CALGARY, ALBERTA--(Marketwired - Feb 11, 2016) - Strategic Oil & Gas Ltd. ("Strategic" or the "Company") (TSX VENTURE:SOG) is pleased to announce its recent well results and year-end reserves:

- Step-out Muskeg horizontal well 14-35-121-23w5 produced at an average rate of 1,060 boe/d over the last 48 hours of a nine day production test.
- Step-out Muskeg vertical well 12-21-120-23w5 core identifies 12.6 meters (41.3 feet) of net oil pay.
- Proved and probable reserves of 12.7 MMBoe at December 31, 2015.

In addition, the Company announces a strategic financing transaction to raise approximately $90 million, by way of a convertible debenture (the "Debentures") offering on private placement basis (the "Offering").

OPERATIONS UPDATE

Strategic's current corporate production is estimated at 2,050 boe/d. The Company is preparing to spud its fourth well of the winter drilling program. Strategic has further delineated its Marlowe Muskeg resource and believes it has validated undeveloped acreage with the 2016 winter capital program.

The first step-out Muskeg well drilled as part of the Company's 2016 program (14-35) is a horizontal well drilled five kilometers (3.1 miles) south and 50 meters (164 feet) structurally deeper than the Company's existing production wells at West Marlowe. The well has a lateral length of 1,500 meters, was completed with 15 frac stages and is currently flowing up the casing while choked back to approximately a 30% drawdown. Over the last 48 hours of a nine day production test the Muskeg well 14-35, while still cleaning up, is flowing at an average rate of 1,060 boe/d (460 bbl/d of 36 API light oil and 3.6 MMcf/d of natural gas). Data from the well 14-35 indicates excellent reservoir permeability similar to the wells in West Marlowe. The five Muskeg wells drilled in West Marlowe during 2014 have now produced 274,850 barrels of oil and 1.8 bcf of gas.

The second step-out Muskeg well (12-21) is a vertical stratigraphic test drilled 19 kilometers south and approximately 100 meters (328 feet) structurally deeper than the existing production at West Marlowe. Strategic successfully recovered 36 meters (118 feet) of core in the vertical well. The core over the Muskeg interval showed oil saturated porous carbonate rock with a net pay of 12.6 meters (41 feet). Strategic is currently awaiting a full core analysis. This result is expected to significantly increase the prior estimates of Original Oil in Place per section.

Strategic has recently rig released its third well 06-15-120-23w5 which has further extended the commercial limits of the Muskeg resource play. The Company is very pleased with these positive results, which confirm the significant extent and productivity of the Muskeg resource at Marlowe. This activity has also validated the acreage for an additional 5 year term and eliminates near term expiry issues of this key 100% working interest resource.

The Company has continued to successfully reduce drilling days per well and completion costs by refining its operations while increasing well performance. Efficiencies gained in drilling and completions combined with lower oilfield service costs have had a meaningful impact on development economics, and the Company anticipates go forward costs for a Muskeg horizontal drilling program of approximately $2.8 million per well to drill, complete, and equip on a four well pad.

FINANCING ARRANGEMENT

Further to the Company's review of financing alternatives announced on November 16, 2015, Strategic is pleased to announce today that it has entered into subscription agreements with its major shareholder, GMT Capital ("GMT"), and other prominent institutional investors to support the Offering.

The Offering is intended to finance the Company by repaying its existing credit facilities and the bridge loan from GMT, provide funding for the winter capital program, fund ongoing working capital and for general corporate purposes. Upon full repayment of Strategic's credit facility with its senior lender, the Debentures will rank as senior secured notes. Any shareholder wishing to participate should contact the Company or RBC Capital Markets. All current shareholders are welcomed to participate in the Offering on a pro-rata basis relative to their current ownership in the Company.

The Debentures will have a 5-year term, bear interest at 8% payable semi-annually (subject to, at the Company's option, being paid-in-kind in equivalent principal amount of Debentures for the first two years) and are convertible into common shares of the Company at a price of $0.09 per share (the "Conversion Price"). In addition, the Debentures will be callable (i) any time if the 90-day volume weighted average trading price of the underlying shares exceeds 400% of the Conversion Price; or (ii) after the 4th anniversary of issuance, regardless of share price, at par plus accrued and unpaid interest plus the nominal value of remaining interest from the effective date of redemption to the maturity date. The indenture will outline definitive terms and conditions of the Debentures. This Offering is subject to the approval of the TSX Venture Exchange

The Offering constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101-Protection of Minority Security Holders in Special Transactions ("MI 61-101") and Strategic is relying on the financial hardship exemption in sections

5.5(g) and 5.7(e) of MI 61-101 in respect of the valuation and minority approval requirements therein, respectively.

The transaction will provide Strategic with financial flexibility through the current low commodity price environment and positions the Company to continue to create long-term value for its shareholders. RBC Capital Markets continues to act as financial advisor to the Company and is acting as sole Agent for this Offering.

Strategic is currently in violation of its credit facility covenants, which required, amongst other things, a $25 million capital injection and a facility repayment of $9.5 million on or before February 1, 2016. The Company is currently in the process of negotiating covenant relief with its senior lender and expects to repay its senior credit facility in full with the net proceeds of the offering. Negotiations are proceeding on an expedited basis and the Company is optimistic that suitable covenant relief will be reached with the lender. The Company's financial results for the year-ended December 31, 2015 will be released on or about April 4, 2016.

RESERVES

In accordance with National Instrument 51‐101 ‐ Standards of Disclosure for Oil and Gas Activities ("NI 51‐101"), the Company's oil, natural gas and natural gas liquids ("NGL") reserves were evaluated by an independent engineering firm, McDaniel and Associates Consultants Ltd. ("McDaniel") as at December 31, 2015. Gross reserves included in this release are Strategic's working interest reserves before royalty burdens. Complete NI 51-101 reserves disclosure will be included in Strategic's annual NI 51-101 filings which will be filed prior to April 15, 2016. 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.

Strategic's reserves at December 31, 2015 are summarized below.

Gross Reserves(1)	Light and Medium Crude Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMcf)	Natural Gas Liquids (Mbbl)	Oil Equivalent (Mboe)
Proved Producing	2,563	-	5,607	-	3,497
Proved Non-Producing	375	-	1,007	-	543
Proved Undeveloped	1,823	-	4,009	-	2,491
Total Proved	4,760	-	10,623	-	6,531
Total Probable	4,363	-	11,099	-	6,213
Total Proved and Probable	9,123	-	21,722	-	12,744

(1) Gross 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 December 31, 2015 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.

Approximately 95 percent of the Company's proved reserves and 96 percent of total reserves are located in the Marlowe core area. Proved and probable producing reserves represent 37 percent of total proved and probable reserves, as compared to 40 percent at December 31, 2014.

Proved and probable third party reserve bookings for Muskeg Stack wells are below the Company's type curve generated from internal reservoir engineering estimates. This is typical at the early stages of an emerging resource play. The Company anticipates the difference between these estimates will narrow in future years as additional wells are drilled and more extensive production data becomes available.

McDaniel estimates the future development costs ("FDC") required to convert undeveloped and non-producing reserves to producing reserves at $121.6 million. This includes 38 Muskeg Stack and 1 Keg River proven and probable undeveloped locations at Marlowe, of which 19 Muskeg Stack and 1 Keg River are booked as proven undeveloped locations. The reserve report anticipates these wells to be drilled over the next 4 years. The total booked locations represent less than 10 percent of the potential Muskeg Stack inventory identified on Company's land holdings in the Marlowe area.

A reconciliation of the Company's reserves at December 31, 2015 to the previous year-end is as follows.

Thousand Barrels of Oil Equivalent (Mboe)	Proved	Probable	Proved and Probable
Opening Balance December 31, 2014	7,201	6,724	13,925

Discoveries and Extensions	-	1,392	1,392
Technical Revisions	396	(1,506)	(1,110)
Economic Factors	(150)	(398)	(548)
Production[(1)]	(916)	-	(916)
Closing Balance December 31, 2015	6,531	6,213	12,744

[(1)] Financial information is from Strategic's preliminary unaudited consolidated financial statements for the year ended December 31, 2015, and is subject to change. See Unaudited Financial Information in this press release.

Strategic's light and medium oil, natural gas and NGL reserves were evaluated by McDaniel using McDaniel's product price forecasts effective January 1, 2016 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 December 31, 2015, 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 the assets. The following table summarizes McDaniel's commodity price forecast for the next five years.

Year	WTI Crude Oil ($US/bbl)	Edmonton Light Crude Oil ($C/bbl)	AECO Spot Natural Gas (C$/MMBtu)	Foreign Exchange Rate (US$/C$)
2016	45.00	56.60	2.70	0.73
2017	53.60	66.40	3.20	0.75
2018	62.40	72.80	3.55	0.80
2019	69.00	80.90	3.85	0.80
2020	73.10	83.20	3.95	0.825

Summary of Before Tax Net Present Value of Future Net Revenue (Forecast Pricing) [(1)(2)]

		Discounted at		
($ thousands)	Undiscounted	5%	10%	15%
Proved Producing	31,871	24,148	19,369	16,300
Proved Non-Producing	9,499	7,820	6,534	5,540
Proved Undeveloped	34,040	22,523	14,699	9,282
Total Proved	75,410	54,491	40,601	31,123
Total Probable	174,017	103,890	66,851	45,559
Total Proved and Probable	249,427	158,381	107,452	76,683

[(1)]Based on McDaniel's January 1, 2016 escalated price forecast.

[(2)]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.

Strategic incurred capital expenditures of $12.1 million in 2015. The following table summarizes Strategic's finding and development ("F&D") costs including changes in FDC. The Company benefited from a significant reduction in field service costs, and as a result FDC costs per well were reduced by 15% from 2014 levels. F&D costs are presented including and excluding reserves losses due to economic factors of 150 Mboe (proved) and 548 Mboe (proved & probable). Approximately 88% of the reserves losses due to economic factors on a proved basis and 71% on a proved & probable basis relate to the Company's non-core assets outside of Marlowe.

2015 F&D costs

($ thousands (unaudited), except as noted)	Proved	Proved & Probable	Proved Excl Economic Factors	Proved & Probable Excl Economic Factors
F&D Costs, Including FDC				
Exploration and Development Expenditures[(1)]	12,100	12,100	12,100	12,100
Total Change in FDC	(12,696)	(10,702)	(12,696)	(10,702)
Total F&D Capital, Including Change in FDC	(596)	1,398	(596)	1,398
Reserve Additions, Including Revisions - Mboe	246	(265)	396	282
F&D Costs- $/boe	(2.42)	(5.27)	(1.51)	4.95

[(1)] Financial information is from Strategic's preliminary unaudited consolidated financial statements for the year ended December

31, 2015 and is subject to change. See Unaudited Financial Information in this press release.

STOCK OPTION GRANT

The Company also announces the issuance of 10,800,000 stock options to directors, officers and employees. Each option entitles the holder to acquire one common share of the Company for a period of five years at a price of $0.09 per share. These options are issued in accordance with the Company's incentive stock option plan.

ABOUT STRATEGIC

Strategic is a junior oil and gas company committed to growth by exploiting its light oil assets in Canada. 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.

Unaudited Financial Information

Certain financial and operating information included in this press release for the year ended December 31, 2015, such as capital expenditures, production and F&D costs are based on unaudited financial results, and are subject to the same limitations as discussed under "Forward-Looking Information". These estimated amounts may change upon the completion of audited financial statements for the year-ended December 31, 2015 and changes could be material.

Original Oil in Place

Original Oil in Place("OOIP") are the equivalent to Total Petroleum Initially In Place("TPIIP") as defined by the COGEH Guidelines and are not reserves. There is no certainty that it will be commercially viable to produce any portion of OOIP except to the extent they are subsequently classified as proved or probable reserves.

Test Production Rates

Any references in this press release to initial or test production rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will continue production. While encouraging, readers are cautioned not to place reliance on such rates in calculating aggregate production. Initial production or test rates are not necessarily indicative of long-term performance of the relevant well or fields or of ultimate recovery of hydrocarbons. Test volumes are quoted on a raw basis before shrinkage on natural gas volumes. Total corporate production volumes include natural gas shrinkage

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) anticipated production rates; (ii) expected costs and results of capital programs; (iii) expected timelines for production optimization; (iv) net debt levels; (v) anticipated operating costs; and (vi) use of proceeds and financial flexibility expected from financing; 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, 2014 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; finance and debt markets continuing to be receptive to financing the Company, the ability of the Company to monetize non-core assets and industry standard rates of geologic and operational success. Actual results could differ materially from those expressed in, or implied by, these forward-looking statements. 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.

Contact

Strategic Oil & Gas Ltd.
Gurpreet Sawhney
President and CEO
403.767.2949
403.767.9122
Strategic Oil & Gas Ltd.
Aaron Thompson
Chief Financial Officer
403.767.2952
403.767.9122
www.sogoil.com