CALGARY, ALBERTA--(Marketwired - Dec. 9, 2016) - Strategic Oil & Gas Ltd. ("Strategic", or the "Company") (TSX VENTURE:SOG) announces its recent well results, capital budget for the first half of 2017 and provides a financing update.

MUSKEG WELL 14-12 TESTS AT 810 BOED

Strategic tested a third successful Muskeg well 14-12 at an average rate of 810 boe/d (59% oil) over a 4 day production period. On November 1, 2016 the company announced results from the Muskeg well 2-13 which tested 1,057 boe/d (54% oil) over 7 days. Both new wells have been tied in, equipped with artificial lift and are producing to Company-owned pipelines and facilities. Wells 14-12 and 2-13 follow the success of the Muskeg well 14-35 which employed a new completion technique resulting in a test rate of 1,060 boe/d in the first quarter of 2016.

During the fourth quarter, the company successfully drilled four Muskeg wells on a pad with an average lateral length of 1,900 meters and 20 completion stages. The first two wells are tied in and producing significantly above the company's type curve. The third Muskeg well 2-27 is equipped, tied in and producing 85 boe/d while still cleaning up. The completion program for the fourth well on the pad has been delayed due to operational issues.

Strategic's continued focus on cost reductions in 2016 is positively affecting operating netbacks and cash flows. In late 2015 the Company estimated reductions in operating and general and administrative ("G&A") costs of 15 percent in 2016 from 2015 levels. Based on internal projections, operating costs are estimated to decrease from $19.8 million in 2015 to $14.25 million for 2016. G&A costs are projected to decrease from $6.7 million for 2015 to $5 million in 2016. Total operating and G&A costs are expected to be reduced by over $7 million or 27 percent in 2016 from 2015 levels.

2017 BUDGET

Strategic's Board of Directors has approved a capital budget of $30 million for the first half of 2017. Capital will be directed primarily to drill six Muskeg wells at Marlowe adjacent to the wells drilled during 2016. The capital budget also includes building road and pipeline to tie-in the 14-35 Muskeg well. Strategic is well positioned to execute on this 2017 program while delivering continued efficiencies and cost savings, which are expected to be repeatable. Anticipated production exiting the first half of 2017 is 4,000 boe/d.

FINANCING

In order to provide funding for the first half 2017 capital program and add financial flexibility, Strategic has undertaken a non-brokered private placement (the "Private Placement") of up to 333 million common shares at a price of $0.12 per common share for gross proceeds of up to $40.0 million, subject to regulatory approvals. A significant portion of the Private Placement will be acquired by insiders of the Company. Any shareholder wishing to participate in the Private Placement should contact the Company by December 16, 2016. Shares issued will be subject to a hold period expiring four months from the date of issue.

ABOUT STRATEGIC OIL & GAS

Strategic is a junior oil and gas company with a dominant land position in Canada. The Company is committed to building a premier oil producer through its high-quality, concentrated reserve base, and constructing an operated integrated sales infrastructure to support the Company's significant future growth. Strategic's common shares trade on the TSX Venture Exchange under the symbol SOG.

ADDITIONAL INFORMATION

Additional information, including the Company's recently updated corporate presentation, is also available at www.sogoil.com and at www.sedar.com.

Reader Advisories

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) the effect of cost reductions on netbacks, cash flows, the capital program and the Company's position with respect to completing the capital program; (ii) production levels and the effect of Muskeg drilling activities on production; (iii) capital spending activities to take place in 2017; and (vi) size of a potential private placement of common shares, use of proceeds from a private placement and participation in the private placement by Company insiders, 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, 2015 and other documents filed with Canadian provincial securities authorities and which 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. 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.

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.

Basis of Presentation

This discussion and analysis of Strategic's oil and natural gas production and related performance measures is presented on a working-interest, before royalties basis. For the purpose of calculating unit information, the Company's production and reserves are reported in barrels of oil equivalent (Boe) and Boe per day (Boe/d). 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.

Contact

Strategic Oil & Gas Ltd.
Gurpreet Sawhney
President and CEO
403.767.9122
403.767.2949

Strategic Oil & Gas Ltd.
Aaron Thompson
Chief Financial Officer
403.767.9122
403.767.2952
www.sogoil.com