

Longbow Capital Inc.

**EARLY WARNING REPORT FILED PURSUANT TO
NATIONAL INSTRUMENT 62-103**

1. Name and address of the Offeror:

Longbow Capital Inc. ("**Longbow**")
Suite 701, 421-7th Avenue S.W.
Calgary, Alberta T2P 4K9

2. Designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:

On May 21, 2008, Longbow, through Longbow Capital Limited Partnership #8, Longbow Capital Limited Partnership #9, Longbow Capital Limited Partnership #16 and Longbow Capital Limited Partnership #17, acquired control of 57,142,859 Series 1 Special Warrants of Cruiser Oil & Gas Ltd. ("**Cruiser**") through a private placement by Cruiser of 57,142,859 Series 1 Special Warrants and 32,857,141 Series 2 Special Warrants (collectively, the "**Special Warrants**") at a price of \$0.07 per Special Warrant. Each Special Warrant is exchangeable into one common share of Cruiser ("**Common Share**") upon receipt of required approvals, as disclosed in Cruiser's press release dated April 30, 2008.

Following the exchange of the 57,142,859 Series 1 Special Warrants for Common Shares of Cruiser, Longbow together with its affiliates, insiders and associates will control (in aggregate), 106,292,859 Common Shares of Cruiser or 50% of the outstanding Common Shares of Cruiser following exchange of all of the Special Warrants for 90,000,000 Common Shares of Cruiser.

Longbow may be considered to be acting jointly or in concert with entities of which it controls and certain of its affiliates, insiders and associates, including Longbow Capital Limited Partnership #8, Longbow Capital Limited Partnership #9, Longbow Capital Limited Partnership #11, Longbow Capital Limited Partnership #12, Longbow Capital Limited Partnership #14, Longbow Capital Limited Partnership #16, Longbow Capital Limited Partnership #17, Longbow Flow-Through Investment Management 2000 Inc., Longbow Investment Management #4 Inc., 811089 Alberta Ltd., Clan Investments Ltd. and Allison Earl, under applicable securities laws.

3. Designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release:

See (2) above.

4. Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:

- (i) **the offeror, either alone or together with any joint actors, has ownership and control,**

See (2) above.

- (ii) **the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor, and**

Not applicable.

- (iii) **the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

5. The name of the market in which the transaction or occurrence took place.

The Special Warrants were acquired by Longbow through a private placement of Special Warrants of Cruiser, which closed on May 21, 2008.

6. The purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer.

The acquisition of Series 1 Special Warrants was for investment purposes and each of Longbow and its associates may, from time to time, as market opportunities exist or develop, increase or decrease their beneficial ownership, or control and direction over, Cruiser's Common Shares as permitted by securities law.

Longbow may in the future take such actions in respect of its holdings as it may deem appropriate in light of the circumstances then existing, including acquiring control of additional Common Shares or other securities of Cruiser through open market purchases or privately negotiated transactions, or the sale of all or a portion of its holdings in the open market or in privately negotiated transactions to one or more purchasers.

7. The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities.

The Special Warrants were purchased through subscription agreements between each of Longbow Capital Limited Partnership #8, Longbow Capital Limited Partnership #9, Longbow Capital Limited Partnership #16 and Longbow Capital Limited Partnership #17 and Cruiser.

8. The names of any joint actors in connection with the disclosure required by this Form.

Longbow Capital Limited Partnership #8, Longbow Capital Limited Partnership #9, Longbow Capital Limited Partnership #11, Longbow Capital Limited Partnership #12, Longbow Capital Limited Partnership #14, Longbow Capital Limited Partnership #16, Longbow Capital Limited Partnership #17, Longbow Flow-Through Investment Management 2000 Inc., Longbow Investment Management #4 Inc., 811089 Alberta Ltd., Clan Investments Ltd. and Allison Earl.

9. **In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the offeror.**

See (2) above.

10. **If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 (Alternative Monthly Reporting System) in respect of the reporting issuer's securities.**

Not applicable.

DATED this 23rd day of May, 2008.

Longbow Capital Inc.

Per: (signed) "*Larry Birchall*"

Larry Birchall, President