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## **NEWS RELEASE**

FOR IMMEDIATE RELEASE

### **Strategic Oil & Gas Ltd. Announces 2010 Second Quarter Results**

**August 20, 2010**

Calgary, Alberta - Strategic Oil & Gas Ltd. (TSXV/SOG) ("Strategic" or the "Corporation") announces its financial results for the three and six month period ended June 30, 2010:

#### **OVERVIEW OF PERFORMANCE AND DISCUSSION OF OUTLOOK**

The six months ended June 30, 2010 showed an increase in volumes over the comparable period of 2009. Average daily sales volumes increased by 54% to 291 boe/d in 2010 versus 189 boe/d in 2009. Revenues also increased by 130% to \$2,987,813 for 2010 versus \$1,301,719 in 2009. The increase was the result of the acquisition of the Taber and Conrad properties in 2009, as well as a significant recovery in crude oil prices over the first half of 2009. Natural gas prices remain depressed and at similar levels to 2009. The Corporation received an average price of \$56.65 per boe versus \$35.71 in 2009 which is an increase of 59%.

For the three months ended June 30, 2010, average daily production was 266 boe/d versus 315 boe/d for the first quarter of 2010, a decrease of 16%. The decrease in production was primarily related to a plant turnaround at Taber in April of 2010. Revenues for the second quarter of 2010 also decreased by 23% to \$1,298,172 for the second quarter versus \$1,689,641 in the first quarter. The Corporation received an average price of \$53.18 per boe in the second quarter of 2010 versus \$59.44 in the first quarter, which is a decrease of 11%.

For the six months ended June 30, 2010, the Corporation had a net loss of \$1,810,349 or \$0.03 per share (basic and diluted) as compared to a net loss of \$1,582,773 or \$0.05 per share for the six months ended June 30, 2009. The increased loss in 2010 arises from the stock-based compensation expense of \$734,171 as a result of the issuance of stock options in the year, as well as additional expenses and less revenue as a result of the Taber plant turnaround. Funds used in operations for the six months ended June 30, 2010 was \$420,792 as compared to \$481,370 for the six months ended June 30, 2009.

As previously disclosed, late in the first quarter, at Maxhamish in northeast British Columbia, Strategic participated in two horizontal oil wells which were drilled and multi-stage fracture stimulated (a-C18-J-D94-O-11 and a-49-J-D94-O-11). Both wells were production tested, placed on production with pump-jacks, and tied in to a natural gas gathering and processing facility in the second quarter. Combined deliverability from these wells is currently restricted by the owner of the natural gas facility. Based on field performance and internal engineering evaluations, Strategic estimates that Maxhamish wells have a

productive capacity in the range of 200 to 250 barrels per day with a targeted recovery of 200,000 to 250,000 barrels of proved plus probable reserves of 40° API oil under primary production.

Based on the positive results from the two wells, the Corporation, along with its partner, acquired an additional 19 sections at Crown land sales in the Maxhamish area. Strategic now owns an average interest of 33% in 20,800 gross acres (> 32 sections) of land in the Maxhamish area. With the lands included by the Maxhamish farmout agreement and the direct interest lands just acquired, over 100 sections of land are now available for drilling, with the possibility of drilling up to four wells per section.

The Corporation is in the early stages of assessing the contingent resources at Maxhamish. The initial results add confidence to the Corporation's initial internal estimates of over 500 million barrels of Total Petroleum Initially in Place (PIIP) on the 100 sections of land available to Strategic. Results of these wells are currently being assessed with the operator and future development plans for the next year will be determined accordingly.

In early July, at Conrad in southern Alberta, Strategic spud a horizontal well (8-23Hz). This well was drilled as a multi-leg horizontal well, targeting the Sawtooth formation. This well has now been equipped and is currently being tied in. Once the well has a chance to produce continually, it is expected that this well will produce 50-100 bop/d of medium API oil. The technical team is currently assessing this well and based on the initial positive results, it may open up over ten additional, 100 percent owned, locations.

The Corporation has brought in a partner to allow for an accelerated drilling program at Taber. The terms of this agreement provide that the partner will pay \$1.6 million to drill two or three wells, and to earn a 25% interest in the property. In late July 2010 Strategic commenced drilling two wells (4-24 and 11-14) with the potential that a third well may also be drilled. The target sands are basal quartz Glauconitic and Lower Mannville, which are characterized as having high porosity and permeability. These wells have recently been completed, equipped, and will be brought on production within the next month. It is too early to quote anticipated initial production rates, however the technical team is currently reviewing additional locations based on these encouraging results.

It is anticipated that the current three well drilling program at Taber and Conrad can add in excess of 150 bop/d (net to Strategic) of potential production. In addition, the recent successes at Taber and Conrad are expected to lead to additional drilling in the fourth quarter. As discussed, the technical team is identifying potential locations. Current plans are to drill a minimum two additional wells in southern Alberta in the fourth quarter.

During the third quarter Strategic will continue to work with its partner at Maxhamish to finalize the capital program for the coming winter season. This light oil resource play provides Strategic and its partners access to over 100 sections of land available for development.

The Corporation also continues to assess other new high impact oil opportunities in North America.

## **About Strategic**

Strategic is a junior oil and gas company with producing properties located in Maxhamish, northeast BC and Southern and Central Alberta. Production capability is currently over 300 boe/d (excluding Maxhamish) with additional production expected to be brought onstream during the third quarter of 2010 from the recently announced drilling program at Taber and Conrad.

Strategic's highly regarded subsurface technical team is primarily focused on implementing development plans for the Maxhamish project and its southern Alberta properties, while continuing to review other high impact prospects.

Complete financial statements, with accompanying management discussion and analysis are available for review at [www.sedar.com](http://www.sedar.com). **Further information with respect to the Corporation can be found on its website at [www.sogoil.com](http://www.sogoil.com).**

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## ***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 therefrom.

***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.

**Petroleum initially in place (PIIP)**

There is no certainty that any portion of the estimated PIIP will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the estimated PIIP. Additional drilling and analysis is required to develop a resource on the property.

*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.*