Solicitation Process Information Package

May 2016

Connacher Oil and Gas Limited

Oil Sands Assets for Sale

2015 Average Production of 14,500 bbl/d

On May 17, 2016, Connacher Oil and Gas Limited ("Connacher" or the "Company") obtained court protection from its creditors under the *Companies' Creditors Arrangement Act* ("CCAA") pursuant to an initial order granted by the Alberta Court of Queen's Bench (the "Initial Order"). Ernst & Young Inc. was appointed as the Monitor (the "Monitor") of Connacher for the CCAA proceedings. Pursuant to the Initial Order, the Company obtained approval to initiate a sale and investment solicitation process ("SISP") to be conducted in conjunction with the CCAA proceedings. The SISP is intended to generate interest in either the business or the assets of the Company. The Initial Order provides that the Monitor will assist the Company in conducting the SISP. Connacher and the Monitor are therefore currently seeking parties interested in acquiring or investing in the business or the assets of the Company.

Acquisition Opportunity

Connacher is a Western Canadian oil sands company engaged in the exploration, development, production and marketing of bitumen. The Company's oil sands production is focused on steam-assisted gravity drainage ("SAGD") extraction processes. The Company's primary assets include a 100% working interest in approximately 87,000 net acres of oil sands leases located southwest of Fort McMurray, Alberta.

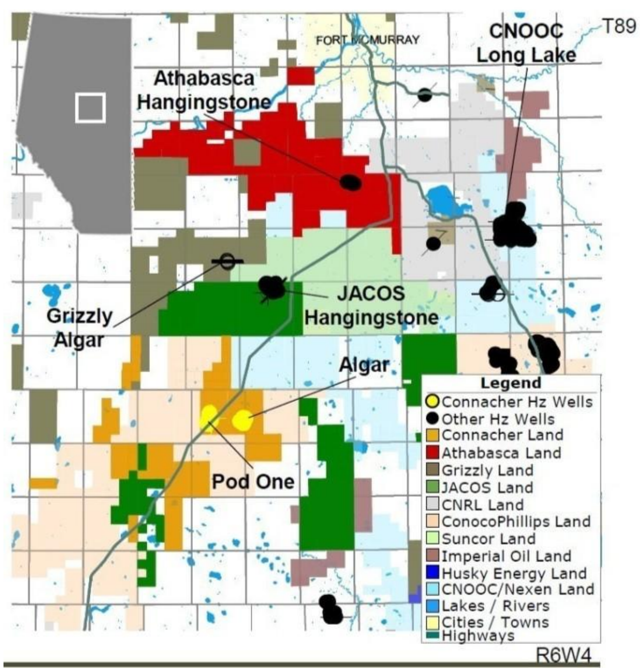
The Company has two producing SAGD projects located at Great Divide, Pod One and Algar, currently producing approximately 8,000 bbl/d (due to low commodity prices), with the opportunity for medium term development to increase capacity to approximately 20,000 bbl/d.

Key Assets and Operations

Connacher has two producing projects at Great Divide comprised of SAGD facilities at Pod One and Algar. Pod One and Algar have been producing since 2008 and 2010, respectively.

- 41 SAGD well pairs (23 at Pod One, 18 at Algar); and 13 infill wells (Pod One);
- 87,000 net acres of oil sands leases;
- Adjacent to Highway 63 and key infrastructure corridors;
- 100% of production is trucked to terminals for sale or shipment; and
- ~40 year reserve life at 2015 production rates.

Connacher has existing tax pools in excess of $800 million.



Pod One

Pod One has a steam generation design capacity of 27,000 bbl/d. Approximately 19 million barrels of bitumen have been produced from Pod One since its start-up in September 2007. Two 60% duty evaporators provide the basis for water treating at Pod One. Water recycle rates exceed 95% annually. The Pod One trucking terminal acts as the hub for all marketing and transport activities for both Pod One and Algar.

Algar

Algar replicates and improves on Connacher's Pod One design, with certain improvements and the introduction of new technologies. The scope of the project allows for future facility expansion. Algar has produced 11.5 million barrels to date. In 2010, Connacher completed installation of a 13.1 MW cogeneration facility at Algar. Algar has a steam generation design capacity of 30,000 bbl/d. A 100% duty and a 20% duty evaporator provide the basis for water treating at Algar. Water recycle rates exceed 95% annually.

Financial Information

Further financial information will be provided and a data room will be made available for those parties that have executed a confidentiality agreement in form acceptable to the Company and the Monitor ("Confidentiality Agreement").

(CAD $)	2012	2013	2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Bitumen Production (bbl/d)	11,881	11,783	14,139	14,865	14,112	14,477	13,675
Dilbit Sales Volume (bbl/d)	15,239	14,245	18,903	18,644	16,860	17,271	16,286
Revenue (C$ mm)	384.9	427.9	437.5	53.8	71.3	58.1	41.1
EBITDA (C$ mm)	40.7	86.4	69.7	(18.8)	2.6	(14.1)	(20.5)
Dilbit Sales Price (C$/bbl)	72.85	82.36	74.10	31.94	47.10	36.84	27.48
Diluent Costs (C$/bbl)	(16.42)	(7.81)	(7.65)	(8.23)	(5.09)	(5.86)	(6.58)
Transportation & Handling Costs (C$/bbl)	(15.08)	(20.62)	(16.53)	(15.91)	(15.52)	(20.16)	(15.98)
Net Realized Bitumen Sales Price (C$/bbl)	41.35	53.93	49.92	7.80	26.48	10.81	4.92
Royalties (C$/bbl)	(2.42)	(3.58)	(3.73)	0.12	(0.71)	(0.33)	(0.09)
Production & Operating Expenses (C$/bbl)	(19.14)	(21.32)	(22.68)	(16.67)	(15.62)	(17.57)	(17.09)
Bitumen Netback ($C/bbl)	19.79	29.03	23.51	(8.75)	10.15	(7.08)	(12.26)

Reserves

As of December 31, 2015, as evaluated by GLJ Petroleum Consultants Ltd. ("GLJ"), independent qualified reserves evaluators, Connacher has the following with respect to reserves:

Mbbl	Bitumen	
	Gross	Net
Proved Reserves		
Producing	7,783	7,518
Developed Non-Producing	-	-
Undeveloped	206,791	180,657
Total Proved (1P)	214,687	192,035
Total Probable	221,061	179,510
Total Proved Plus Probable (2P)	435,748	367,797

Next Steps

Parties interested in this opportunity are invited to contact the Monitor by phone or email or to go to the Monitor's website at www.ey.com/ca/connacheroilandgas for further information on the SISP. Potential bidders are required to sign the Confidentiality Agreement, available on the Monitor's website, and return the executed version to the Company or the Monitor along with the following information:

(i) name of individual(s) to receive information;
(ii) name of company;
(iii) email address; and,
(iv) phone number.

Upon receipt of the executed Confidentiality Agreement, potential bidders may receive access to the virtual data room and management presentations. Interested Parties and potential bidders should direct all inquiries to the Monitor who will arrange all appropriate due diligence contacts. Additional information on the SISP, including detailed bid and due diligence instructions, will be provided to Interested Parties.

All parties are requested to direct inquiries to the contacts below.

Ernst & Young Inc., in its capacity as Court-appointed Monitor of Connacher Oil and Gas Limited
www.ey.com/ca/connacheroilandgas
connacher.salesprocess@ca.ey.com
+1 403 206 5600

Under the SISP, the deadline for delivery of initial non-binding letters of intent is <u>12:00 p.m. (Mountain Time) on June 30, 2016</u>.

Disclaimer

The information contained herein ("Information") is based upon Information provided by the Company and other sources and is intended solely for use by interested parties ("Interested Parties") in determining whether or not to proceed with further investigations related to submitting an offer to acquire or invest in the business or assets of the Company. Confidential information may be made available to Interested Parties after delivery to the Company or the Monitor of an executed Confidentiality Agreement in form acceptable to the Company and the Monitor. The Confidentiality Agreement strictly limits the disclosure of the confidential information and any other Information provided by the Company, the Monitor or any of their advisors, agents or sources.

The process will be managed in accordance with procedures established in the SISP. The Company expressly reserves the right at any time, with or without providing notice or reasons, to: (i) amend or terminate the SISP; (ii) decline to permit any Interested Party to participate in the process; (iii) terminate discussions with any or all Interested Parties; (iv) reject any or all offers; (v) accept an offer other than the highest cash offer; (vi) negotiate with one or more Interested Parties with respect to a transaction; (vii) pursue other value maximizing alternatives; or (viii) limit access at any time to any additional information; all without any liability to the Company. In addition, the Company and the Monitor reserve the right to amend any information, which has been made available to Interested Parties, either by way of addition, deletion or amendment.

The Information has been prepared in good faith to assist Interested Parties in completing their own independent evaluation of the Company, but does not purport to be all inclusive or to contain all of the Information that an Interested Party may desire or that may be required by an Interested Party to properly evaluate the business, prospects or value of the Company. In all cases, the Interested Parties should conduct their own independent investigation and analysis of the Company and the Information set forth in herein.

Neither the Company , the Monitor nor their respective affiliates make any representation or warranty (express or implied) as to the accuracy or completeness of the Information.

Neither the Company, the Monitor nor their respective affiliates will assume any liability for the Interested Parties' use of this Information or any other oral, written or other communication transmitted to the Interested Parties during the course of its evaluation of the Company.

The Company and the Monitor expressly disclaim any and all liability and responsibility for and associated with the quality, accuracy, completeness or materiality of the Information.

The Interested Party will conduct its own independent evaluation and analysis of the Information and satisfy itself as to the quality, accuracy, completeness and materiality of the same. The Interested Party will rely solely on its own independent evaluation and analysis of the Information when deciding whether or not to submit a letter of intent, bid, term sheet, or enter into a definitive agreement and consummate a transaction. The Information may include certain statements, estimates, forecasts and projections provided by and with respect to the anticipated future performance of the Company. Such statements, estimates, forecasts and projections reflect various assumptions made by the Company concerning anticipated results, which may or may not prove to be correct. No representations or warranties are made as to the accuracy of such statements, estimates, forecasts or projections. The only Information that will have any legal effect will be that specifically represented or warranted in a definitive agreement, when, as and if executed, with respect to a possible transaction and executed on behalf of the Company and the purchaser or investor.

NEITHER THE INFORMATION NOR ITS DELIVERY TO AN INTERESTED PARTY SHALL CONSTITUTE OR BE CONSTRUED TO BE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO PURCHASE ANY SECURITIES UNDER THE SECURITIES LAWS OF ANY JURISDICTION, INCLUDING THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY PROVINCIAL OR STATE SECURITIES LAWS. THE INFORMATION SHALL NOT BE DEEMED AN INDICATION OF THE STATE OF AFFAIRS OF THE COMPANY NOR CONSTITUTE ANY INDICATION THAT THERE HAS BEEN NO CHANGE IN THE BUSINESS OR AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.