Strategic Oil & Gas Ltd. Provides Operations Update

CALGARY, ALBERTA--(Marketwired - June 17, 2014) - Strategic Oil & Gas Ltd. ("Strategic" or the "Company") (TSX VENTURE:SOG) is pleased to provide the following operations update.

MUSKEG STACK UPDATE

The Company's latest Muskeg Stack well (10-24) was drilled in March 2014 with 1,438 metres of horizontal section and a 15 stage completion program. The well has been tied in and producing for 52 days with initial rates well over the Company's Muskeg type curve. Initial rates for the Muskeg Stack well 10-24 are: IP30: 560 boe/d and IP52: 509 boe/d. The well has produced approximately 26,500 boe (60% oil) in less than two months.

The Company has initiated its summer drilling program in the Marlowe core area, spudding the first well 11-24 last week and intends to drill a total of 5-6 Muskeg Stack horizontal wells prior to the end of the year as a part of its 2014 capital program.

NON-CORE DISPOSITION

Strategic has closed a disposition of non-core assets located in the Garrington area of central Alberta for a purchase price of $3.55 million. The assets, which are all non-operated, are comprised of 1.9 net sections of land and production of approximately 90 boe/d (94% natural gas and associated liquids). The annual cash flow from operations in the area is approximately $0.45 million. The purchase price of $3.55 million represents 8 times cash flow and $40,000 per flowing boe of production.

PRODUCTION

The Steen River plant and the sales oil pipeline are up and running. Field estimated average for April production is 3,800 boe/d. As a result of the non-core asset disposition of 90 boe/day as well as the 9,000 barrels of oil production at Marlowe used to fill the Bistcho sales oil pipeline, sales volumes are estimated to be 3,600 boe/d for the second quarter of 2014.

The Company is seeing a significant reduction in both operating and transportation costs in its core asset at Marlowe during the second quarter of 2014. As a result, the Company anticipates a decrease of $10-12/boe in corporate transportation and operating costs compared to the first quarter of 2014.

Current production subsequent to the asset disposition is estimated at 3,800 boe/d. Strategic is encouraged by the latest Muskeg well results at Marlowe and believes the summer drilling program will further increase production volumes in the second half of the year. The Company anticipates exiting 2014 with production of 4,000 boe/d.

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

Reader Advisories

Any references in this news release to initial flow-back or production test rates are useful in confirming the presence of hydrocarbons, however, such rates are not necessarily determinative of the rates at which such wells will commence production. These flow-back or test results may not be indicative of long-term well performance or ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in estimating the aggregate production for the Company.

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) production from new wells; and (iii) the Company's competitiveness relative to industry peers; 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, 2013 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. 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.

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 (Boed). 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.

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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