

Strategic Oil & Gas Ltd. Announces Record Production and Continued Muskeg Success

CALGARY, ALBERTA--(Marketwired - Oct 7, 2014) - Strategic Oil & Gas Ltd. ("Strategic" or the "Company") (TSX VENTURE:SOG) announces record production levels driven by the Company's summer Muskeg horizontal drilling program. Based on field estimates, Strategic's corporate production rate averaged 4,510 Boe/d (71% oil) for the fourth week of September. New production volumes in the third quarter have been added from five Muskeg wells since the summer drilling program began in June 2014, and a sixth well which was recently fracture stimulated is currently being tied in. Initial production rates from the last four Muskeg wells are as follows:

Location	Muskeg Area	Initial Rates - Days on Production	% Oil	Current Rate
15-24	West	737 Boe/d - 19 days	77%	690 Boe/d
1-25	West	650 Boe/d - 15 days	83%	531 Boe/d
14-23	North	485 Boe/d - 12 days	97%	592 Boe/d
2-26	North	150 Boe/d - 37 days	88%	230 Boe/d

Further advancements in the completion program yielded higher oil rates in the latest three Muskeg wells 15-24, 1-25 and 14-23. Production rates for the 2-26 well have increased in recent days as the well continues to clean up.

In the second half of September, a third party sales oil pipeline was impacted by a temporary shut-down affecting all producers shipping through the pipeline. Strategic has not curtailed any production as a result of this event. Strategic immediately implemented measures to mitigate the effect of the pipeline shut-down on crude oil production and sales volumes including the use of rail cars for transportation and shipping volumes to a company-owned storage facility. As a result of implementing these measures the Company put approximately 30,000 barrels of oil in storage. Strategic has resumed shipping crude oil into the pipeline and both the stored volumes and current production are now being delivered to sales.

Guidance

Strategic expects to continue its active capital program through the fourth quarter, drilling up to six new wells. Production for the second half of 2014 is still estimated at 3,800 Boe/d and 2014 exit production guidance is maintained at 4,600 Boe/d.

Management Comments

Gurpreet Sawhney, Strategic's President and Chief Executive Officer, said: "Though the temporary shut-down of the third party oil pipeline forced us to defer some of our oil sales volumes to the fourth quarter, we did not have to curtail any production operations as a result of this event. We continue to increase well performance and gain efficiencies, and our September exit production of 4,510 Boe/d was a Company record."

ABOUT STRATEGIC OIL & GAS

Strategic is a junior oil and gas company with a dominant land position of 500,000 acres 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

Any references in this news release to initial production or 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

continue production. These flow-back or test results are quoted on a raw basis before shrinkage on natural gas volumes and 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. Total corporate production volumes include natural gas shrinkage.

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; (iii) exit production rates; (iv) future sales volumes and (v) the effect of pipeline outages on production; 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 (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.

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.

Gurpreet Sawhney, MBA, MSc., PEng.
President and CEO
Strategic Oil & Gas Ltd.
1100, 645 7th Avenue SW, Calgary, AB T2P 4G8
Telephone: 403.767.2949
Fax: 403.767.9122
Aaron Thompson, CA
Chief Financial Officer
Strategic Oil & Gas Ltd.
1100, 645 7th Avenue SW, Calgary, AB T2P 4G8
Telephone: 403.767.2952
Fax: 403.767.9122
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