

Strategic Oil & Gas Ltd. Announces Material Growth in Reserves and Muskeg Stack Resource Recognition

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CALGARY, July 10, 2013 - [Strategic Oil & Gas Ltd.](#) (TSX VENTURE:SOG) ("Strategic" or the "Company") is pleased to announce the results of a full reserves evaluation of Strategic's assets and a resource assessment of the Muskeg Stack on a portion of the Company's assets at Steen River, as of June 1, 2013, prepared by the Company's independent reserve engineering firm, McDaniel & Associates Consultants Ltd. ("McDaniel"). The reports show continued corporate reserves growth and confirm an extensive oil resource play in the Muskeg Stack at Strategic's Steen River asset. The resource study which covered 25% of Strategic's Steen River land base, focused on the Muskeg Stack and has assigned resources to 37 sections on the northern rim of the Astrobleme. The Muskeg Stack is one of the six light oil producing zones on the rim of the Astrobleme.

HIGHLIGHTS

- Strategic increased corporate reserves by 53% to 11.8 MMBoe of Total Proved and Probable reserves after accounting for year to date production.
- Total Oil Initially In Place (Discovered plus Undiscovered) ("TOIIP") of 241 MMbbl associated with 37 sections on the northern rim of the Astrobleme.
- Discovered Oil Initially In place in the Muskeg of 91 MMbbl with associated proved plus probable reserves of 3.6MMBoe and best estimate of contingent resources of 6.7 MMBoe.
- Undiscovered Oil Initially In Place in place in the Muskeg of 150 MMbbl with best estimate of prospective resources of 19.4 MMBoe.

OUTLOOK

- Strategic projects its second quarter production to exceed 3,800 Boed, representing an increase in excess of 35% from the first quarter of 2013, and up 66% from fourth quarter of 2012.
- Strategic projects its second quarter cash flow at approximately \$8 million as a result of the increased production, improved netbacks and reduced G&A during the quarter.
- Strategic is currently producing approximately 4,300 Boed.

RESERVES

The Company's oil, natural gas and natural gas liquids ("NGL") reserves were fully evaluated by McDaniel as at June 1, 2013, and are summarized below.

Gross Reserves(1)	Light and Medium Crude Oil (Mbbbl)	Heavy Oil (Mbbbl)	Natural Gas (MMcf)	Natural Gas Liquids (Mbbbl)	Oil Equivalent (MBoe (2))
Proved Producing	3,011	111	5,561	48	4,097
Proved Non-Producing	162	0	6,626	15	1,281
Proved Undeveloped	712	0	1,110	0	897
Total Proved	3,885	111	13,297	64	6,275
Total Probable	3,547	75	11,112	43	5,517
Total Proved and Probable	7,432	185	24,409	107	11,793

1. Gross Corporate reserves are the Company's total working interest share before the deduction of any

royalties and without including any royalty interests of the Company. The June 1, 2013 reserves report has been prepared in accordance with the definitions, procedures and standards contained in the Canadian Oil and Gas Evaluation Handbook and NI 51-101; Standards of Disclosure for Oil and Gas Activities.

2. The Company's aggregate proved and probable reserves are reported in barrels of oil equivalent (Boe). Boe may be misleading, particularly if used in isolation. A Boe conversion ratio for natural gas of 6 Mcf: 1 Boe has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Proved and probable producing reserves represent 50 percent of total proved and probable reserves. Strategic's light and medium oil, natural gas and NGL reserves were evaluated by McDaniel using McDaniel's product price forecasts effective April 1, 2013 prior to provision for financial risk management contracts, income taxes, interest, debt service charges and general and administrative expenses. The following table summarizes the net present value from recognized reserves at June 1, 2013, assuming various discount rates, and incorporating future development costs and abandonment liabilities. It should not be assumed that the discounted future net revenues estimated by McDaniel represent the fair market value of the Company's assets or future production from its assets.

Summary of Before Tax Net Present Value of Future Net Revenue (Forecast Pricing) (1)

(\$ thousands)	Discounted at			
	Undiscounted	5%	10%	15%
Proved Producing	93,067	80,819	72,245	65,899
Proved Non-Producing	27,801	17,506	12,007	8,901
Proved Undeveloped	13,232	9,404	6,559	4,403
Total Proved	134,100	107,729	90,811	79,203
Total Probable	137,957	92,442	65,807	48,905
Total Proved and Probable	272,057	200,170	156,617	128,109

1. Tables may not add due to rounding. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of Strategic's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein.

McDaniel employed the following pricing, exchange rate and inflation rate assumptions as of June 1, 2013 in estimating the Corporation's reserves data using forecast prices and costs.

Year	Natural Gas		Crude Oil	Natural Gas Liquids			Exchange Rate
	U.S. Henry Hub (\$US/MMBTU)	AECO Spot (C\$/MMBTU)	WTI Crude Oil (\$US/BBL)	Edmonton Light Crude Oil (C\$/BBL)	Propane (C\$/BBL)	Butane (C\$/BBL)	
2013 (9 Month)		4.10	3.65	95.00	92.00	35.80	72.00
2014	4.30	3.85	93.50	91.50	44.60	73.70	
2015	4.85	4.35	93.60	92.60	52.00	74.60	
2016	5.25	4.70	95.50	94.50	53.70	76.20	
2017	5.70	5.10	97.40	96.40	55.60	77.70	
2018	6.10	5.45	99.40	98.30	57.30	79.20	
2019	6.20	5.55	101.40	100.30	58.40	80.80	
2020	6.35	5.70	103.40	102.30	59.60	82.40	
2021	6.45	5.80	105.40	104.30	60.80	84.00	
2022	6.60	5.90	107.60	106.50	62.00	85.80	
2023	6.70	6.00	109.70	108.50	63.20	87.40	
2024	6.85	6.15	111.90	110.70	64.50	89.20	
2025	7.00	6.25	114.10	112.90	65.80	91.00	
2026	7.10	6.35	116.40	115.20	67.10	92.80	
2027	7.25	6.50	118.80	117.50	68.50	94.70	
2028+	+2.0%/yr	+2.0%	+2.0%	+2.0%/yr	+2.0%/yr	+2.0%/yr	

CONTINGENT AND PROSPECTIVE RESOURCES

In order to quantify the future reserve potential, a resource assessment was conducted on the Muskeg Stack, which covered 25% of the Company's assets in the Steen River area, by McDaniel with an effective date of June 1, 2013. The results of this assessment are summarized below:

Economic Contingent Resources (1,3)

Category	Contingent Resource Oil (Mbbbl)	Contingent Resource Natural gas (MMcf)	Contingent Resource Oil equivalent (MBoe)
Low estimate	2,550	6,630	3,655
Best estimate	4,250	14,875	6,729
High estimate	6,800	30,600	11,900

Prospective Resources (2,3)

Category	Prospective Resource Oil (Mbbbl)	Prospective Resource Natural gas (MMcf)	Prospective Resource Oil equivalent (MBoe)
Low estimate	7,350	19,110	10,535
Best estimate	12,250	42,875	19,396
High estimate	19,600	88,200	34,300

Notes:

1. Contingent resources have an associated chance of development (economic, regulatory, market and facility, corporate commitment or political risks). There is no certainty that any portion of the contingent resources will be developed, nor whether it will be commercially viable to produce any portion of the resources.

2. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development. There is no certainty that any portion of the prospective resources will be discovered and developed, nor whether it will be commercially viable to produce any portion of the resources.

3. The resource estimates may differ materially upon consideration of discovery and development risk and consideration of economics and financing.

Muskeg Stack reserves and contingent resources were determined using four-wells-per-section spacing over an area of 7,727 net acres along the north and west portions of the Steen Astrobleme. The contingent resources detailed above that were assigned to the Muskeg Stack were sub classified as economic contingent resources based on an economic analysis of expected future revenues and costs using the same McDaniel April 1, 2013 price forecast as used in the reserves evaluation. The primary contingency associated with these resources is development timing.

Prospective resources were determined using four-wells-per-section spacing over an area of 15,716 net acres along the north and west portions of the Steen Astrobleme. Additional drilling is required to move these resources into the discovered category. There are currently six productive zones in this area; the resource assessment covers only the Muskeg Stack.

Stock Option Grant

Strategic granted 175,000 options at an exercise price of \$1.13 to a director of the Company. Each option entitles the holder to acquire an equivalent number of common shares of the Company for a period of five years and was issued in accordance with the Company's incentive stock option plan.

ABOUT STRATEGIC

Strategic is a well-capitalized junior oil and gas company committed to growth by exploiting its light oil assets in Canada. Strategic is primarily focused on implementing development plans for its light oil properties, while continuing to review other high impact light oil resource plays. Strategic's common shares trade on the TSX Venture Exchange under the symbol SOG.

ADDITIONAL INFORMATION

Additional information is also available at www.sogoil.com and at www.sedar.com.

Forward-Looking Statements

This news release includes certain information, with management's assessment of Strategic's future plans and operations, and contains forward-looking statements which may include some or all of the following: (i) future development costs; (ii) resource estimates and uncertainties surrounding those estimates, (iii) current and anticipated production rates; (iv) estimates of reserves, reserve values, future oil and gas prices, and future abandonment costs; (v) estimates cash flows; which are provided to allow investors to better understand the Company's business. By their nature, forward-looking statements are subject to numerous risks and uncertainties; some of which are beyond Strategic's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, changes in environmental tax and royalty legislation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources, and other risks and uncertainties described under the heading 'Risk Factors' and elsewhere in the Company's Annual Information Form for the year ended December 31, 2012 and other documents filed with Canadian provincial securities authorities and are available to the public at www.sedar.com. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The principal assumptions Strategic has made includes security of land interests; drilling cost stability; royalty rate stability; oil and gas prices to remain in their current range; finance and debt markets continuing to be receptive to financing the Company and industry standard rates of geologic and operational success. Strategic's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements or if any of them do so, what benefits that Strategic will derive there from. Strategic disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Definitions of Resources

The following are excerpts from the definitions of resources and reserves, contained in Section 5 of the COGE Handbook, which is referenced by the Canadian Securities Administrators in National Instrument

51-101, "Standards of Disclosure for Oil and Gas Activities".

Discovered Petroleum Initially-In-Place (equivalent to Discovered Resources) - is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of Discovered Petroleum Initially-In-Place includes production, reserves, and contingent resources; the remainder of the volume is unrecoverable.

Undiscovered Petroleum Initially-In-Place (equivalent to Undiscovered Resources) - is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of Undiscovered Petroleum Initially-In-Place is referred to as Prospective Resources; the remainder is classified as unrecoverable.

Contingent Resources - are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent resources are further classified in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

There is no certainty that any portion of the contingent resources will be developed, nor whether it will be commercially viable to produce any portion of the resources.

Prospective Resources - are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

There is no certainty that any portion of the prospective resources will be discovered and developed, nor whether it will be commercially viable to produce any portion of the resources.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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