Connacher Commences Phase II of Sale and Investment Solicitation Process

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CALGARY, May 24, 2018 /CNW/ - Connacher Oil and Gas Ltd. ("Connacher" or the "Company") announces that it will be proceeding to Phase II of its new sale and investment solicitation process for the Company's business and assets (the "SISP") being conducted in conjunction with Connacher's proceedings under the Companies' Creditors Arrangement Act ("CCAA") with the assistance of its financial advisor, Houlihan Lokey Capital, Inc. ("Houlihan").

In accordance with the terms of the SISP, Connacher launched Phase I of the SISP with the assistance of Houlihan on April 3, 2018 to solicit indications of interest in the business and assets of Connacher in the form of non-binding letters of intent from potential bidders. The Special Committee of the Board of Connacher, in consultation with Houlihan, the Monitor and the Consenting First Lien Lenders (as those terms are defined in the SISP), has determined to move to Phase II of the SISP. Final binding bids are due by June 20, 2018.

The Company does not intend to comment further regarding the SISP or the CCAA process unless it is 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 465 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 including, but not limited to the status of the CCAA proceeding and the SISP, the Company's ability to manage its liquidity position and deploy the capital required to maintain existing reserve and production bases, fund maintenance capital, fund working capital requirements and meet contractual and other commitments; expectations regarding future commodity prices, foreign exchange rates, diluent blend ratio, transportation costs, and production and operating costs in future periods; expectations regarding sales and production, bitumen netback, general and administrative expenses, and capital expenditures in future periods; the Company's reserves; and general operational and financial performance in future periods.

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), plans for and results of drilling activity; 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: the risk that the new SISP process may not result in a Superior Transaction (as defined in the SISP) or, in that circumstance, that the Restructuring Transaction (as defined in the SISP) is not implemented, the risk that the CCAA Stay Period will not be extended past June 29, 2018 and that as a result, creditors will be entitled to exercise their various rights and remedies against the Company, the level of indebtedness of the Company, the implementation and impact of any reorganization or restructuring on the assets, business and financial affairs of the Company, future co-operation of the creditors of the Company, the Company's ability to generate sufficient cash flow from operations or to obtain adequate financing to fund capital expenditures and working capital needs and to maintain the Company's ongoing obligations during the CCAA process and thereafter, the ability to maintain relationships with suppliers, customers, employees, shareholders and other third parties in light of the

Company's current liquidity situation and the CCAA proceeding, as well as 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.

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.

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