

CALGARY, March 31, 216 /CNW/ - [Connacher Oil and Gas Ltd.](#) (CLC - TSX; "Connacher" or the "Company") today announced that it has entered into a forbearance agreement (the "Forbearance Agreement") with Credit Suisse AG, Cayman Islands Branch, as administrative agent (or any successor thereto, the "Administrative Agent") and certain lenders constituting the "Required Lenders" under the Credit Agreement in respect of US\$153.8 million of loans made by the lenders (the "Lenders") under the Credit Agreement, dated as of May 23, 2014 (as amended, restated, supplemented, or otherwise modified from time to time (including as amended pursuant to the Amendment No. 1 dated May 8, 2015), the "Credit Agreement"). Under the terms of the Forbearance Agreement, among other things, the Lenders agreed to forbear from exercising their enforcement rights and remedies arising on account of the failure of Connacher to pay the cash interest and principal payments due on March 31, 2016 until the earlier to occur of April 30, 2016, the occurrence of an event of default under the Credit Agreement, unrelated to the failure to pay principal and interest due on March 31, 2016, or the occurrence of a default or breach of representation by the Company under the Forbearance Agreement.

The failure to pay the principal payment due on March 31, 2016 and the failure to pay cash interest within the applicable grace period pursuant to the Credit Agreement each constitutes an event of default under the 12% convertible second lien note indenture dated May 8, 2015 (the "Convertible Note Indenture"). The Company is working with an ad hoc committee of the holders of the 12% convertible second lien notes ("Noteholders") and will continue to work with the ad hoc committee during the forbearance period.

The Company continues to pursue its previously disclosed process to investigate, evaluate and consider possible financing and restructuring alternatives available to the Company, which is being carried out by a special committee of its Board of Directors. The Company does not intend to comment further regarding the review process unless a specific transaction or other alternative is approved by the Board of Directors, the review process is concluded or it is otherwise determined that further disclosure is appropriate or required by law.

About Connacher

Connacher is a Calgary-based in situ oil sands developer, producer, and marketer of bitumen. The Company holds a 100 per cent interest in approximately 435 million barrels of proved and probable bitumen reserves and operates two steam-assisted gravity drainage facilities located on the Company's Great Divide oil sands leases near Fort McMurray, Alberta.

Forward Looking Information

This press release contains forward looking information relating to the Forbearance Agreement and the potential consequences thereof. Forward looking information is based on management's expectations regarding the Company's future financial position; the Company's future growth, results of operations and production, future commodity prices and foreign exchange rates; future capital and other expenditures (including the amount, nature, and sources of funding thereof); environmental matters; business prospects and opportunities; and future economic conditions. Forward looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to: that the Company may not be able to identify or implement viable financing or restructuring alternatives, that the Lenders may not enter into further forbearance arrangements at the end of the forbearance period and may seek to exercise their rights under the Credit Agreement; that certain Noteholders may seek to pursue their rights under the Convertible Note Indenture; cash flows from operations and current working capital may not provide adequate funds to fund the Company's operating losses and capital plan; the 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 and resource estimates; the uncertainty of geological interpretations; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), risk of commodity price and foreign exchange rate fluctuations, risks associated with the impact of general economic conditions, risks and uncertainties associated with maintaining the necessary regulatory approvals and securing the financing to continue operations and increase production to levels previously achieved.

Additional risks and uncertainties affecting Connacher and its business and affairs are described in further detail in Connacher's AIF for the year ended December 31, 2015. Although Connacher believes that the expectations in such forward looking information are reasonable, there can be no assurance that such expectations shall prove to be correct. Any forward looking information included in this press release is expressly qualified in its entirety by this cautionary statement. Any forward looking information included herein is made as of the date of this press release and Connacher assumes no obligation to update or revise any forward looking information to reflect new events or circumstances, except as required by law.

SOURCE [Connacher Oil and Gas Ltd.](#)

Contact

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