

MEDIA RELEASE**FOR IMMEDIATE RELEASE****CONNACHER OIL AND GAS LIMITED PROVIDES UPDATE AND ANNOUNCES PIPELINE PROJECT**

Calgary, Alberta; Connacher Oil and Gas Limited (“Connacher” or the “Company”) is pleased to announce the following:

While 2020 was an extremely challenging and unprecedented year for the energy sector, Connacher advanced several key initiatives in the second half of the year to position the Company for the future. Earlier in the year, following the precipitous drop in crude oil prices caused by the COVID-19 pandemic, Connacher significantly reduced production from its Great Divide operations in order to preserve cash. As prices began to recover, production was safely ramped back up to pre-COVID levels towards the end of the second quarter. While there are many challenges remaining in the sector, including pipeline egress out of the basin and the regulatory environment, the Company exited 2020 in a relatively strong position to take advantage of an improving economy post-COVID and enhanced market access as major pipeline projects come into service.

Improved Cost Structure

In 2020, Connacher began two new initiatives and continued a third to improve profitability, enhance the Company’s competitiveness and position it for the future:

Operational Efficiency Improvements through “One Connacher”

In Q2 2020, Connacher approached the Alberta Energy Regulator (“AER”) and Alberta Boilers Safety Association to secure approvals to streamline its operations at its Pod One and Algar thermal projects. Their facilities are physically separated by only 7 kilometers but have always been operated as separate entities. Under the One Connacher project, wherever safely possible, duplication has been eliminated. The most recent step in this initiative was achieved in November 2020 through the combination of the Pod One and Algar control rooms. The efficiencies gained from the One Connacher project are expected to reduce operating costs, as well as increase consistency across the Company’s operations.

Drilling of New Infill Wells

In Q3 2020, Connacher took advantage of favorable market conditions and drilled four infill wells at Algar. Each infill well has been drilled several meters below the current producing wells, accessing previously bypassed pay. The additional production from these infill wells will reduce Connacher’s steam oil ratios, reduce operating costs per barrel, increase proven reserves, and lower Connacher’s GHG emissions intensity.

Enhanced Transportation and Marketing

Connacher engaged with pipeline companies to explore alternatives to improve the transportation and marketing of its product. The evaluation of the various alternatives included a collaborative review with Indigenous stakeholders in the region. Following a thorough assessment of the alternatives and commercial negotiation of transportation arrangements with third party carriers, the Company filed an application with the AER for a 26.5 kilometer, 10 inch diameter pipeline that will have an initial capacity of 18,000 barrels per day (bpd). On December 21, 2020, Connacher received AER approval to build this sales oil pipeline lateral from its Great Divide project. The pipeline is expected to be completed by the second half of 2022 and will provide Connacher with efficient access to a liquid market hub for the sale of its product. While the in-service date is dependent on the Company’s financing efforts, this new pipeline will reduce Connacher’s transportation costs and increase market access. In addition to enhanced access for blended bitumen, Connacher is also pursuing alternatives to improve access and reduce costs of diluent.

2020 Performance and Financial Strength

Connacher entered 2020 with production just over 12,000 bpd. With the decline in crude oil prices in March, Connacher made the decision to significantly reduce production until crude oil prices recovered. Production reached a low of 1,350 bpd in April and then began to ramp back up through May and June and returned to 12,000 bpd in July. Current production levels are approximately 13,000 bpd, recognizing the partial benefit of the four new infill wells that were completed in Q3 2020 and currently being brought on stream.

First half 2020 EBITDA was negatively impacted by low crude oil prices and reduced production. However, through a combination of recovering crude oil prices and production, and various improvements in costs and efficiencies, second half 2020 EBITDA recovered to \$13.5 million. This was in line with the second half 2019 EBITDA of \$14.1 million during which time crude oil prices, specifically WCS in Canadian dollars, were approximately 30% higher.

As a result of Connacher's initiatives, the Company ended 2020 with a relatively strong balance sheet. At December 31, the Company had \$48.7 million of long-term debt offset by \$52.1 million in cash and non-cash working capital while also considering the development capital spent in 2020 on drilling four infill wells.

Strengthened Connacher Team

Connacher strengthened its Executive Team with the appointment of J.P. Buyze as Chief Financial Officer in December 2020. Mr. Buyze was the CFO at an ARC-backed private oil producer for the past two years and prior to that was CFO of a natural gas focused private oil and gas producer. Before these two executive roles in the producing sector, Mr. Buyze spent 20 years as an investment banker in Calgary, Toronto and New York primarily focused on the energy sector. Mr. Buyze joins an experienced executive team with significant history with Connacher. Merle Johnson has been with the Company for 14 years and is the longest serving executive in the Company's history, having been appointed CEO in 2015. He successfully led the Company through a very challenging period from when it entered CCAA in 2016 through to the completion of its restructuring and exit from CCAA in September 2019; at which point Connacher became a private company. Mr. Johnson has 24 years of experience with various companies in the Canadian energy sectors focused on both conventional and thermal oil production. Gord Trainor is the Company's Chief Operating Officer. A geologist by training, Mr. Trainor has been with the Company for 11 years and has over 24 years of experience in development and exploration. Ms. Suzanne Loov is General Counsel and Corporate Secretary. Ms. Loov, who joined Connacher in 2013, practiced in the area of corporate finance initially at a boutique securities firm and as a partner of a major national firm. After leaving private practice she consulted to the energy industry for a period of 10 years.

About Connacher

Connacher is a Calgary-based in situ oil sands developer, producer, and marketer of bitumen. The Company's principal asset is a 100 per cent interest in the Company's Great Divide oil sands leases near Fort McMurray, Alberta. The Company operates two steam-assisted gravity drainage facilities at these oil sands leases.

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