

Connacher Announces Meetings of Creditors and Approval of Amended and Restated Support Agreement

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CALGARY, May 16, 2019 - [Connacher Oil and Gas Ltd.](#) ("Connacher" or the "Company") announced today that its plan of compromise and arrangement dated May 6, 2019 (the "Plan") has been accepted for filing by the Court of Queen's Bench of Alberta (the "Court") in connection with the Company's restructuring proceedings under the Companies' Creditors Arrangement Act (the "CCAA").

In connection with the filing of the Plan, the Court has granted: (i) an order (the "Amended and Restated Support Agreement Approval Order"), inter alia, approving and authorizing the Company's entry into the Amended and Restated Support Agreement dated May 6, 2019 (the "Amended and Restated Support Agreement") among the Company, the Consenting First Lien Lenders and the First Lien Agent, and approving a key employee retention plan for certain of the Company's key employees to incentivize them to remain with the Company through the successful completion of the transactions contemplated by the Amended and Restated Support Agreement and beyond emerge from CCAA protection; and (ii) an order (the "2019 Creditors' Meetings Order") authorizing meetings of the Company's creditors to be held on June 19, 2019 to consider approval of the Plan.

Ernst & Young Inc. is overseeing the Company's CCAA proceeding as the court-appointed Monitor (the "Monitor"). Terms not otherwise defined herein have the meanings provided for in the Plan, which is available on the Monitor's website at www.ey.com/ca/connacheroilandgas (the "Website").

The Plan

The Amended and Restated Support Agreement Approval Order contains a provision approving the Company's execution and delivery of the Amended and Restated Support Agreement and authorizes the Company to take all steps and to comply with its obligations thereunder. The Company is now preparing to implement the terms of the Amended and Restated Support Agreement, including its preparations for the Creditors' Meetings (as defined below).

The Plan provides that, subject to the terms and conditions set out therein, the Consenting First Lien Lenders will exchange a portion of the first lien obligations owed to them for 100% of the equity interests in the Company and new senior secured debt. The Plan provides for payments and distributions to the Company's affected creditors with proven claims from the Plan Implementation Fund to be funded from the Company's cash on hand.

As the claims of affected creditors will be compromised under the Plan and affected creditor claims will not be paid in full, no value will accrue to Connacher's shareholders as a result of the implementation of the Plan and the outstanding shares and options of Connacher will be cancelled for no consideration and without any vote of the existing shareholders.

The above description is a summary only and is subject to the final provisions of the Plan.

Creditors' Meetings

Voting by Affected Creditors

The Plan contemplates two classes of creditors: (i) a class of the Company's first lien lenders (the "First Lien

Lender Class"); and (ii) a class (the "General Creditor Class") comprised of all other affected creditors, other than holders of certain priority claims and holders of equity claims in the Company (each, a "General Creditor"). The first lien lenders will vote in both the First Lien Lender Class and, with respect to their deficiency claims, in the General Creditor Class.

The Court has ordered a meeting of the First Lien Lender Class and a meeting of the General Creditor Class to take place on June 19, 2019 at 11:30 a.m. and 11:45 a.m. (Calgary time) (together, the "Creditors' Meetings"), respectively, at the offices of the Company's legal counsel, Cassels Brock & Blackwell LLP, Suite 3810, Bankers Hall West, 888 3rd Street SW, Calgary, Alberta. The purpose of the Creditors' Meetings will be to consider and, if deemed advisable, to pass, with or without variation, resolutions approving the Plan.

To become effective under the CCAA, the Plan must be submitted to meetings of each class of creditors and each class must approve the Plan by a majority in number representing at least two thirds in value of the voting claims of creditors who actually vote (in person or by proxy) at each of the Creditors' Meetings. The Creditors' Meetings will be conducted pursuant to the 2019 Creditors' Meetings Order granted by the Court on May 16, 2019.

No Voting by Equity Claims

The Plan provides that all existing shares and related equity instruments and claims of Connacher (collectively, the "Equity Claims") will be cancelled and extinguished for no consideration and without any return of capital. Holders of Equity Claims will not be entitled to attend or vote at the Creditors' Meetings.

Sanction Hearing

If the Plan is approved at the Creditors' Meetings, Connacher intends to bring an application (the "Sanction Hearing") before the Court on June 20, 2019 at 10:00 a.m. (Calgary time) or such later date as may be posted on the Website, at the Court located at Calgary Courts Centre, 601 5 Street SW, Calgary, Alberta.

At the Sanction Hearing, Connacher will be seeking the granting of an order sanctioning the Plan under the CCAA and for ancillary relief consequent upon such sanction. Any objections to the Sanction Hearing must be served on Connacher, the Monitor and the service list no later than 5:00 p.m. on the date that is seven business days prior to the Sanction Hearing.

Notification of Voting Process

Forthwith after the granting of the 2019 Creditors' Meetings Order, the Monitor will send meeting materials to (i) the first lien agent for distribution to each beneficial first lien lender, and (ii) to each General Creditor (other than first lien lenders and second lien noteholders), at the address set out in such General Creditor's proof of claim. The meeting materials include a notice of the applicable Creditors' Meeting(s), an information circular (the "Circular"), and a form of proxy. The Monitor has posted a copy of the meeting materials, including the Circular, on the Website.

Detailed instructions as to how affected creditors can vote in advance of, or, with the exception of beneficial holders of second lien notes ("Beneficial Noteholders"), at the applicable Creditors' Meeting(s) are set out in the Circular. Except for certain excepted affected creditors, as detailed in the Circular, an affected creditor may, generally, attend at the applicable Creditors' Meeting(s) in person or may appoint another person as its proxyholder to attend the meeting on their behalf.

Special procedures apply to voting by Beneficial Noteholders and are set out in the Circular and a Beneficial Noteholder may vote at the General Creditor Class meeting by following these procedures.

Beneficial Noteholders should promptly contact the institution holding their second lien notes (each, a "Participant Holder") and obtain and follow their Participant Holder's instructions with respect to the applicable voting procedures and deadlines, which may be earlier than the deadlines that are applicable to other affected creditors. It should be noted that the only way for a Beneficial Noteholder to vote is to provide

voting instructions and disclose the Beneficial Noteholder's information to the applicable Participant Holder. No other voting channel will be available and no other form of proxy will be used to vote the second lien deficiency claims held by Beneficial Noteholders.

Any requests for assistance relating to the procedure for delivering voting instructions or if you wish to attend the General Creditor Class meeting in person may be directed to Kingsdale Advisors (the "Solicitation and Information Agent") at the following address:

Kingsdale Advisors
The Exchange Tower
130 King Street West, Suite 2950
P.O. Box 361
Toronto, ON
M5X 1E2

Phone: 416-867-2272
North American Toll Free: 1-888-642-3150
Email: contactus@kingsdaleadvisors.com

Additional Information

The above description is a summary only and is subject to the express terms of the orders and documents described herein. A copy of the 2019 Creditors' Meetings Order and all related CCAA materials can be found on the Website and will be filed under the Company's profile on www.sedar.com.

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.

This press release contains forward looking information including, but not limited to the status of the Creditors Meetings, the implementation of the Plan, the transactions contemplated by the Amended and Restated Support Agreement and the Company's CCAA proceedings.

Forward looking information is based on management's expectations regarding the voting of creditors at the Creditors Meetings, the implementation of the Plan and the completion of the credit-bid transaction contemplated by the Amended and Restated Support Agreement in the event the Plan is not implemented. 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 obtain required creditor, regulatory and Court approvals required to successfully implement the Plan or the Credit Bid Transaction; that the Company may not be able to prevent third parties from obtaining court orders or approvals that are contrary to the Company's interests, risks relating to the future co-operation of the creditors of the Company, including but not limited to the agreements of certain creditors to vote in favour of the Plan, as well as the risks associated with conducting business in 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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