CRUISER OIL & GAS LTD.
TSX VENTURE SYMBOL: (COG)

August 29, 2006

Cruiser Announces Results for three and six months ended June 30, 2006

Calgary, Alberta – Cruiser Oil & Gas Ltd. ("Cruiser" or the "Company") is pleased to announce its financial and operating results for the three and six months ended June 30, 2006 with comparatives for 2005.

	Three months ended June 30		Six months ended June 30	
	2006	2005	**2006**	2005
FINANCIAL HIGHLIGHTS ($)				
Petroleum and natural gas sales	**276,473**	151,111	**477,478**	323,488
Funds from (used in) operations	**12,964**	(114,996)	**57,373**	(47,243)
Income (loss) for the period	**95,410**	(157,345)	**(22,679)**	(158,221)
Net capital expenditures	**442,443**	532,276	**2,647,489**	524,416
OPERATIONAL HIGHLIGHTS ($)				
Daily production - boe/d (6:1)	**62**	38	**53**	44
Price - $/boe	**48.97**	43.55	**49.33**	40.23
Operating Netback - $/boe	**28.63**	29.12	**31.46**	26.54

OPERATIONS UPDATE:

The Company's current working interest production is estimated to be 68 boe/day with approximately 130 boe/day waiting to be tied in or put back on production.

Development on the Company's non-operated Herronton property has resulted in the successful drilling, completion and testing of two gas wells. One gas well has been tied-in and is currently producing approximately 28 boe/day, net to Cruiser. The other well is expected to be tied-in shortly.

Gas production from the Blackstone 11-13 gas well was recently reduced due to its inability to produce against the pipeline back pressure. The operator is currently proceeding to rectify the situation. Production of approximately 30 boe/day net to Cruiser should resume mid to late September.

The Ansell 12-13 well has been tied in and is currently being re-tested for a commingling application. The operator estimates that the well will be put on production in October.

The Blackstone 12-25 well is currently awaiting tie-in. The operator is exploring tie-in alternatives.

Cruiser is in the process of re-activating the oil pipeline for its Swan Hills 15-26 horizontal well. Conditions have been very wet this summer which have caused some delays in the project. Once the reactivation of the pipeline is complete, the Company will be producing and evaluating the well for high volume lift applications.

In the Willesden Green area, the Company is pleased to report that it has spudded its first well and will be reviewing the results to assist in planning future development locations.

Cruiser is evaluating additional prospects for the continued growth of the Company.

BOEs derived by converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil (6 Mcf: 1 bbl). BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Douglas L. Meiklejohn
President & Chief Executive Officer

Kurt D. Miles
Executive Vice President

CRUISER OIL & GAS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A is dated as of August 29, 2006.

This Management's Discussion and Analysis ("MD&A") of financial results and related data is reported in Canadian dollars and has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2005.

Information contained herein includes estimates and assumptions which management is required to make concerning future events, and may constitute forward-looking statements under applicable securities laws. Forward-looking statements include plans, expectations, estimates, forecasts and other comments that are not statements of fact. Although Cruiser Oil & Gas Ltd. ("Cruiser" or "the Company") views such expectations as reasonable, no assurance can be given that such expectations will be realized. Such forward-looking statements are subject to risks and uncertainties and may be based on assumption that may cause actual results to differ materially from those implied herein, and therefore are expressly qualified in their entirety by this cautionary statement.

This MD&A presents and discusses results on a BOE (barrels of oil or equivalent) basis. This presentation may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 mcf: 1 bbl (barrel) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All BOE conversions in this report are derived by converting natural gas to oil in the ratio of six thousand cubic feet of natural gas to one barrel of oil.

Cruiser Oil & Gas Ltd. changed its name from Hoodoo Hydrocarbons Ltd. in July 2005. Cruiser re-commenced trading on the TSX Venture Exchange on July 28, 2005.

SECOND QUARTER 2006 RESULTS

The Company continued development in the Blackstone and Ansell areas under the Master Participation Agreement (the Participation Agreement) dated June 3, 2005 with Tango Energy Inc. In addition, the workover of the Swan Hills 15-26 well continued.

Production increased in the second quarter to 62 boe/day from 45 boe/day in the first quarter of 2006 and from 38 boe/day in the comparative second quarter of 2005. The increase in both the comparative periods is from the Blackstone 11-13 well. The average price for oil and liquids was $69.05 per barrel and the average price for gas was $6.49 per mcf during the second quarter of 2006. The average royalty rate for the quarter ended June 30, 2006 was 17%, which is an increase from the comparative quarter in 2005 of 9%. Operating costs were $67,223, or $11.91 per boe, compared to 36,963, or $10.65 per boe, in the comparative quarter in 2005.

General and administrative expenses for the second quarter of 2006 were $170,505 as compared to $122,512 in the same period in 2005. The increase is a result of increased services required for the increased production, increase in the capital program and costs of maintaining a public company status.

Interest expense has decreased to $13,512 for the second quarter of 2006, as compared to the same quarter in 2005 of $93,050. The majority of the Company's debt was paid during 2005. The interest expense for 2006 relates to the debenture and the interest for the unspent flow-through expenditures.

Depletion, depreciation and accretion for the second quarter of 2006 was $173,302 ($30.69 per boe) as compared to the second quarter of 2005 of $93,583 ($26.97 per boe). The increased amount is primarily a result of the increased production in 2006.

The income for the second quarter of 2006 was $95,410 as compared to a loss of $157,345 during the same period in 2005.

CRUISER OIL & GAS LTD.

FINANCIAL HIGHLIGHTS

	Three months ended June 30		Six months ended June 30	
$	**2006**	2005	**2006**	2005
Petroleum and natural gas sales	**276,473**	151,111	**477,478**	323,488
Funds from (used in) operations	**12,964**	(114,996)	**57,373**	(47,243)
(Loss) income for the period	**95,410**	(157,345)	**(22,679)**	(158,221)
Net capital expenditures	**442,443**	532,276	**2,647,489**	524,416
Weighted average shares outstanding – basic	**80,964,862**	18,709,093	**80,896,492**	15,840,414
Common shares outstanding – end of period	**80,964,862**	50,439,862	**80,964,862**	50,439,862

SUMMARY OF QUARTERLY RESULTS

	2006			
$			**June 30**	**March 31**
Net petroleum and natural gas revenue			276,473	201,055
Net income (loss)			95,410	(118,089)
Net income (loss) per share			0.00	(0.00)
Net capital expenditures			442,443	2,205,046
	2005			
$	**December 31**	**September 30**	**June 30**	**March 31**
Net petroleum and natural gas revenue	199,621	196,902	151,111	172,377
Net income (loss)	(293,680)	(269,914)	(157,345)	(876)
Net income (loss) per share	(0.01)	(0.00)	(0.01)	(0.00)
Net capital expenditures	3,321,679	2,309,153	532,376	(7,960)
	2004			
$	**December 31**	**September 30**		
Net petroleum and natural gas revenue	-	-		
Net income (loss)	77,159	341,454		
Net income (loss) per share	0.01	0.06		
Net capital expenditures	1,610,997	4,270		

PETROLEUM AND NATURAL GAS SALES

Oil and gas revenues were $477,478 for the six months ended June 30, 2006 as compared to $323,488 revenue in the comparative period of 2005. For the six months ended June 30, 2006, prices for the Company's production averaged $60.52 per barrel of oil and liquids and $7.23 per mcf of natural gas as compared to $50.45 per barrel of oil and liquids and $6.21 per mcf of natural gas for the same period in 2005. The increased revenues were a result of both increased production and commodity prices.

	Three months ended June 30		**Six months ended June 30**	
	2006	2005	**2006**	2005
Petroleum and natural gas sales ($)	**276,473**	151,111	**477,478**	323,488
$/BOE	**48.97**	43.55	**49.33**	40.23

PRODUCTION

For the six months ended June 30, 2006, production of natural gas averaged 209 mcf/day and oil and NGL averaged 18 bbls/day for a total of 53 boe/day, as compared to an average of 173 mcf/day of natural gas and 16 bbls/day of oil and NGL for a total of 44 boe/day for the same period in 2005.

	Three months ended June 30		**Six months ended June 30**	
	2006	2005	**2006**	2005
Natural gas (mcf/d)	**248**	146	**209**	173
Crude oil and NGLs (bbls/d)	**21**	13	**18**	16
Total (boe/d)	**62**	38	**53**	44
Percentage natural gas (%)	**67**	64	**66**	66

ROYALTIES

	Three months ended June 30		**Six months ended June 30**	
	2006	2005	**2006**	2005
Net royalties ($)	**47,603**	13,086	**72,475**	34,216
Net royalties as a % of revenue	**17**	9	**15**	11
$/BOE	**8.43**	3.77	**7.49**	4.26

OPERATING EXPENSES

During the six months ended June 30, 2006, the Company incurred operating expenses of $100,522 as compared to the same period in 2005 of $75,865.

	Three months ended June 30		**Six months ended June 30**	
	2006	2005	**2006**	2005
Operating expenses ($)	**67,223**	36,963	**100,522**	75,865
$/BOE	**11.91**	10.65	**10.39**	9.44

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased to $291,227 for the six months ended June 30, 2006 from $157,399 for the comparative period in 2005. The increase was a result of Cruiser now having revenue, incurring capital expenditures and running a Company that has raised equity and has a positive working capital.

	Three months ended June 30		Six months ended June 30	
	2006	2005	**2006**	2005
General and administrative expense ($)	**170,505**	122,512	**291,227**	157,399
$/BOE	**30.20**	35.31	**30.09**	19.58

INTEREST INCOME AND EXPENSE

Interest expense for the six months ended June 30, 2006 decreased to $28,434 from $118,181 for the comparative period in 2005. At the end of 2004, the Company had loan obligations of $1.2 million, all of which was paid out during 2005. In addition, equity issues during 2005 increased the cash balances and interest was earned on these balances.

	Three months ended June 30		Six months ended June 30	
	2006	2005	**2006**	2005
Interest expense ($)	**13,152**	93,050	**28,434**	118,181
Interest income ($)	**28,724**	-	**60,053**	-
Net interest expense ($/BOE)	**(2.33)**	26.81	**(3.27)**	14.70

DEPLETION AND DEPRECIATION

Depletion and depreciation for the six months ended June 30, 2006 was $288,206 compared to $138,031 for the same period in 2005.

	Three months ended June 30		Six months ended June 30	
	2006	2005	**2006**	2005
Depletion and depreciation ($)	**169,852**	90,769	**288,206**	138,031
$/BOE	**30.08**	26.16	**29.78**	17.17

ASSET RETIREMENT OBLIGATIONS

The obligation at the end of June 30, 2006 is estimated to be $181,020 based on the total undiscounted obligation of $459,500 adjusted for a discount rate of 8% and inflation of 2% over an average reserve life of 11.1 years. Accretion of $6,784 for the six months ($5,586 for the same period of 2005) was recorded.

	Three months ended June 30		Six months ended June 30	
	2006	2005	**2006**	2005
Accretion expense ($)	**3,450**	2,814	**6,784**	5,586
$/BOE	**0.61**	0.81	**0.70**	0.69

FUNDS FROM OPERATIONS

For the six months ended June 30, 2006 there were funds from operations of $57,373 as compared to funds used in operations of $47,243 during the same period of 2005.

	Three months ended June 30		Six months ended June 30	
	2006	2005	**2006**	2005
Funds from (used in) operations ($)	**12,964**	(114,996)	**57,373**	(47,243)

Funds from operations is a non-GAAP measure that represents funds generated from operating activities before changes in non-cash working capital. This is considered a key measure as it demonstrates the Company's ability to generate the funds necessary to fund future growth through capital investment. Funds from operations may not be comparable to similar measures used by other companies.

NET LOSS

The net loss for the six months ended June 30, 2006 was $22,679 compared to a net loss of $158,221 over the same period in 2005. The decrease in net income was due the adjustment to future tax recoveries as a result of a reduction in the corporate income tax rate.

	Three months ended June 30		Six months ended June 30	
	2006	2005	**2006**	2005
Net (loss) income ($)	**95,410**	(157,345)	**(22,679)**	(158,221)

CAPITAL EXPENDITURES

During the six months ended June 30, 2006, the Company incurred $2,647,489 in capital expenditures as compared to $524,416 over the same period in 2005. The Company participated in the re-entry of a well, re-entry and completion of another well, and two more wells drilled and completed under the Master Participation Agreement dated June 3, 2005 between the Company and Tango Energy Inc. (the "Participation Agreement"). In addition, the workover of the Swan Hills 15-26 well commenced during this period.

	Three months ended June 30		Six months ended June 30	
	2006	2005	**2006**	2005
Capital expenditures, net ($)	**442,443**	532,376	**2,647,489**	524,416

LIQUIDITY AND CAPITAL RESOURCES

The Company commenced the year 2006 with a working capital of $4,547,901. As at June 30, 2006, the Company's working capital has reduced to $1,980,781.

Subsequent to June 30, 2006, the Cavendish Debenture was settled on August 1, 2006 for $300,000 cash comprised of the principal amount of $250,000 plus total accrued interest in the amount of $50,000.

The Company has no off-balance sheet arrangements.

Financial instruments consist of those shown on the Balance Sheet.

SHARE CAPITAL

On August 24, 2005, pursuant to the private placement, 20,000,000 flow-through shares were issued. The Company has expended approximately $6,476,400 against the $7,000,000 of flow-through proceeds, and has until December 31, 2006 to spend the remaining $523,600 of flow-through proceeds.

At the beginning of 2006, the Company had 80,589,862 issued and outstanding shares. During the first quarter of 2006, 375,000 shares were issued upon the exercise of the same number of options increasing the issued and outstanding shares as at June 2006 and to the date of this MD&A to 80,946,862.

Options

At the beginning of 2006 there were 6,645,000 options outstanding. In February 2006, a total of 375,000 options were exercised and 650,000 options were cancelled. This reduces the total options outstanding as at June 30, 2006 and August 24, 2006 to 5,620,000 outstanding.

Warrants

There were 400,000 warrants, exercisable at $0.30, outstanding at the commencement of 2006. These warrants have not been exercised to date and expire in September 2006.

RELATED PARTY TRANSACTIONS

The Company had the following related party transactions:

1. During the three and six months ended June 30, 2006, the Company was charged $60,000 and $120,000 (2005 – $60,000 and $60,000) in management fees by officers and directors of the company.
2. During the three and six months ended June 30, 2006, the Company was charged $18,900 and $24,800 (2005 – $7,888 and $8,550) for administrative fees by a corporation controlled by an officer of the Company. Included in accounts payable at June 30, 2006 is $11,849 (December 31, 2005 – $10,687).

All related party transactions are in the normal course of operations and have been measured at the exchange amount that is the amount of consideration established and agreed to by the related parties under terms similar to those negotiated with third parties.

OUTLOOK FOR 2006

The Company's current working interest production is estimated to be 68 boe/day with approximately 130 boe/day waiting to be tied in or put back on production.

Development on the Company's non-operated Herronton property has resulted in the successful drilling, completion and testing of two gas wells. One gas well has been tied-in and is currently producing approximately 28 boe/day, net to Cruiser. The other well is expected to be tied-in shortly.

Gas production from the Blackstone 11-13 gas well was recently reduced due to its inability to produce against the pipeline back pressure. The operator is currently proceeding to rectify the situation. Production of approximately 30 boe/day net to Cruiser should resume mid to late September.

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In the Willesden Green area, the Company is pleased to report that it has spudded its first well and will be reviewing the results to assist in planning future development locations.

Cruiser is evaluating additional prospects for the continued growth of the Company.

BUSINESS RISKS AND UNCERTAINTIES

The Company is exposed to several operational risks inherent in exploring, developing, producing and marketing crude oil and natural gas. These inherent risks include: economic risk of finding and producing reserves at a reasonable cost; financial risk of marketing reserves at an acceptable price given current market conditions; cost of capital risk associated with securing the needed capital to carry out the Company's operations; risk of environment impact and credit risk of non-payment for sales contracts and joint venture partners.

The Company maintains a comprehensive insurance program to reduce risk to an acceptable level and to protect it against significant losses. The Company's risk in regards to financial instruments is detailed in note 16 to the December 31, 2005 audited consolidated financial statements.

ADDITIONAL INFORMATION

Additional information relating to the Company can also be found on SEDAR at www.sedar.com

Cruiser Oil & Gas Ltd. is a public junior oil and gas company engaged in the exploration, exploitation, acquisition and production of petroleum and natural gas in Western Canada. Cruiser is focused on re-entry and new drilling of multi-zone gas and oil prospects west of the fifth meridian.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Cautionary Statements