



TSX Symbol: TSK
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NEWS RELEASE
TUSK REPORTS FIRST QUARTER & UPDATES ACTIVITY

Calgary, Alberta, August 14, 2006 – TUSK Energy Corporation ("TUSK" or the "Corporation") is pleased to report on activities for the quarter ended June 30, 2006, the first quarter of our 2007 fiscal year.

TUSK continued on its growth path during the period. In April, we completed a significant acquisition of production, land and infrastructure on the Peace River Arch ("PRA") and, following another successful winter drilling season in the Mega area of northwestern Alberta, we commenced the construction of a battery to facilitate production additions from the newly drilled wells. The facility went on-stream in early August increasing overall corporate production to 1,200 boepd.

Land holdings and production expanded during the quarter with the closing of a major acquisition effective April 1st involving the earning of lands with Triassic gas potential in the Cutbank area of northeastern British Columbia and the acquisition of production, lands and a plant interest in the Puskwa-Peoria are of the Peace River Arch.

FIRST QUARTER HIGHLIGHTS

- completed construction and tie-in of Venus pipeline;
- closed major deal involving large 3D program in Cutbank area of northeast British Columbia;
- acquired interest in Peoria gas plant;
- acquired land interests in Peoria and Puskwa areas of Peace River Arch;
- acquired 6.52 net producing wells with net production additions of approximately 240 boepd;
- evaluation of test data from Gutah 6-17 well indicated AOF of 7,809 bopd;
- substantially completed the construction of a new battery facility at the southern terminus of the Mega pipeline;
- production increased by 28% over average levels of fiscal year ended March 31, 2006;
- drilled four successful wells in Peace River Arch focus area.

PRODUCTION

Total corporate production during the quarter was 711 boepd (55% natural gas), approximately 250% higher than in November 2004 when TUSK started business, 65% higher than the comparable quarter in the prior fiscal year and 28% higher than the 556 boepd of average production during the 2006 fiscal year ended March 31, 2006.

Production has increased significantly since the end of the quarter, primarily due to the start-up of the Mega area battery facility in early August. Mega area production, with the battery facility operational but with individual well rates still limited by MRL, is currently about 800 boepd net. Corporate production is currently 1,200 boepd (60% oil).

FINANCING

TUSK raised aggregate gross proceeds of \$50,004,500 when it closed a prospectus offering of common and flow-through shares on June 7th. A total of 7,310,000 common shares were issued at a price of \$4.10 per share and 3,890,000 flow-through common shares were issued at a price of \$5.15 per share.

SUMMARY INFORMATION

	Three Months Ended		Year Ended
	June 30, 2006	June 30, 2005	March 31, 2006
<u>Product Volumes</u>			
Oil, bpd	307	162	283
NGLs, bpd	11	13	13
Natural Gas, Mcfd	2,362	1,539	1,559
BOEPD	711	432	556
<u>Summary of Product Prices</u>			
Oil, per barrel	\$ 72.16	\$ 61.26	\$ 63.42
NGLs, per barrel	\$ 40.18	\$ 24.59	\$ 35.03
Natural Gas, per Mcf	\$ 6.02	\$ 7.16	\$ 8.90
<u>Financial</u>			
Funds from Operations	\$ 1,446,920	\$ 460,301	\$ 5,079,364
Net Loss	\$ (682,534)	\$ (542,062)	\$ (1,334,777)
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Funds from Operations Per Share	\$ 0.03	\$ 0.01	\$ 0.14
Net Loss Per Share	\$ (0.02)	\$ (0.02)	\$ (0.04)
Capital Expenditures	\$ 17,714,715	\$ 9,621,214	\$ 45,527,645

ACQUISITIONS

On April 21st TUSK announced that it had entered into a series of agreements which would provide access to high-impact exploration opportunities and an extensive land base of more than 300 square miles coupled with the acquisition of production and infrastructure. The deal involved lands in the Cutbank area of northeastern British Columbia and the Puskwa-Peoria area of the Peace River Arch (“PRA”) in northwestern Alberta.

Puskwa-Peoria

This portion of the deal involved a significant land position on the PRA comprising about 132 gross sections (43 net) with year-round access and multiple exploration targets. Most of the lands are located in the Puskwa-Peoria area which is located about 36 miles to the northwest of the City of Grande Prairie and 40 miles to the southeast of TUSK’s main PRA producing property at Gage.

Principal exploration targets include the Beaverhill Lake, Wabamun, Dunvegan, Bluesky, Gething, Charlie Lake, Montney and Banff formations. The acquisition included about 1.45 MMcfd (240 boepd) of net gas production, a 44.5% net working interest in an under-utilized gas plant and 544,000 boe of net reserves (P+P).

Cutbank

Another part of the deal involved TUSK participating in the shooting of four large 3D surveys which will evaluate approximately 200 square miles. TUSK will earn a 5% working interest in the Triassic and deeper

petroleum and natural gas rights underlying about 172 square miles of land evaluated by the surveys and will have the opportunity to increase to a 25% working interest in prospective portions of the earned lands by drilling farm-in wells.

EXPLORATION AND DEVELOPMENT

Our exploration and development effort continues to focus primarily on two main areas (Northern and PRA) both of which have multiple targets with oil and gas reserve potential. During the first quarter of our 2007 fiscal year we added a third area in northeast British Columbia at Cutbank.

NORTHERN AREA

The Northern area includes the Mega, Venus, Gutah, Snowfall and Pyramid areas where TUSK has been successfully developing reserves and production during approximately nine months of total winter access activity over the past several years. Main targets in the area are the Keg River (light oil and gas/condensate) and the Debolt (natural gas).

Winter Activity

During the 2006 winter access season TUSK drilled seven Keg River wells and one shallow well. The highlights of this period were:

- discovered a new Keg River oil pool at Gutah (46° API) approximately 4 miles south of the Mega pool. TUSK had a 25% working interest in the discovery well but has a 50% working interest in six other sections involved with the prospect. Third party evaluation indicated AOF for the well of 7,809 bopd. Internal evaluation of test data indicates production capability in excess of 1,260 bopd;
- shot 3D seismic survey covering all of Gutah prospect area;
- constructed pipeline to connect Gutah discovery to Mega pipeline;
- drilled discovery well in shallower zone at Gutah;
- drilled two more wells at Mega including one with production capability (internal estimate) of more than 1,000 bopd;
- MRL for Mega pool increased to 370 bopd per well; and
- Constructed Venus pipeline to tie-in 2005 gas/condensate discovery for production.

During First Quarter

Although the MRL for Mega has been increased, actual production from Mega during the quarter continued to be constrained to approximately 350 bopd gross (175 bopd net) by the fluid handling capability of a third-party facility at the southern terminus of the Mega pipeline. During the quarter TUSK:

- substantially completed the construction of a new modular battery facility designed for future expansion to handle growing fluid production volumes from the Mega and Gutah areas;
- the Venus gas/condensate discovery was tied-in for production.

After First Quarter

The battery was completed in late July and became operational in early August. In July the Gutah well was assigned a test MRL of 60 m³ per day (377 bopd). Current production from the area (Mega, Venus, Gutah, Snowfall) is approximately 1,700 boepd gross (800 boepd net). Survey work for a road into the Mega-Gutah area has been completed and work continues on the permitting process. No firm date for construction has been determined.

PEACE RIVER ARCH

Prior to the acquisition closing in April our main focus on the PRA had been in the Gage area where the primary producing formation is the Triassic Montney at a depth of 1,150 metres.

The acquisition involved net gas production of about 240 boepd together with a substantial land position and plant interest. The acquired lands, approximately 132 gross (43 net) sections complimented our existing holdings on the PRA, expanding our total holdings on the PRA to 175 gross sections.

During the quarter TUSK drilled four wells on its PRA lands with a 100% success rate. Two of these were drilled on lands held by TUSK prior the quarter. These wells resulted in a gas discovery (TUSK 47%) in the Boundary Lake area and an oil discovery (TUSK 85%) in the Montag area to the west of our Gage producing property. The other two wells, drilled on lands acquired in the April acquisition, were both successful resulting in a Wabamun oil well (TUSK 26%) and a Debolt gas well (TUSK 13%). TUSK participated in the drilling of three additional wells on the PRA since the end of the quarter with 100% success.

NORTHEAST B.C.

Northeast British Columbia, in particular the Cutbank area, became a third, but less significant, focus area for TUSK at the start of the quarter. Under the terms of the agreements entered into in April of this year, TUSK is paying for 50% of the cost to shoot four 3D seismic programs totaling approximately 200 square miles to earn a 15% interest in the Triassic and deeper rights underlying approximately 176 square miles of lands. Two-thirds of this interest (net 10%) was swapped for the Puskwa-Peoria lands and production. Our internal evaluation of the Triassic in this area suggests potential for 500 Bcf of natural gas in the Triassic underlying the earned lands.

Cutbank

Shooting began during the quarter on the first, and largest, of the four 3D programs planned for the Cutbank lands. As of the date of this report, the first program has been completed and is being processed and shooting of the second program is partially completed.

CORPORATE GOVERNANCE

At the annual meeting of TUSK held on August 10th Brian J. Evans QC was elected as the seventh director of TUSK. He served in the Government of the Province of Alberta from 1989 to 1997 serving as Minister of Environmental Protection, Minister of Justice and Attorney General and Deputy Government House Leader before returning to the private practice of law. Mr. Evans is currently Executive Director of the Werklund Group of Companies.

In late March, TUSK adopted a Treatment of Complaints policy and Disclosure, Confidentiality & Trading a policy. In late June, the board of directors adopted a Code of Business Conduct and Ethics and approved a Board of Directors Mandate. All of these are posted on our website at www.tusk-energy.com.

UNAUDITED FINANCIAL STATEMENTS AND MD&A

The un-audited financial statements and MD&A for the three month period ended June 20, 2006 (the first quarter of our 2007 fiscal year) have been filed on SEDAR (www.sedar.com).

OUTLOOK

The acquisition in April of this year expanded our land inventory and production in our PRA focus area and

provided ownership in key infrastructure. The PRA lands are accessible on a year-round basis and our level of activity in this area has increased. From April 1st to the date of this report we have participated in the drilling of eight wells on the PRA. All of these were cased as potential oil and/or gas wells and most will come on-stream prior to the end of the second quarter ended September 30th. More than twenty-five locations for further development have been identified on TUSK lands.

In the greater Mega area our land position has now expanded to more than 225 gross sections. We have drilled seven successful wells into the Keg River over the past three winter seasons, three of which have production capability in excess of 1,000 bopd of light oil. Production rates for all Mega area wells are currently restricted by MRL and it will take time to work through the process of achieving GPP for these and subsequent discoveries. However, once GPP is granted the production rates could be substantial.

TUSK is well capitalized with more than \$36 million in available cash and an un-used line of credit which was increased this month to \$20 million.

TUSK is positioned for success. We have a major development at Mega-Venus in our Northern area and now have an expanded presence on the PRA where access is year-round and multiple targets are the norm. We have the technical expertise and working capital necessary to effectively exploit and develop our potential.

TUSK CONTACTS:

Norman W. Holton
Chairman and Chief Executive Officer

Earl T. Hickok
President & Chief Operating Officer

Gordon K. Case
Vice-President Finance & Chief Financial Officer

Forward Looking Statements - Some of the statements contained in this news release are forward-looking statements. Forward-looking statements may include, but are not limited to, statements concerning estimates of recoverable hydrocarbons, expected hydrocarbon prices, expected costs, statements relating to the continued advancement of the Company's projects and other statements which are not historical facts. When used in this document, and in other published information of TUSK, the words such as "could," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are indicative of a forward-looking statement. Although TUSK believes that its expectations reflected in the forward-looking statements are reasonable, the potential results suggested by such statements involve risk and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Various factors, which could cause actual results to differ from these forward-looking statements, include the potential that TUSK's projects will experience technical and mechanical problems, geological conditions in the reservoir which may negatively impact levels of oil and gas production and changes in product prices and other risks not anticipated by TUSK or disclosed in TUSK's published material. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties.



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