

News release via CNN Matthews

Attention Business/Financial Editors:

### **Greentree Gas & Oil Ltd. Completes First Closing of Flow-Through Private Placement**

LONDON, ONTARIO, August 16, 2006 - Greentree Gas & Oil Ltd. (TSXV-GGO) (“Greentree” or the “Company”) announces that it has successfully closed its first tranche of a private placement as follows:

- 1,621,258 flow-through units consisting of 1,621,258 flow-through common shares of the Company and 540,419 flow-through share purchase warrants, at a price of \$0.33 per unit, for total proceeds of \$535,015.00. Each flow-through share purchase warrant is exercisable to purchase one flow-through common share at a price of \$0.66 per flow-through common share for a period of two years from the date of issue.
- 381,666 non-flow-through units consisting of 381,666 non-flow-through common shares of the Company and 190,833 non-flow-through share purchase warrants, at a price of \$0.30 per unit, for total proceeds of \$114,500.00. Each non-flow-through share purchase warrant is exercisable to purchase one non-flow-through common share at a price of \$0.50 per non-flow-through common share for a period of two years from the date of issue.

The proceeds of the offering will be used for further exploration and development of the Company’s properties, to pay outstanding indebtedness, build and repair pipeline and facilities infrastructure, and to rework and restimulate existing producing wells to enhance production. The flow-through common shares issued pursuant to the private placement are to be qualified as “flow-through” shares under the Income Tax Act (Canada). The securities issued pursuant to this closing of the private placement are subject to a four-month hold period expiring December 16, 2006 in accordance with securities laws and TSX Venture Exchange policies. The private placement was marketed on a non-brokered basis; however, finders entitled under applicable securities rules to receive compensation were paid the following compensation with respect to this first tranche of the private placement:

- in respect of the flow-through units, 7% cash commission and 90,909 flow-through share purchase warrants commission is payable on this closing, with the warrants exercisable at a price of \$0.66 per warrant; and
- in respect of the non-flow-through units, 10% cash commission is payable on this closing, with the warrants

Greentree Gas & Oil Ltd. is based in London, Ontario and is an explorer and producer of oil and natural gas in southwestern Ontario. Greentree has 36,244,577 common shares outstanding (including those issued pursuant to this first tranche of the private placement).

For further information, contact Duncan Hamilton, M.Sc., P. Geol., President, or Patrick Uzan, B.A., C.A., Chief Financial Officer, Greentree Gas & Oil Ltd., 207-209 Consortium Court, London, Ontario, N6E 2S8, Telephone: (519) 681-9355, Facsimile: (519) 681-3887, email: [Greentree.gas@greentreegas.on.ca](mailto:Greentree.gas@greentreegas.on.ca).

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