Strategic Oil & Gas Ltd. Announces 2011 Third Quarter Results

CALGARY, ALBERTA--(Marketwire - Nov. 14, 2011) - Strategic Oil & Gas Ltd. ("Strategic" or the "Corporation") (TSX VENTURE:SOG) announces its financial results for the three and nine months ended September 30, 2011. The nine month period ended September 30, 2011 is the third interim period for which the Corporation has prepared its financial statements under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Selected financial and operational information is outlined below and should be read in conjunction with the condensed interim consolidated financial statements and the related MD&A which are available for review at www.sogoil.com and at www.sedar.com.

Financial and Operations Overview

For the nine months ended September 30, 2011 and 2010

(thousands of dollars except per share amounts and shares outstanding)

		2011		2010
Funds from operations *	**$**	**(79)**	$	(704)
Per share – basic	**$**	**(0.00)**	$	(0.01)
Net Income (loss)	**$**	**(8,453)**	$	(3,431)
Per share – basic	**$**	**(0.06)**	$	(0.05)
Average production (boe/d)		**863 boe/d**		298 boe/d
Capital expenditures				
Land and seismic	**$**	**8,066**	$	3,919
Drill and complete		**23,516**		2,466
Equipment, facilities and other		**1,800**		39
	$	**33,382**	$	6,424
Common shares o/s at year-end (000's)		**139,009**		69,758

* before changes in non-cash capital

Highlights

- Production in the quarter increased by 221% to 914 boe/d compared to 285 boe/d in the third quarter of 2010.
- Cash Flow from operations in the quarter increased to $1,010,818 compared to negative cash flow of $232,609 in the third quarter of 2010.
- Production of approximately 600 boe/d previously shut-in from Steen River due to a breach in the Rainbow pipeline resumed in early September 2011.
- Capital spent $33.4 of million in the nine months ended September 30, 2011, primarily at Steen River and Maxhamish.
- Capital expenditures during the quarter included:
  - Drilling and casing a horizontal well in the Sulphur Point Dolomite at 102/11-22-122-21 W5M.
  - Drilling operations for a Keg River vertical well target at 100/15-22-122-21 W5M.
  - Drilling and completion operations by partner at AD18J-94-O-11 in Maxhamish.
  - Drilling and casing operations by partner at B19J-94-O-11 in Maxhamish.
  - Upgrading and maintenance of the all-weather access road at Steen.
- Acquired, processed, and interpreted 3D seismic at North Marlow. Completed interpretation of 2D and 3D seismic at Lessard.
- Commenced a geological and geophysical workup on 58 sections of land in a new area of interest in Northwest Alberta with multi-zone oil potential.

Overview of Performance

Summary

The nine months ended September 30, 2011 showed an increase in volumes over the comparable period in 2010. Average daily sales volume increased by 190% to 863 boe/d in 2011 versus 298 boe/d in 2010. Revenues increased by 240% to $15,246,528 for 2011 versus $4,484,213 in 2010. The increase was the result of the acquisition of Steen River assets on December 22, 2010, a successful winter 2010 drilling program, and an increase of crude oil prices over the nine months of 2011. The Corporation realized an average of $64.69 per boe versus $55.03 per boe in 2010, an increase of 18%.

For the three months ended September 30, 2011, average daily production was 914 boe/d versus 884 boe/d for the second quarter of 2011, an increase of 3%. Revenues for the third quarter of 2011 were $5,274,814 versus $5,500,351 in the second quarter of 2011. Despite a shutdown of production at Steen River due to the Rainbow pipeline failure, production improved between the second and third quarters of 2011.

For the nine months ended September 30, 2011, the Corporation had a net loss of $8,452,829 or $0.06 per share as compared to a net loss of $3,430,829 or $0.05 per share for the nine months ended 2010. The increase in the net loss in 2011 was mainly attributed to the shut-in production from the Rainbow pipeline, higher operating costs from Steen River properties as well as stock based compensation expense of $2,686,356 as a result of the issuance of stock options during the nine months of 2011. Negative funds from operations for the nine months ended September 30, 2011 was $78,694 as compared to $704,827 for the nine months ended September 30, 2010.

A pipeline breach in late April, 2011 shut down the Rainbow pipeline, which delivers the Corporation's Steen River crude oil to market. Strategic was forced to shut-in approximately 600 boe/d production at Steen River as a result. This had a significant impact on the Corporation's sales volumes in the second and third quarters. The resumption of normal pipeline operations on the Rainbow pipeline on September 3rd allowed Strategic to return to full production of 1200 boe/d.

Strategic commenced its third and fourth quarter well drilling program on August 28th 2011. Strategic drilled and cased a horizontal well in the Sulphur Point at 102/11-22-122-21 W5M. Completion operations will continue into the 4th Quarter with the well tied in and on production in November, 2011.

A second well was spudded on September 21, 2011. The 100/15-22-122-21W5 well was directionally drilled to its target depth within the Keg River formation. The wellbore encountered a significant thickness of porous, oil filled dolomite. Strategic successfully completed the well in November, 2011.

At Maxhamish, the 2011 development program is proceeding. Strategic with its operating partner Legacy Oil & Gas Inc., completed an all-weather road including well pads in early July, 2011. The all season infrastructure facilitated drilling, completion and production operations which commenced July 18, 2011 with the spudding of AD18J. The AD18J and B19J horizontal wells were drilled to total depths of 3222mMD and 3550mMD respectively. The AD18J well was successfully multistaged fracced and went on production October 29, 2011. At the time of this report the B19J well was undergoing completion activities.

Outlook for 2011

Maxhamish

B19J is expected to be on production and tied-in for the fourth quarter. Following the successful tests at AD18J and B19J, the 2012 drilling program will be finalized with our partner.

Steen River, northwest Alberta

Strategic drilled two wells in the third quarter. The drilling program is ongoing and Strategic intends to drill 2 to 3 additional wells before the end of the fourth quarter. Additional work in the Steen River area into the Q1 2012 will consist of:

- Drilling and testing of up to 5 wells for Keg River and Sulphur Point Targets,
- Additional 2-D seismic lines in the North and West Marlowe Areas,
- The expansion of oil handling facilities at Strategic's' wholly owned 9-17-122-20 Steen River Facility.

Strategic signed an agreement with Akita Drilling Ltd. to secure a drilling rig from August 15, 2011 to April 2012.

Summary

Strategic is in a unique position for a junior/emerging oil and gas company:

i. ongoing drilling program at Steen River with over 100 sections of undeveloped land;

i. the ability to significantly increase production at Steen River utilizing existing infrastructure;

i. ongoing drilling program at Maxhamish, with over 100 sections of land;

About Strategic

Strategic is a well capitalized junior oil and gas company committed to growth by exploiting its light oil assets in Maxhamish, northeast BC and Steen River in northwest Alberta. Strategic's highly regarded subsurface technical team 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.

Complete financial statements, with accompanying management discussion and analysis are available for review at www.sedar.com.

Further information with respect to the Corporation can be found on its website at www.sogoil.com.

FORWARD LOOKING INFORMATION: *Certain information set forth in this document, including management's assessment of future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond our control. Those risks include, without limitation, the effect of general economic conditions, risks associated with oil and gas exploration, development, production, marketing and transportation, loss of markets, industry conditions and competition, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the ability to access qualified personnel and oilfield services, decisions by regulators, and the ability to access sufficient capital from internal and external sources. Readers are cautioned not to place undue reliance on the forward-looking statements as the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and actual results, performance or achievements could materially differ from those expressed or implied in such forward-looking statements and accordingly, no assurance can be given that any of the events anticipated by forward looking statements will transpire or occur, or if any of them do so, what benefit Strategic will derive there from. The Company does not assume the obligation to revise or update this forward-looking information after the date of this release or to revise such information to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.*

BOE PRESENTATION: *Barrel ("bbl") of oil equivalent ("boe") amounts may be misleading particularly if used in isolation. All boe conversions in this report are calculated using a conversion of six thousand cubic feet of natural gas to one equivalent barrel of oil (6 mcf=1 bbl) and is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head.*

FOR FURTHER INFORMATION PLEASE CONTACT:

Contact:

Strategic Oil & Gas Ltd.
Arn Schoch
CEO
403.718.0183 ext. 242 or 403.870.1245 (cell)
403.718.0184 (FAX)

Strategic Oil & Gas Ltd.
Gurpreet Sawhney, MBA, MSc., PEng.
President
403.718.0183 ext. 227
403.718.0184 (FAX)

Strategic Oil & Gas Ltd.
1800, 510 5th Street SW
Calgary, AB T2P 3S2
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