

**Strategic Oil & Gas Ltd. (SOG-TSX)****Maxhamish Winter Drilling Program in the Works**

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Strategic reported quarterly results of 266 boe/d in production, with the potential to add another 150 boe/d in the second half of the year from their drilling program at Taber and Conrad. However, the overarching theme continues to be the ongoing development of the Maxhamish Chinkeh light oil play in NEBC. With two successful wells under its belt, which compelled the Company and its partner to jointly acquire additional land in the May and June land sale, SOG is poised to announce the next steps to further prove the play's productivity.

As a refresher, the two successful wells were drilled and placed on production at restricted rates, as the wells were tied into a gas facility that had limited means to accommodate the oil. Based on engineering estimates, management estimates that if the wells were unrestricted, production rates may be in the 200 – 250 bbls/d range with an ultimate 2P EUR in the vicinity of 200 – 250 mbbls.

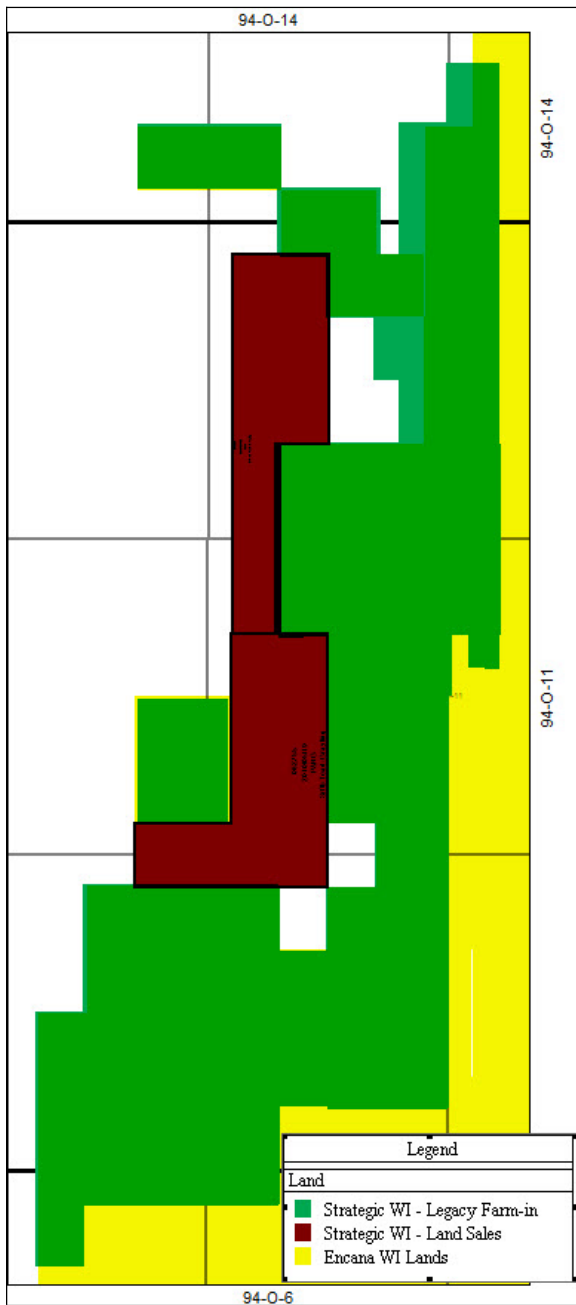
With two months of production data on these two wells, SOG and its partner, Legacy, acquired an additional 19 sections of land at the May and June land sale. The successful acquisitions bring SOG's net acreage to more than 32 sections. Exhibit 1 shows SOG's land position in the Maxhamish area. There is the potential to drill up to four wells per section in order to maximize recovery. Internal Company estimates suggest that there are in excess of 500 million barrels OOIP on this acreage with the possibility of a 13% primary recovery factor. Secondary recovery schemes, such as waterflood, may double the recovery factor. Should Maxhamish be proven to be commercial on a large scale, the play would be material to the Company. Using the OOIP, primary recovery factor, current SOG WI of approximately 33% and applying a \$20/bbl valuation, translates into \$429 million of value or approximately \$4.00 per share on a fully diluted basis. SOG closed at \$0.84.

To add further confidence to the play's eventual development, Legacy has publicly indicated this play has several characteristics of an attractive resource play, including

- Large areal extent
- Relatively consistent geology
- Large resource in place
- Repeatable results
- Improved results and efficiencies over time
- Scalability

SOG and Legacy are now in the planning stages of their Winter 2010/11 drilling program that may focus on optimization and delineating portions of the play. Details may be forthcoming during the next quarter.

Exhibit 1. SOG Land Position and Chinkeh Oil Leg



Source: GeoScout, Company presentations

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