corporate overhead or other indirect costs, including interest and income taxes from forecast revenue. The 10 percent pre-tax present value of future net revenue is also referred to as “present value” or “present worth” or “PV”. Certain amounts cited herein have been rounded for presentation purposes. Outstanding financial hedges were not included in the evaluation.

All references to barrel of oil equivalent (“boe”) are calculated on the basis of 6 Mcf:1 bbl. Readers are cautioned that the conversion used in calculating barrels of oil equivalent is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Furthermore, boe may be misleading if used in isolation. Future net revenues disclosed herein do not represent fair market value. Also, estimations of reserves, resources and future net revenue discussed in this press release constitute forward looking information. See “Forward Looking Information” below.

The reserve estimates provided herein were prepared by GLJ in a report (“GLJ 2009 Year-End Report”) with an effective date of December 31, 2009. The GLJ 2009 Year-End Report was prepared using assumptions and methodology guidelines outlined in the Canadian Oil and Gas Evaluation Handbook

(“COGE Handbook”) and in accordance with National Instrument 51-101 (“NI 51-101”). Comparisons provided herein with respect to Connacher’s conventional and bitumen reserves and resources and 10 percent present values are to estimates contained in a report prepared by GLJ with an effective date of December 31, 2008 (“GLJ 2008 Year-End Report”).

All new reserve estimates are as at December 31, 2009 and include the results of Connacher’s modest core hole drilling program at Great Divide in 2009 and drilling or other activities conducted and completed on company properties during the year. Possible reserves were only evaluated with respect to Connacher’s bitumen reserves. Connacher’s conventional crude oil and natural gas reserves were not evaluated in the possible reserves category.

The GLJ 2009 Year-End Report was prepared utilizing the GLJ January 1, 2010 price forecast, effective December 31, 2009. Readers are referred to the notes to the Summary Tables included in this press release for details regarding the price forecast used in the GLJ 2009 Year End Report. Earlier reports were prepared using the price forecasts then being applied by GLJ.

The GLJ 2009 Year-End Report and the comparative GLJ 2008 Year-End Report both incorporated Alberta’s prevailing royalty regime.

Highlights are as follows:

Unconventional Reserves (Bitumen or Heavy Oil)

Connacher owns a 100 percent working interest in approximately 98,000 net acres of oil sands leases, primarily located at its Great Divide project in northeastern Alberta, situated 80 kilometers southwest of Fort McMurray and a 50 percent working interest at Halfway Creek, Alberta. Numerous oil accumulations in the McMurray formation have been identified for development.

Great Divide Pod One has been producing bitumen since late 2007, with commercial production commencing March 1, 2008. Production since start up through December 31, 2009 has totaled approximately 4.5 million barrels of bitumen, of which 2.3 million barrels were produced in 2009, which amount has been deducted prior to the calculation of remaining reserves and resources as at December 31, 2009. Additional details regarding Connacher’s development at Great Divide can be accessed at www.connacheroil.com or www.sedar.com. Furthermore, additional information regarding Connacher’s reserves and resources, including the company’s interest in the resources and the risks and the level of uncertainty associated with the recovery of the resources can be found in the company’s annual information form (“AIF”) dated March 27, 2009. This AIF can be accessed at www.sedar.com. The company will file an updated AIF later this year and prior to March 31, 2010, once it has completed the year end audit of its financial and operating results for the year ended December 31, 2009 and has released them to the public, anticipated to occur on March 18, 2010. In November 2008 the company received regulatory approval to develop Algar, a 10,000 bbl/d facility similar to Great Divide Pod One. Connacher has drilled and completed the initial 17 steam-assisted gravity drainage (“SAGD”) horizontal well pairs at Algar and is nearing completion of construction of the related plant. Connacher has also initiated the regulatory process to secure permission to expand the productive capacity at Algar to 34,000 barrels per day.

After production of 2.3 million barrels of bitumen in 2009:

Total 1P bitumen reserves declined one percent over year-end 2008 levels of 175 million barrels to 173 million barrels. The GLJ 2009 Year-End Report estimated Connacher's 1P bitumen reserves would generate \$4.4 billion of undiscounted future net revenue with a 10 percent PV of \$1.4 billion, after deduction of future capital requirements of \$2.2 billion and well abandonment costs of \$48 million. This represents a 54 percent increase in the 10% PV over last year.

Total 2P bitumen reserves were estimated at 379 million barrels, a year over year increase of three percent; 2P bitumen reserves were forecast to generate \$12.4 billion of future net revenue, with a 10 percent PV of \$2 billion, after provisions for future capital of \$5.6 billion and well abandonment costs of \$114 million. This represents a 46 percent increase in the 10 % PV over last year.

Total 3P bitumen reserves were estimated at 462 million barrels, compared to 443 million barrels a year ago, an increase of four percent; 3P bitumen reserves were forecast to generate \$13.8 billion of future net revenue with a 10 % PV of \$3.2 billion, after provision for future capital of \$5.4 billion and well abandonment costs of \$103 million. The 10 % PV of 3P reserves was 50 percent higher than the \$2.1 billion assigned to such reserves at December 31, 2008.

Best Estimate Contingent bitumen resources were estimated to have increased two percent from 133 million barrels to 135 million barrels; the 10 % PV increased 131 percent to \$384 million from \$167 million last year.

Best Estimate Prospective bitumen resources increased 18 percent to 97 million barrels; the 10 % PV rose 122 percent to \$236 million from \$106 million at December 31, 2008.

Please refer to the tables attached hereto for the volumes and the estimated undiscounted and 10 percent pre-tax present values assigned to 1P, 2P and 3P reserves and separately to Low Estimate, Best Estimate and High Estimate Contingent and Prospective resources. It should be noted that reserves, Contingent resources and Prospective resources involve different risks associated with achieving commerciality. There is no certainty that it will be commercially viable to produce any portion of the Contingent resources. There is no certainty that any portion of the Prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources. The prospective resource estimates set forth in this press release have been risked for the chance of discovery but not for the chance of development and hence are considered partially risked estimates. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development. Reference should be made to "Bitumen Reserves and Resources", "Forward Looking Information" and the notes following the tables set forth below for a description of the risks associated with the company's reserves, contingent resources and prospective resources.

Conventional Reserves

Connacher's conventional reserve base remained fairly stable in 2009.

After production of approximately 1.1 million boe during 2009:

1P reserves declined six percent to 6.9 million boe compared to levels at December 31, 2008. The GLJ 2009 Year-End Report estimated that Connacher's conventional 1P reserves would generate \$183 million of future net revenue with a 10 % PV of \$122 million, after provision for future capital requirements estimated at \$6.5 million and well abandonment costs of \$4.7 million.

Connacher's 2P conventional reserves only declined one percent to 9.7 million boe. The company's 2P conventional reserves were forecast to generate \$263 million of future net revenue, with a 10 % pre-tax present value of \$155 million, after provision for future capital requirements of \$14.5 million and forecast well abandonment costs of \$5.2 million.

The decline in proved reserves reflected a modest capital program during 2009 and production during the year. The nine percent decline in the 10 % PV of 2P reserves reflected the decline in 1P reserves and lower price assumptions for natural gas.

Total Corporate Bitumen and Conventional (Combined Equivalent boe) Reserves

On a combined equivalent basis, at December 31, 2009 1P bitumen and conventional reserves were estimated by GLJ to be 180 million boe; 2P combined equivalent reserves were estimated to be 389 million boe and 3P combined equivalent reserves were estimated to be 471 million boe.

The company's 1P combined equivalent reserves at December 31, 2009 were forecast to generate \$4.6 billion of future net revenue, with a 10 % PV of \$1.5 billion, an increase of 45 percent over 2008 levels.

The company's 2P combined equivalent reserves at December 31, 2009 were forecast to generate \$12.6 billion of future net revenue, with a 10 % PV of \$2.2 billion, an increase of 40 percent over 2008 levels.

Connacher's 3P combined equivalent reserves were forecast to generate \$14.1 billion of future net revenue with a 10 % PV of \$3.3 billion, an increase of 46 percent over 2008 levels.

On a per share basis, this estimated 10% PV of approximately \$2.2 billion for 2P combined equivalent reserves equates to approximately \$5.05 per Connacher common share outstanding, before provision for the value of Contingent and Prospective resources as estimated in the GLJ Year End 2009 Report, the value of the company's refinery and its investment in Petrolifera Petroleum Limited and balance sheet adjustments. There are presently approximately 427 million Connacher common shares outstanding. This indicates the achievement of a substantial uplift of reserve value per share of approximately 40 percent during 2009, despite the approximate doubling of outstanding common shares during the year. The shares were issued to enhance corporate liquidity and strengthen the company's balance sheet during the severe downturn in commodity prices, credit conditions and financial markets. This positioned Connacher to restore its growth program at Algar with the confidence of having sufficient funds to meet all financial obligations and to complete Algar without further recourse to capital markets.

Similarly, the 10% PV of the company's combined equivalent 3P reserves equates to approximately \$7.75 per common share outstanding.

No reserve volumes or future net revenue or present value thereof were assigned herein to Connacher's 22 percent equity interest in Petrolifera Petroleum Limited's crude oil and natural gas reserves.

Connacher Oil and Gas Limited is a Calgary-based crude oil, natural gas and bitumen or heavy oil producer. Our principal asset is located at Great Divide in the oil sands region of Alberta. We also own conventional properties in Alberta and Saskatchewan, a refinery in Montana, USA and hold a significant 22 percent equity stake in Petrolifera Petroleum Limited, a crude oil and natural gas producer active in Argentina, Colombia and Peru in South America.

Forward Looking Information

This press release contains forward looking information, including but not limited to estimated reserves and resources and future net revenues associated therewith, future capital expenditures, the anticipated impact of Alberta's proposed royalty regime on estimated future net revenues, development of additional oil sands resources (including Algar), and the proposed timing of the release of the company's 2009 audited financial and operating results. The forward looking information is based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated. 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 associated with geological interpretations; 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 volatile global economic conditions. Additional risks and uncertainties are described in the company's Annual Information Form which is filed on SEDAR at www.sedar.com.

This press release includes information pertaining to the reserves, resources and the value of future net revenue of the Corporation as at December 31, 2008 and December 31, 2009 as evaluated by GLJ Petroleum Consultants Ltd. ("GLJ") in their report dated February 13, 2009 (the "2008 GLJ Report") and their report dated February 12, 2010 (the "2009 GLJ Report" and together with the 2008 GLJ Report, the "GLJ Reports"). Statements relating to reserves and resources are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and can be profitably produced in the future. The GLJ Reports are based on a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of bitumen, crude oil, natural gas liquids and natural gas, operating costs, well abandonment and salvage values, royalties and other government levies that may be imposed during the producing life of the reserves. Moreover, there is no assurance that the forecast price and cost assumptions contained in the GLJ Reports will be attained and variances could be material. In addition, the 2009 GLJ Report does not reflect production obtained during the 2010 year. The reserves and resources estimates of Connacher's properties described herein are estimates only. The actual reserves and resources on Connacher's properties may be greater or less than those calculated. The present value of estimated future net revenues referred to herein should not be construed as the current market value of estimated bitumen, crude oil, natural gas and natural gas liquids reserves attributable to Connacher's properties.

Contingent resources disclosed herein were assigned in regions with lower core-hole drilling density than the reserve regions and are outside Connacher's current areas of application for development. These resource estimates are not classified as reserves at this time, pending further reservoir delineation, project application, facility and reservoir design work. Contingent resources entail additional commercial risk than reserves. Adjustments for commercial risks were not incorporated in the estimates of contingent resources set forth herein. A range of Contingent Resource estimates (Low, Best and High) were prepared to reflect a range of technical uncertainty. Low Estimate Contingent Resources were assigned to mapped regions of oil-in-place with at least 12 m of continuous bitumen pay along with a conservative estimate of recovery factor. Best Estimate Contingent Resources were assigned to mapped regions of oil-in-place of identified pods outside areas of application for development with at least 10 m of continuous bitumen pay along with a best estimate of recovery factor. High Estimate Contingent Resources were assigned to mapped regions of oil-in-place of identified pods outside areas of application for development with at least 9 m of continuous bitumen pay along with a more optimistic estimate of recovery factor. There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources.

Prospective resources disclosed herein were attributable to undiscovered pods in unexplored regions, utilizing average parameters from the pods discovered to date and the statistical success within the explored regions of the leases. Prospective Resources entail additional commercial exploration risks than reserves and Contingent Resources. A range of Prospective Resources estimates were prepared to reflect a range of technical uncertainty. Best and High estimates of Prospective Resources were assigned using net pay thresholds of 10 m and 9 m, respectively. No Low Estimate Prospective Resources were assigned, given the risk of not encountering an undiscovered pod of sufficient size to be considered commercial. Adjustments for commercial risks were not incorporated in the estimates of Prospective

Resources set forth herein. There is no certainty that any portion of the Prospective Resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the Prospective Resources.

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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Summary Tables

Tables may not add due to rounding. Estimates of Reserves, Resources and Future Net Revenue constitute forward looking information. See “Forward Looking Information” in the press release to which these summary tables are attached.

A. Volumes

Connacher Oil and Gas Limited Bitumen Reserves and Resources			
	31/12/08	31/12/09	%Δ
	(mbl)		31/12 09/08
Proved Reserves (1P) ⁽¹⁾	175,462	173,225	(1)
Proved and Probable Reserves (2P) ⁽¹⁾⁽²⁾	369,684	379,180	3
Proved, Probable and Possible Reserves (3P) ⁽¹⁾⁽²⁾⁽³⁾	442,504	461,672	4
Low Estimate Contingent Resources ⁽⁴⁾⁽⁶⁾	132,175	148,408	12
Best Estimate Contingent Resources ⁽⁴⁾⁽⁷⁾	132,772	134,919	2
High Estimate Contingent Resources ⁽⁴⁾⁽⁸⁾	185,681	188,766	2
Low Estimate Prospective Resources ⁽⁵⁾⁽⁶⁾	0	0	0
Best Estimate Prospective Resources ⁽⁵⁾⁽⁷⁾	82,645	97,142	18
High Estimate Prospective Resources ⁽⁵⁾⁽⁸⁾	213,584	236,786	11

Connacher Oil and Gas Limited Conventional Canadian Reserves									
	LIGHT/MEDIUM OIL/NGL (mbl)			NATURAL GAS (mmcf)			EQUIVALENT (mboe)		
	31/12/08	31/12/09	%Δ	31/12/08	31/12/09	%Δ	31/12/08	31/12/09	%Δ
			31/12 09/08			31/12 09/08			31/12 09/08
Proved Reserves (1P) ⁽¹⁾	2,620	2,379	(9)	28,547	27,324	(4)	7,378	6,933	(6)
Probable Reserves ⁽²⁾	818	845	3	9,575	11,733	22	2,414	2,801	16
Proved + Probable Reserves (2P) ⁽¹⁾⁽²⁾	3,438	3,224	(6)	38,122	39,057	2	9,792	9,734	(1)

Connacher Oil and Gas Limited Combined Conventional and Bitumen Reserves ⁽⁹⁾			
	31/12/08	31/12/09	%Δ
	(mboe)		31/12 09/08
Proved Conventional Reserves ⁽¹⁾	7,378	6,933	(6)
Proved Bitumen Reserves ⁽¹⁾	175,462	173,225	(1)
Total Proved Reserves (1P) ⁽¹⁾	182,840	180,158	(1)
Probable Conventional Reserves ⁽²⁾	2,414	2,801	16
Probable Bitumen Reserves ⁽²⁾	194,222	205,955	6
Total Probable Reserves ⁽²⁾	196,636	208,756	6

Proved + Probable Conventional Reserves (2P) ⁽¹⁾⁽²⁾	9,792	9,734	(1)
Proved + Probable Bitumen Reserves ⁽¹⁾⁽²⁾	369,684	379,180	3
Total 2P Reserves ⁽¹⁾⁽²⁾	379,476	388,914	2
Total 3P Reserves ⁽¹⁾⁽²⁾⁽³⁾	451,296	471,406	4

B. Present Value

Connacher Oil and Gas Limited			
10 percent Present Value of Future Net Revenue			
Bitumen Reserves and Resources – Before Tax			
	31/12/08	31/12/09	%Δ
	(\$MM)		31/12
			09/08
Proved Reserves (1P) ⁽¹⁾	888	1,369	54
Proved and Probable Reserves (2P) ⁽¹⁾⁽²⁾	1,372	2,001	46
Proved, Probable and Possible Reserves (3P) ⁽¹⁾⁽²⁾⁽³⁾	2,103	3,156	50
Low Estimate Contingent Resources ⁽⁴⁾⁽⁶⁾	119	176	48
Best Estimate Contingent Resources ⁽⁴⁾⁽⁷⁾	167	384	131
High Estimate Contingent Resources ⁽⁴⁾⁽⁸⁾	311	531	70
Low Estimate Prospective Resources ⁽⁵⁾⁽⁶⁾	0	0	0
Best Estimate Prospective Resources ⁽⁵⁾⁽⁷⁾	106	236	122
High Estimate Prospective Resources ⁽⁵⁾⁽⁸⁾	355	610	72

Connacher Oil and Gas Limited			
10 percent Present Value of Future Net Revenue			
Total Company (Conventional and Bitumen) – Before Tax ⁽⁹⁾			
	(\$MM)		%Δ
	31/12/08	31/12/09	31/12
			09/08
Proved Conventional Reserves ⁽¹⁾	137	122	(11)
Proved Bitumen Reserves ⁽¹⁾	888	1,369	54
Total Proved Reserves (1P) ⁽¹⁾	1,025	1,491	45
Probable Conventional Reserves ⁽²⁾	33	32	(2)
Probable Bitumen Reserves ⁽²⁾	484	632	31
Total Probable Reserves ⁽²⁾	517	664	28
Proved + Probable Conventional Reserves (2P) ⁽¹⁾⁽²⁾	171	155	(9)
Proved + Probable Bitumen Reserves ⁽¹⁾⁽²⁾	1,372	2,001	46
Total 2P Reserves ⁽¹⁾⁽²⁾	1,543	2,156	40
Total 3P Reserves ⁽¹⁾⁽²⁾⁽³⁾	2,274	3,311	46

