Strategic Oil & Gas Ltd. Announces Second Half 2016 Drilling Program & Capital Spending Budget

CALGARY, ALBERTA--(Marketwired - Jun 15, 2016) - Strategic Oil & Gas Ltd. ("Strategic", or the "Company") (TSX VENTURE:SOG) announces its second half 2016 drilling program and capital spending budget. This drilling program marks the beginning of pad development activity along the drilling corridor at west Marlowe, following the Company's successful delineation drilling program during first quarter of 2016.

BUDGET

Strategic's Board of Directors has approved a capital expenditure budget of $21 million for the second half of 2016. The plan includes four horizontal Muskeg wells, all weather roads, pipelines and a plant turnaround. The first four well pad is approximately 3 kilometers from the existing wells at West Marlowe, moving toward the Muskeg horizontal well 14-35 which was drilled and tested in the first quarter of 2016. The well 14-35 tested at a rate of 1,060 boe/day over the last 48 hours of a nine day production test.

The Company expects to achieve further drilling efficiencies with longer horizontal wells using a larger drilling rig, and intends to complete up to an additional five stages per well to increase production performance. Construction activities to the new pad have begun and drilling activities are scheduled to commence in July 2016.

OPERATIONS UPDATE

The Company's focus on cost cutting efforts in both the field and office continued in the second quarter of 2016. Lower operating and general and administrative costs, in combination with the recent increase in oil prices are leading to positive corporate cash flows during the second quarter. Production volumes from existing Muskeg wells at west Marlowe have continued to meet or exceed the Company's internal type curve.

Current corporate production is approximately 1,800 boe/day with an annual decline rate of 25%. Including projected additions from the four new Muskeg wells, Strategic expects to exit 2016 with a production rate of 2,800 boe/day. The announced program is the first step towards exploitation of the delineated, high-impact development corridor at west Marlowe. The Company anticipates continuing to drill along this corridor and executing its growth strategy in 2017.

ABOUT STRATEGIC OIL & GAS

Strategic is a junior oil and gas company committed to becoming a premier northern oil and gas operator by exploiting its light oil assets primarily in northern Alberta. The Company relies on its extensive subsurface and reservoir experience to develop its asset base and grow production and cash flows while managing risk. The Company maintains control over its resource base through high working interest ownership in wells, construction and operation of its own processing facilities and a significant undeveloped land and opportunity base. Strategic's primary operating area is at Marlowe, Alberta. 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.

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) repeatability of cost savings; (ii) the effect of cost reduction strategies and oil prices on the Company's cash flows and financial position; (iii) exit production rates and production volumes from new wells; (iv) future drilling activities; (v) anticipated decline rates; and (vi) capital spending levels and projects to be undertaken, 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 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.

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