Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Strategic Oil & Gas Ltd. at Suite 1800, 510 - 5th Street S.W., Calgary, Alberta T2P 3S2, Telephone (403) 718-0813 and are also available electronically at www.sedar.com.*

Short Form Prospectus

New Issue **December 13, 2011**

Strategic Oil & Gas Ltd.

$0.90

33,400,000 Common Shares

$1.10

9,100,000 Flow-Through Shares

This short form prospectus qualifies the distribution (the "**Offering**") of 33,400,000 common shares ("**Common Shares**") of Strategic Oil & Gas Ltd. (the "**Corporation**" or "**Strategic**") at a price of $0.90 per Common Share (the "**Common Share Offering Price**") and 9,100,000 common shares to be issued as flow-through shares ("**Flow-Through Shares**") within the meaning of the *Income Tax Act* (Canada) (the "**Tax Act**") at a price of $1.10 per Flow-Through Share (the "**Flow-Through Offering Price**"). The head office of the Corporation is located at Suite 1800, 510 - 5th Street S.W., Calgary, Alberta, T2P 3S2 and its registered office is located at 3700, 400 - 3rd Avenue S.W., Calgary, Alberta, T2P 4H2.

The Corporation will covenant to incur, on or before December 31, 2012, and to renounce, effective on or before December 31, 2011, to each subscriber of Flow-Through Shares, Canadian exploration expense ("**CEE**") in an amount equal to the aggregate purchase price for the Flow-Through Shares paid by such subscriber. See "Details of the Offering" and "Certain Canadian Federal Income Tax Considerations".

The outstanding Common Shares are listed on the TSX Venture Exchange ("**TSXV**") under the trading symbol "SOG". The TSXV has conditionally approved the listing of these securities. On November 29, 2011, the last complete trading day before the date of the public announcement of the Offering, the closing price of the Common Shares on the TSXV was $0.89 per Common Share. On December 12, 2011, the last complete trading day before the date of this short form prospectus, the closing price of the Common Shares on the TSXV was $0.87 per Common Share. The terms of the Offering were determined by negotiation between the Corporation and Macquarie Capital Markets Canada Ltd. on its own behalf and on behalf of Raymond James Ltd., Dundee Securities Ltd. and PI Financial Corp. (collectively the "**Underwriters**").

	Price to Public	**Underwriters' Fee**(1)	**Net Proceeds to the Corporation**(1)(2)
Per Common Share	$0.90	$0.054	$0.846
Per Flow-Through Share.................	$1.10	$0.066	$1.034
Total Offering(3)	$40,070,000	$2,404,200	$37,665,800

Notes:

(1) The Corporation has agreed to pay the Underwriters a cash commission of 6% of the aggregate gross proceeds of the sale of Common Shares and Flow-Through Shares. See "Plan of Distribution".

(2) Before deducting expenses of the Offering, estimated to be $200,000.

(3) If the Over-Allotment Option (as defined herein) is exercised in full, the total Offering, Underwriters' fee and net proceeds to the Corporation (before deducting expenses of the Offering) will be $44,579,000, $2,674,740 and $41,904,260, respectively. This short form prospectus also qualifies for distribution the grant of the Over-Allotment Option and the issuance of Common Shares pursuant to the exercise of the Over-Allotment Option. See "Plan of Distribution".

The Corporation has also granted to the Underwriters an option (the "**Over-Allotment Option**") exercisable, in whole or in part and from time to time, at the sole discretion of the Underwriters, at any time up to 30 days following the closing of the Offering, to purchase an additional 5,010,000 Common Shares at the Common Share Offering Price (the "**Over-Allotment Shares**") to cover over-allotments, if any, and for market stabilization purposes. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those Common Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option, or secondary market purchases.

An investment in the securities offered hereunder is speculative and involves a high degree of risk. The risk factors identified under the headings "Risk Factors" and "Note Regarding Forward Looking Information" in this short form prospectus or incorporated by reference in this short form prospectus, including in the AIF (as defined herein) should be carefully reviewed and evaluated by prospective investors before purchasing any securities being offered hereunder. See "Plan of Distribution" and "Risk Factors".

The Underwriters, as principals, conditionally offer the Common Shares, subject to prior sale, if, as and when issued by the Corporation and delivered to and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement (as defined herein) referred to under "Plan of Distribution" and subject to approval of certain legal matters on behalf of the Corporation by Macleod Dixon LLP and on behalf of the Underwriters by Torys LLP. The Underwriters may effect transactions which stabilize or maintain the market price for the Common Shares at levels other than those which otherwise might prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

The Underwriters may offer the Common Shares at prices lower than that stated above. Notwithstanding any reduction by the Underwriters in the offering price specified above, the Corporation will still receive a price of $0.90 per Common Share purchased by the Underwriters under this short form prospectus. See "Plan of Distribution".

The Underwriters have agreed to act, and the Corporation has appointed the Underwriters, as the sole and exclusive agents of the Corporation to offer the Flow-Through Shares for sale at a price of $1.10 per Flow-Through Share. The Underwriters have agreed that if less than 9,100,000 Flow-Through Shares are sold by the Underwriters as agents, the Underwriters shall purchase from the Corporation, as principals, the Flow-Through Shares not sold by the Underwriters as agents in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters on behalf of the Corporation by Macleod Dixon LLP and on behalf of the Underwriters by Torys LLP.

Underwriters' Position	Maximum size or number of securities held	Exercise period	Exercise price
Over-Allotment Option	5,010,000 Common Shares	30 days following closing of the Offering	$0.90 per Common Share

Subscriptions for Common Shares and Flow-Through Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at anytime without notice. Closing of the Offering is expected to occur on or about December 21, 2011 or such later date as the Corporation and the Underwriters may agree, but in any event not later than the date that is 42 days after the date of the receipt for this short form prospectus in respect of the Common Shares and December 31, 2011 in respect of the Flow-Through Shares (the "**Closing Date**").

TABLE OF CONTENTS

NOTE REGARDING FORWARD LOOKING INFORMATION

Certain information in this short form prospectus, including the documents incorporated by reference, is "forward looking information" within the meaning of applicable securities laws. Forward looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" or other similar words, or statements that certain events or conditions "may" or "will" occur. Forward looking information involves significant known and unknown risks and uncertainties. A number of factors, many of which are beyond the control of the Corporation, could cause actual results to differ materially from the results discussed in the forward looking information. Although the forward looking information contained in this short form prospectus, including the documents incorporated by reference, is based upon assumptions which management of the Corporation believes to be reasonable, the Corporation cannot assure investors that actual results will be consistent with this forward looking information. The forward looking information contained herein is made as of the date of this short form prospectus, and the Corporation assumes no obligation to update or revise it to reflect new events or circumstances, except as required by law. Because of the risks, uncertainties and assumptions inherent in forward looking information, prospective investors in the Corporation's securities should not place undue reliance on this forward looking information.

This short form prospectus contains forward looking information pertaining to the use by the Corporation of net proceeds of the Offering, the listing of the Common Shares on the TSXV and the anticipated Closing Date. These forward looking statements are based on a number of assumptions relating to the Corporation's operations, including but not limited to timing of receipt of required governmental approvals, the Corporation's ability to generate sufficient cash flow from operations, access to existing credit facilities and capital markets to meet its future obligations, the Corporation's ability to negotiate satisfactory terms relating to farm-out or joint development activities, availability of rigs, equipment and services and general economic conditions. Actual results could differ materially from those anticipated in the forward-looking statements contained in this short form prospectus, including the documents incorporated by reference, as a result of risks and uncertainties including but not limited to the impact of competition, the volatility of crude oil, natural gas and natural gas liquids prices, imprecision in estimating capital expenditures and operating expenses, risks that the Corporation may not be able to satisfy the covenants and conditions in its credit facility or be able to successfully negotiate favorable terms for its credit facility, and additional risk factors set forth under "Risk Factors" in the AIF and under "Risk Factors" in the Annual MD&A (as defined herein). Also see "Forward Looking Information" in the AIF and Annual MD&A.

Statements relating to "reserves" and "resources" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and can be profitably produced in the future. The assumptions relating to the reserves and resources of the Corporation are discussed under "Statement of Reserves Data and Other Oil and Gas Information" in the AIF incorporated by reference in this short form prospectus.

GENERAL MATTERS

The consolidated financial statements of Strategic incorporated by reference in this short form prospectus have been prepared in Canadian dollars and in conformance with Canadian generally accepted accounting principles, including, as applicable, International Financial Reporting Standards (collectively "**GAAP**").

In this short form prospectus, the abbreviations set forth below have the following meanings:

API	American Petroleum Institute
bbl	barrels, each barrel representing 34.972 Imperial gallons or 42 U.S. gallons.
bbl/d	barrels per day
boe	barrels of crude oil equivalent derived by converting gas to crude oil in the ratio of six thousand cubic feet of gas to one barrel of crude oil, which conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Boe's may be misleading particularly if used in isolation.
boe/d	barrels of crude oil equivalent per day

COGE Handbook	The "Canadian Oil and Gas Evaluation Handbook" prepared jointly by The Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society) as amended from time to time.
km	kilometre
Mcf	1,000 cubic feet
Mcf/d	1,000 cubic feet per day
Mmcf	1,000,000 cubic feet
Mmcf/d	1,000,000 cubic feet per day
PIIP	Total petroleum initially-in-place as defined in the COGE Handbook
psi	a unit of pressure which measures pounds per square inch

Total Petroleum Initially-in-Place

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.

NON-GAAP MEASURES

Cash Flow from Operations

Management uses the term "cash flow from operations", which should not be considered an alternative to, or more meaningful than "cash flow from operating activities" as determined in accordance with GAAP. Cash flow from operations is a non-GAAP measure that represents cash generated from operating activities before changes in non-cash working capital. Management considers this a key measure as it demonstrates Strategic's ability to generate the cash flow necessary to fund future growth through capital investment.

Funds from Operations

Funds from operations and funds from operations per share are presented for information purposes only, and should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined by GAAP. Strategic determines funds from operations to be the cash flow before changes in non-cash working capital. Management believes that in addition to net earnings, funds from operations is a useful supplemental measure to assess the financial performance and the ability of Strategic to finance future growth through capital investment. In addition, management uses netback to analyze operating performance and leverage.

Netback

Netback equals total revenue less royalties, operating costs and transportation costs calculated on a per boe basis.

Cash flow from operations, Funds from Operations and Netback may not be comparable to similar measures used by other companies.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Corporation at Suite 1800, 510 - 5th Street S.W., Alberta, T2P 3S2, telephone (403) 718-0183. Copies of the documents incorporated herein by reference are also available at www.sedar.com.

The following documents of the Corporation, filed with the various provincial securities commissions or similar authorities in Canada, are specifically incorporated into and form an integral part of this short form prospectus:

(a) the annual information form of the Corporation for the year ended December 31, 2010 dated April 28, 2011 (the "**AIF**");

(b) the audited consolidated financial statements of the Corporation together with the auditors' report thereon and the notes thereto as at and for the years ended December 31, 2010 and 2009, re-filed on December 12, 2011;

(c) the Corporation's management's discussion and analysis of the financial condition and results of operations for the year ended December 31, 2010 (the "**Annual MD&A**");

(d) the unaudited consolidated financial statements of the Corporation and the notes thereto as at and for the nine month periods ended September 30, 2011 and 2010;

(e) the Corporation's management's discussion and analysis of the financial condition and results of operations for the three and nine months ended September 30, 2011;

(f) the material change report dated February 9, 2011 concerning the Maxhamish Update;

(g) the material change report dated March 16, 2011 concerning a reserves update;

(h) the material change report dated May 31, 2011 concerning the increase to the Corporation's available operating line of credit;

(i) the material change report dated June 2, 2011 concerning the results of an Alberta Crown land sale and an update on the Steen River operations;

(j) the material change report dated June 6, 2011 concerning the increase to the Corporation's capital budget;

(k) the material change report dated July 20, 2011 concerning the appointment of the President of the Corporation;

(l) the material change report dated September 13, 2011 concerning the adoption of a shareholder rights plan;

(m) the material change report dated September 23, 2011 concerning the resignation of the Chief Financial Officer;

(n) the material change report dated October 7, 2011 concerning an operations update

(o) the material change report dated October 7, 2011 concerning drilling results from Steen River;

(p) the material change report dated November 23, 2011 concerning drilling results from Steen River;

(q) the material change report dated December 1, 2011 concerning the Offering;

(r) the refiled business acquisition report dated December 12, 2011 concerning the acquisition of Steen River Oil & Gas Ltd.;

(s) the information circular dated October 19, 2011 in connection with the annual meeting of the shareholders of the Corporation held on November 22, 2011; and

(t) the information circular dated July 20, 2010 in connection with the annual and special meeting of shareholders held on August 23, 2010.

Any documents of the type required by National Instrument 44-101 to be incorporated by reference in a short form prospectus including any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, management's discussion and analysis of financial condition and results of operations, information circulars, annual information forms and business acquisition reports filed by the Corporation with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

STRATEGIC OIL & GAS LTD.

Strategic was incorporated under the laws of the Province of British Columbia on December 30, 1987 as 338761 B.C. Ltd. pursuant to the *British Columbia Companies Act*, which was subsequently replaced by the British Columbia *Business Corporations Act*. In addition, the articles of the Corporation have been amended as follows:

- August 25, 1988 - name changed to Xpres Infosystems Inc.;
- November 15, 1988 - name changed to Xpres Communications Inc.;
- February 11, 2000 - name changed to Stratacom Technology Inc. and share capital consolidated on a four (4) for (1) basis;
- February 22, 2005 - name changed to Strategic Oil & Gas Ltd.;
- September 9, 2010 - Articles of Continuance filed under *Business Corporations Act* (Alberta)

Strategic is engaged in the exploration for and development of petroleum and natural gas reserves in Western Canada and, to a limited extent, the Western United States. On March 29, 2006, Strategic incorporated a United States of America ("**U.S.**") subsidiary, Strategic Oil & Gas, Inc. through which all oil and gas activities in the U.S. are conducted. On March 10, 2009 the Company acquired all the shares of a private oil and gas consulting company. On December 22, 2010, the Company acquired all the shares of a private corporation, Steen River Oil & Gas Ltd. ("**Steen**"). The primary asset of the Corporation is oil and gas properties in northwest Alberta. The Company's principal office is located at 1800, 510-5th Street SW, Calgary Alberta, T2P 3S2 and its registered office is located at 3700, 400-3rd Avenue SW, Calgary, Alberta, T2P 4H2.

Summary Description of the Business

Strategic is focused on using management's subsurface technical expertise to maximize reservoir recovery of hydrocarbons (primarily crude oil). Current productive capability is approximately 1300 boe/d. Production for the first nine months of 2011 averaged 863 boe/d. The Corporation's principal areas of activity are:

(a) The Maxhamish area of north-eastern British Columbia where Strategic has greater than 100 sections of land available for development. The Corporation has a 38.5% non-operated working interest in the property. In 2011, two horizontal wells were drilled and completed. Those wells are currently undergoing post stimulation flowback operations. In 2012 Strategic plans to drill up to 6 wells in Maxhamish.

(b) The Steen River asset is a 100% owned and operated field in the Steen River area of northwest Alberta. Steen is the primary operator in the area with over 110 sections of undeveloped land, oil and natural gas facilities and other infrastructure. Current production from the Steen River assets is over 1000 boe/d. Strategic realized production gains after drilling two successful wells in the first quarter of 2011. Additional production gains are expected to be realized as completion and tie in operations associated with fourth quarter 2011 drilling activity are concluded. In 2012, Strategic plans to drill up to 9 wells in the greater Steen River area.

(c) The Taber and Conrad areas in southern Alberta, where the Corporation has current production of approximately 100 boe/d and 15 sections of land. Currently there are no plans for further drilling in this area. Activity will focus on decreasing operational costs through facility optimization.

Strategic intends to focus its future capital program primarily on further development of its Steen River assets and the Maxhamish oil resource play. Further details concerning Strategic, including information with respect to its assets, operations and history are provided in the AIF and other documents incorporated by reference into this short form prospectus. Readers are encouraged to review these documents as they contain important information about Strategic. See "General Development of the Business", "General Description of the Business" and "Statement of Reserves Data and Other Oil and Gas Information" in the AIF.

Recent Developments

Maxhamish

Two horizontal wells were drilled in 2011. Both wells were successfully completed and stimulated by multistage fracing operations. Both wells are currently post frac flowback operations to recover frac fluid. Tie in and production facility construction operations are ongoing.

Steen River

Strategic began its drilling program in the third quarter of 2011 with the goal of drilling, completing and tying in of five wells prior to year end. As of the date hereof, Strategic has successfully placed a Keg River well in Marlowe North on production. In the fourth quarter of 2011, Strategic began the construction and installation of additional oil handling facilities at the Steen River plant. Capabilities of the current oil battery and tank farm are being expanded with the addition of an oil treater capable of processing 3000 boe/d of sales quality oil.

Appointment of Chief Financial Officer

On November 15, 2011 Ms. Shelina Hirji was appointed interim Chief Financial Officer of the Corporation. Ms. Hirji was the controller of the Corporation from December 2010 until her appointment as interim Chief Financial Officer. Ms. Hirji also served as controller of Steen River Oil & Gas Ltd. prior to its acquisition by the Corporation. From November 1999 until August 2005, Ms. Hirji was Vice-President Finance of Launch Resources Inc. ("Launch"). In September 2004 Launch filed for protection from its creditors under the Companies' Creditors Arrangement Act in an attempt to complete its restructuring efforts. In February 2005 Launch entered into receivership.

DESCRIPTION OF CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares ("**Preferred Shares**"). As of the date hereof, there were 139,052,068 Common Shares and no Preferred Shares issued and outstanding. The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares and the Preferred Shares of the Corporation. This summary does not purport to be complete and is subject to, and qualified by, reference to the articles of the Corporation. See "Capitalization of the Corporation".

Common Shares

The holders of Common Shares are entitled to dividends if, as and when declared by the Board of Directors of the Corporation, to one vote per share at meetings of the holders of Common Shares of the Corporation and, upon liquidation, dissolution or winding-up of the Corporation, to receive pro-rata the remaining property and assets of the Corporation, subject to the rights of shares having priority over the Common Shares.

Preferred Shares

The Preferred Shares are issuable in series and each class of Preferred Shares will have such rights, restrictions, conditions and limitations as the Board of Directors of the Corporation may from time to time determine. The holders of Preferred Shares are entitled, in priority to holders of Common Shares, to be paid rateably with holders of each other series of Preferred Shares the amount of accumulated dividends, if any, specified to be payable preferentially to the holders of such series and upon liquidation, dissolution or winding-up of the Corporation, to be paid rateably with holders of each other series of Preferred Shares the amount, if any, specified as being payable preferentially to holders of such series. There are currently no Preferred Shares outstanding.

DETAILS OF THE OFFERING

The Offering consists of 33,400,000 Common Shares at a price of $0.90 per Common Share and 9,100,000 Flow-Through Shares at a price of $1.10 per Flow-Through Share. In addition, the Corporation has granted to the Underwriters the Over-Allotment Option to purchase up to an additional 5,010,000 Common Shares at the Common

Share Offering Price on the same terms and conditions as the Offering, exercisable in whole or in part and from time to time, for a period of up to 30 days following closing of the Offering to cover over-allotments, if any, and for market stabilization purposes.

Flow-Through Shares - Renunciation of CEE

The Flow-Through Shares will be issued as "flow-through shares" under the Tax Act. The Corporation will covenant to incur on or before December 31, 2012, and renounce to each subscriber of Flow-Through Shares effective on or before December 31, 2011, CEE in an amount equal to the aggregate purchase price for the Flow-Through Shares paid by such subscriber. See "Certain Canadian Federal Income Tax Considerations."

Subscriptions for Flow-Through Shares will be made pursuant to one or more subscription and renunciation agreements (collectively, the "Subscription Agreement") to be made between the Corporation and one or more of the Underwriters or one or more sub-agents of an Underwriter, as agent for, on behalf of and in the name of all subscribers of Flow-Through Shares. **Subscribers who place an order to purchase Flow-Through Shares with an Underwriter, or any sub-agent of an Underwriter, will be deemed to have authorized any of such Underwriters, or such sub-agents, to execute and deliver, on their behalf, the Subscription Agreement.**

Pursuant to the Subscription Agreement, the Corporation will covenant and agree (i) to incur on or before December 31, 2012, and renounce to the subscriber effective on or before December 31, 2011, CEE in an amount equal to the aggregate purchase price paid by such subscriber for the Flow-Through Shares, and (ii) that if the Corporation does not renounce to such subscriber, effective on or before December 31, 2011, CEE equal to such amount, or if there is a reduction in such amount renounced pursuant to the provisions of the Tax Act, the Corporation shall indemnify the subscriber as to, and forthwith pay in settlement thereof to such subscriber, an amount equal to the amount of any tax payable or that may become payable under the Tax Act (and under any corresponding provincial legislation) by the subscriber (or if the subscriber is a partnership, the partners thereof) as a consequence of such failure or reduction. The Subscription Agreement will contain additional representations, warranties, covenants and agreements by the Corporation in favour of the subscriber of Flow-Through Shares which are consistent with and supplement the Corporation's obligations as described in this short form prospectus.

The Subscription Agreement will also provide representations, warranties and agreements of the subscriber, and by its purchase of Flow-Through Shares, each subscriber of Flow-Through Shares offered hereunder will be deemed to have represented, warranted and agreed, for the benefit of the Corporation and the Underwriters that: (i) the subscriber, and any beneficial purchaser for whom it is acting deals, and until January 1, 2013 will continue to deal, at arm's length with the Corporation for the purposes of the Tax Act; (ii) the subscriber, if an individual, is of the full age of majority and otherwise is legally competent to enter into the Subscription Agreement; (iii) the subscriber, if other than an individual, has the necessary capacity and authority to enter into the Subscription Agreement and has taken all necessary action in respect thereof; (iv) other than as provided herein and in the Subscription Agreement, the subscriber waives any right that it may have to any potential incentive grants, credits and similar or like payments or benefits which accrue as a result of the operations relating to CEE and acknowledges that all such grants, credits, payments or benefits accrue to the benefit of the Corporation; (v) the subscriber has received and reviewed a copy of this short form prospectus; (vi) neither the subscriber, nor any beneficial purchaser for whom it is acting, will enter into any arrangement that would cause the Flow-Through Shares to be "prescribed shares" for purposes of the Tax Act; (vii) the liability of the Corporation to renounce CEE shall be limited to the extent specifically stated in this short form prospectus and the Subscription Agreement; (viii) the Subscription Agreement is subject to acceptance by the Corporation and is effective only upon such acceptance; and (ix) neither the subscriber nor any beneficial purchaser for whom it is acting is a non-resident of Canada for the purposes of the Tax Act.

Notwithstanding the foregoing, the Corporation may enter into one or more subscription and renunciation agreements for Flow-Through Shares on such other terms as may be agreed to by the Corporation and the applicable subscriber.

PRIOR SALES

Date of Issuance	Description of Transaction	Number of Securities Issued	Number of Securities Granted	Price per Security
8-Dec-10	Warrant Exercise– Common Shares	456,705(1)		$0.60
8-Dec-10	Warrant Exercise– Common Shares	623,001(2)		$0.70
8-Dec-10	Warrant Exercise– Common Shares	78,056(2)		$0.70
13-Dec-10	Warrant Exercise– Common Shares	20,000(1)		$0.60
17-Dec-10	Warrant Exercise– Common Shares	2,166,419(1)		$0.60
17-Dec-10	Warrant Exercise– Common Shares	447,323(2)		$0.70
17-Dec-10	Stock Option Exercise– Common Shares	250,000		$0.40
22-Dec-10	Stock Option Exercise– Common Shares	350,000		$0.40
22-Dec-10	Warrant Exercise– Common Shares	35,000(2)		$0.70
23-Dec-10	Private Placement – Flow Through Common Shares	5,175,000		$1.10
23-Dec-10	Property Acquisition – Common Shares	4,416,545		$1.06 (Deemed value)
5-Jan-11	Stock Option Grant		3,125,000(3)	$1.10
15-Apr-11	Warrant Exercise– Common Shares	139,252(5)		$0.27
15-Apr-11	Warrant Exercise– Common Shares	133,715(5)		$0.27
28-Apr-11	Warrant Exercise– Common Shares	89,070(5)		$0.27
4-May-11	Warrant Exercise– Common Shares	926(5)		$0.27
17-May-11	Stock Option Exercise– Common Shares	41,666		$0.25
17-May-11	Stock Option Exercise– Common Shares	41,666		$0.50
14-Jul-11	Warrant Exercise– Common Shares	7,407(5)		$0.27
13-Sep-11	Stock Option Grant		35,000(3)	$1.10
2-Nov-11	Stock Option Grant		100,000(4)	$0.91
17-Nov-11	Stock Option Exercise– Common Shares	10,000		$0.25
17-Nov-11	Stock Option Exercise– Common Shares	10,000		$0.50
17-Nov-11	Stock Option Exercise– Common Shares	13,000		$0.65
17-Nov-11	Stock Option Exercise– Common Shares	10,000		$0.75

Notes:

(1) Common Units - Each unit consisted of one Common Share and one common share purchase warrant entitling the holder to acquire one additional Common Share for a period of one year from closing for $0.60.

(2) Flow-Through Units - Each unit consisted of one Common Share and one half of a warrant, each whole warrant entitling the holder to one additional common share for $0.70 for one year from closing. These units were issued on a flow-through basis.

(3) Each common share option entitles the holder to acquire one (1) common share at an exercise price of $1.10 per share expiring five (5) years from the date of grant, exercisable immediately.

(4) Each common share option entitles the holder to acquire one (1) common share at an exercise price of $0.91 per share expiring five (5) years from the date of grant, exercisable immediately.

(5) On March 10, 2009, Strategic closed an arm's-length acquisition of all of the issued and outstanding shares of ZinMac Inc. ("**ZinMac**"), a private oil and gas consulting company. As part of the consideration 100,000 warrants of ZinMac were converted, in accordance to their terms, into 370,370 warrants of Strategic, exercisable at $0.27 per share until May 8, 2011.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated November 30, 2011 (the "**Underwriting Agreement**") between the Corporation and the Underwriters, (i) the Corporation has agreed to issue and sell and the Underwriters have severally agreed to purchase on the Closing Date, 33,400,000 Common Shares at a price of $0.90 per Common Share and (ii) the Underwriters have agreed to act as, and the Corporation has appointed the Underwriters as the sole and exclusive agents of the Corporation to offer an aggregate of 9,100,000 Flow-Through Shares for sale at a price of $1.10 per Flow-Through Share, payable in cash to the Corporation against delivery of the Common Shares and Flow-Through Shares, subject to compliance with all necessary legal requirements and the terms and conditions of the Underwriting Agreement. The Underwriters have agreed that in the event that less than 9,100,000 Flow-Through Shares are sold by the Underwriters as agents, the Underwriters shall, subject to the terms and conditions of the Underwriting Agreement, purchase as principals at a price of $1.10 per Flow-Through Share, the Flow-Through Shares not sold by the Underwriters as agents. In consideration for their services in connection with the Offering, the Underwriters will be paid a fee of $0.054 per Common Share and $0.066 per Flow-Through Share for an aggregate amount of $2,404,200. The terms of the Offering were determined by negotiation between the Corporation and Macquarie Capital Markets Canada Ltd., on its own behalf and on behalf of the other Underwriters.

The Underwriters propose to offer the Common Shares initially at the Common Share Offering Price. After the Underwriters have made a reasonable effort to sell all of the Common Shares at the Common Share Offering Price, the Common Share Offering Price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Common Shares is less than the price paid by the Underwriters to the Corporation. Any such reduction will not affect the proceeds received by the Corporation.

The Corporation has also granted to the Underwriters the Over-Allotment Option exercisable, in whole or in part and from time to time, at the sole discretion of the Underwriters, at any time up to 30 days following the closing of the Offering, to purchase an additional 5,010,000 of the Common Shares at the Common Share Offering Price to cover over-allotments, if any, and for market stabilization purposes. This short form prospectus qualifies the grant of the Over-Allotment Option and the issuance of the Over-Allotment Shares. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those Common Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option, or secondary market purchases. Unless otherwise indicated, all information in this short form prospectus assumes no exercise of the Over-Allotment Option.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint or joint and several and may be terminated at their discretion upon the occurrence of certain stated events. If one or more of the Underwriters fails to purchase the Common Shares and Flow-Through Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Common Shares and Flow-Through Shares or to offer such Flow-Through Shares for purchase. The Underwriters are, however, obligated to take-up and pay for all Common Shares and Flow-Through Shares if any are purchased under the Underwriting Agreement (other than pursuant to the Over-Allotment Option except to the extent it shall have been exercised). The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters and their directors, officers, agents, shareholders, employees, affiliates and partners against certain liabilities and expenses.

The Corporation has been advised that, in connection with the Offering, the Underwriters may effect transactions which stabilize or maintain the market price of the Common Shares at levels above those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Subscriptions for Common Shares or Flow-Through Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without prior notice. The closing of the Offering is expected to occur on or about December 21, 2011, but in any event not later than the date that is 42 days after the date of the receipt for this short form prospectus in respect of the Common Shares and December 31, 2011 in respect of the Flow-Through Shares.

The TSXV has conditionally approved the listing of these securities. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSXV.

The Corporation has agreed with the Underwriters that, for the period commencing as of the date of the Underwriting Agreement and ending on the date that is 90 days following the Closing Date, it will not, directly or indirectly, issue, offer, or announce the issuance or offering of, or make or announce any agreement to issue, sell, or exchange Common Shares or securities convertible or exchangeable into Common Shares without the prior consent of Macquarie Capital Markets Canada Ltd. (on behalf of the Underwriters), not to be unreasonably withheld, provided that notwithstanding the foregoing, the Corporation may, without such consent, issue the Offered Shares, grant options to directors, officers, consultants or employees of the Corporation and issue Common Shares on exercise thereof subject to the current board approved option incentive program and in accordance with the rules of the TSXV or on exercise of other outstanding instruments as of the date hereof.

The Common Shares have not been and will not be registered under the *U.S. Securities Act* or any state securities ("**blue sky**") laws, and, accordingly, may not be offered or sold within the United States or to U.S. Persons (as such terms are defined in Regulation S under the *U.S. Securities Act*) except in transactions exempt from the registration requirements of the *U.S. Securities Act* and applicable state securities laws. The Flow-Through Shares offered hereunder will not be offered or sold within the United States. Except as permitted in the Underwriting Agreement and as expressly permitted by applicable laws of the United States, the Underwriters will not offer or sell the Common Shares within the United States. The Underwriting Agreement permits the Underwriters to offer and resell the Common Shares that they have acquired pursuant to the Underwriting Agreement, through their U.S. broker-dealer affiliates to "qualified institutional buyers" (as defined in Rule 144A ("**Rule 144A**" under the *U.S. Securities Act*) in the United States, provided that such offers and sales are made in accordance with Rule 144A under the *U.S. Securities Act* and applicable state securities laws. The Underwriting Agreement also permits the Underwriters to designate certain institutional accredited investors that meet the criteria in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the *U.S. Securities Act* to whom the Underwriters acting as agents on behalf of the Corporation may offer and sell the Common Shares in accordance with Section 4(2) of the *U.S. Securities Act* and Rule 506 of Regulation D thereunder and applicable state securities laws. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Common Shares outside the United States only in accordance with Regulation S under the *U.S. Securities Act*.

This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Common Shares or Flow-Through Shares in the United States. In addition, until 40 days after the commencement of the Offering, any offer or sale of Common Shares and Flow-Through Shares offered hereby within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the *U.S. Securities Act* if such offer or sale is made otherwise than in accordance with an exemption from the registration requirement of the *U.S. Securities Act*.

CAPITALIZATION OF THE CORPORATION

The following table sets forth the consolidated capitalization of the Corporation as at December 31, 2010, and September 30, 2011 both before and after giving effect to the Offering:

Description	Authorized	As at December 31, 2010 (Unaudited)(4)	As at September 30, 2011 (Unaudited)(4)	As at September 30, 2011 after giving effect to the Offering(3) (Unaudited)
Debt				
Credit Facilities(1)	$21,000,000	$0.00	$0.00	$0.00
Equity(2)				
Common Shares	Unlimited	$83,374,222 (138,555,366 shares)	$83,546,802 (139,009,068 shares)	$121,012,602 (181,509,068 shares)
Contributed Surplus		$3,767,042	$6,405,463	$6,405,463

Notes:

(1) The Corporation has a $21,000,000 revolving operating line of credit with Alberta Treasury Branch. The revolving facility is repayable on demand with monthly interest-only payments, is renewable annually, and bears interest at the rate of 1.25% over the prime lending rate. The next renewal period has been set at May 31, 2012.

(2) Does not include Common Shares issuable upon exercise of outstanding stock options. As of the date hereof, there were 6,971,667 Common Shares reserved for issuance pursuant to the Corporation's option plan.

(3) Based on the issuance of 33,400,000 Common Shares and 9,100,000 Flow-Through Shares for aggregate gross proceeds of $40,070,000 less the Underwriters' fee of $2,404,200 and estimated expenses of the Offering of $200,000 for net proceeds to the Corporation of $37,465,800. If the Over-Allotment Option is exercised in full, the aggregate gross proceeds, the aggregate Underwriters' fee, estimated expenses of the Offering and net proceeds to the Corporation will be $44,579,000, $2,674,740, $210,000 and $41,694,260, respectively. See "Plan of Distribution".

(4) The values under this column are provided under International Financial Reporting Standards.

PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES

The outstanding Common Shares are traded on the TSXV under the trading symbol "SOG". The following table sets forth the high and low trading prices and aggregate trading volume of the Common Shares as reported by the TSXV for the periods indicated.

Monthly Price Range

	High ($)	Low ($)	Volume
2010			
December	1.22	0.81	12,630,456
2011			
January	1.26	1.02	10,736,793
February	1.40	1.10	13,777,844
March	1.29	0.97	8,808,913
April	1.22	0.97	8,039,698
May	1.17	0.88	9,561,596
June	1.25	0.90	8,157,484
July	1.05	0.96	1,675,050
August	0.95	0.63	9,831,797
September	0.90	0.73	17,786,449
October	0.95	0.68	5,639,392
November	1.08	0.82	3,401,236
December (1 - 12)	0.90	0.87	2,092,492

On November 29, 2011, the last complete trading day before the date of the public announcement of the Offering, the closing price of the Common Shares on the TSXV was $0.89 per Common Share. On December 12, 2011, the last complete trading day before the date of this short form prospectus, the closing price of the Common Shares on the TSXV was $0.87 per Common Share.

USE OF PROCEEDS

The net proceeds to the Corporation from the sale of the Common Shares and Flow-Through Shares are estimated to be approximately $37,465,800 after deducting the fees of $2,404,200 payable to the Underwriters and the estimated expenses of the Offering of $200,000. If the Over-Allotment Option is exercised in full, the net proceeds from the sale of the Common Shares and Flow-Through Shares hereunder are estimated to be $41,694,260 after deducting the fees of $2,674,740 payable to the Underwriters and the estimated expenses of the Offering of $210,000. See "Plan of Distribution". The net proceeds of the Offering will be used by the Corporation to fund a portion of its development program at Maxhamish, in north-eastern British Columbia; to exploit, through additional drilling, its assets at Steen River; and for operating expenses, capital expenditures on its properties and facilities and corporate and/or asset acquisitions, if any. The following is an approximate breakdown of the proposed use of the net proceeds of the Offering:

Finance a portion of the 2011-2012 development capital program in respect of the Maxhamish property in British Columbia, which is expected to include drilling up to 6 wells, and adding required infrastructure	$14.0 million
Finance a portion of the 2011-2012 development program at Steen River, including drilling up to 9 wells and adding required infrastructure	$23.4 million
Total[(1)]	$37.4 million

Note:

(1) In the event the Over-Allotment Option is exercised in whole or in part, any additional net proceeds will be added to working capital.

The net proceeds from the Offering will be added to working capital to enhance corporate liquidity until deployed. The allocation of the net proceeds of the Offering may be adjusted within these stated categories of expenditures depending on, among other things, timing of receipt of required government approvals, availability of rigs, equipment and services and general political and market conditions. Further, while the Corporation intends to use the net proceeds of the Offering as stated above, there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management believes are in the Corporation's best interests.

The net proceeds of the Offering will be used by the Corporation to accomplish its stated business objective of building a successful oil and gas company. The Corporation's strategy is to secure early exploration opportunities which allow the Corporation to operate with high working interests primarily focused on crude oil in the short term; and to capitalize on management's technical expertise by acquiring additional higher risk, higher reward opportunities to accelerate growth. The Corporation's capital expenditure program has been designed to expand the Corporation's current production base. The proceeds of the Offering are intended to improve working capital and enhance corporate liquidity to permit the Corporation to pursue its growth-oriented strategy.

The Corporation has not yet achieved positive operating cash flow. For the financial year ending December 31, 2010 the Corporation had negative operating cash flow. If the Corporation does not achieve positive cash flow, it will be necessary for the Corporation to raise additional equity or debt. There is no assurance that additional equity or debt will be available on terms acceptable to the Corporation.

Notwithstanding the above, an amount not less than the gross proceeds received from the sale of the Flow-Through Shares, shall be spent on expenditures by the Corporation on or before December 31, 2012, which constitute CEE.

ELIGIBILITY FOR INVESTMENT

In the opinion of Macleod Dixon LLP, counsel to the Corporation, and Torys LLP, counsel to the Underwriters, based on the current provisions of the Tax Act and the regulations promulgated thereunder and any specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, provided the Common Shares and Flow-Through Shares are listed on a designated stock exchange for the purposes of the Tax Act (which includes the TSXV) the Common Shares and Flow-Through Shares will be a qualified investment under the Tax Act for trusts governed by a registered retirement savings plan (a "**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account ("**TFSA**") (collectively, an "**Exempt Plan**").

However, the holder of a trust governed by a TFSA (and, if certain proposals contained in the June 6, 2011 Federal Budget are enacted as proposed, the annuitant under a RRSP or RRIF) that holds Common Shares or Flow-Through Shares will be subject to a penalty tax if the Common Shares and Flow-Through Shares are a "prohibited investment" for the purposes of the Tax Act. Common Shares and Flow-Through Shares will generally be a "prohibited investment" if the holder or the annuitant, as the case may be, does not deal at arm's length with the Corporation for the purposes of the Tax Act or the holder or the annuitant, as the case may be, has a "significant interest" (within the meaning of the Tax Act) in the Corporation or a corporation, partnership or trust with which the Corporation does not deal at arm's length for the purposes of the Tax Act.

Legislation was introduced on October 4, 2011 to implement the above noted proposals contained in the June 6, 2011 Federal Budget. Prospective holders should consult their own tax advisors regarding their particular circumstances.

It would be highly unusual for an Exempt Plan to subscribe for the Flow-Through Shares directly, as such Exempt Plan would not be able to use the tax deductions described below. Any subscriber who intends to cause an Exempt Plan to acquire Common Shares or Flow-Through Shares, or any person who wishes to contribute Common Shares or Flow-Through Shares to an Exempt Plan should consult their own tax advisor.

RISK FACTORS

An investment in the Common Shares and Flow-Through Shares is subject to certain risks and should be considered speculative due to the nature of the Corporation's involvement in the exploration for, and the acquisition, development and production of, crude oil and natural gas reserves in Western Canada and the Western United States. Investors should carefully consider the risks described under the heading "Risk Factors" in the Corporation's AIF incorporated by reference in this short form prospectus as well as the risk factors set forth below and elsewhere in this short form prospectus prior to making an investment in the Common Shares.

Negative Operating Cash Flow

The Corporation has not yet achieved positive operating cash flow. For the financial year ending December 31, 2010 the Corporation had negative operating cash flow. If the Corporation does not achieve positive cash flow, it will be necessary for the Corporation to raise additional equity or debt. There is no assurance that additional equity or debt will be available on terms acceptable to the Corporation. See "Use of Proceeds".

Canadian Tax Treatment of Flow-Through Shares

The tax treatment applicable to oil and gas activities and flow-through shares constitutes a major factor when considering an investment in the Flow-Through Shares. There is no guarantee that the taxation laws and regulations and the current administrative practices of both the federal and provincial tax authorities will not be amended or construed in such a way that the tax considerations for a subscriber holding Flow-Through Shares will not be altered and, moreover, there is no guarantee that there will not be any differences of opinion between the federal and provincial tax authorities with respect to the tax treatment of the Flow-Through Shares, the status of such Flow-Through Shares and the activities contemplated by the Corporation's exploration and development programs. See "Certain Canadian Federal Income Tax Considerations".

The Flow-Through Shares are designed for investors whose income is subject to high marginal tax rates. The right to deduct qualifying expenditures accrues to the initial purchaser of the Flow-Through Shares and is not transferable. No guarantee can be given that Canadian tax laws will not be amended, that the amendments announced with respect to such laws will be adopted or that the current administrative practices of the tax authorities will not be modified. In addition, there is no guarantee that the CEE incurred by the Corporation or the expected tax deductions will be accepted by the Canada Revenue Agency (the "**CRA**"). Consequently, the tax considerations for subscribers holding or selling Flow-Through Shares may be fundamentally altered. See "Certain Canadian Federal Income Tax Considerations".

There is no guarantee that an amount equal to the total proceeds of the sale of the Flow-Through Shares will be expended on or prior to December 31, 2012 as CEE resulting in the deductions described under "Certain Canadian Federal Income Tax Considerations". **If the Corporation does not expend an amount equal to the gross proceeds from the sale of the Flow-Through Shares so as to incur sufficient CEE prior to December 31, 2012, the Corporation will be required to reduce the amount of CEE that it has renounced in favour of the investors and the investors will be reassessed accordingly and will be required to remit tax if the reduction in the renounced CEE increases their taxable income.** Subscribers will not be subject to penalties for any such reassessment and no interest will be payable on such additional tax if such tax is paid by April 30, 2013. The Corporation will agree to indemnify the subscriber as to, and forthwith pay in settlement thereof to such subscriber, an amount equal to the amount of any tax payable or that may become payable under the Tax Act (and under any corresponding provincial legislation) by the subscriber (or if the subscriber is a partnership, the partners thereof) as a result of any such reduction; however, there is no guarantee that the Corporation will have the financial resources required to satisfy such indemnity.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Macleod Dixon LLP, counsel to the Corporation, and Torys LLP, counsel to the Underwriters, the following is a fair and adequate summary of the principal Canadian federal income tax considerations generally applicable to a subscriber who purchases Common Shares or Flow-Through Shares pursuant to the Offering and who, for purposes of the Tax Act and at all relevant times, is or is deemed to be resident in Canada, deals at arm's length and is not affiliated with the Corporation and holds the Common Shares or Flow-Through Shares as capital property. The Common Shares and Flow-Through Shares will generally constitute capital property to a subscriber unless the subscriber holds the Common Shares or Flow-Through Shares, respectively in the course of carrying on a business of buying and selling securities or acquires the Common Shares or the Flow-Through Shares, respectively, in a transaction or transactions considered to be an adventure in the nature of trade. Certain subscribers who might not otherwise be considered to hold their Common Shares as capital property may, in certain circumstances, be entitled to make an irrevocable election permitted by subsection 39(4) of the Tax Act to have the Common Shares and every other "Canadian security" (as defined in the Tax Act), owned by such subscriber in the taxation year of the election and in all subsequent taxation years deemed to be capital property. This election is not available in respect of the Flow-Through Shares. Subscribers that are considering making such an election should consult with their own tax advisors.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and counsel's understanding of the current published administrative policies and assessing practices of the CRA. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law or administrative practice, nor does it take into account provincial or territorial tax laws of Canada or the tax laws of any foreign jurisdiction. No assurance can be given that the Proposed Amendments will be enacted as proposed (or at all) or that legislative, judicial or administrative changes will not alter the statements made herein.

This summary does not apply to a subscriber (i) that is a "principal-business corporation" within the meaning of the Tax Act; (ii) whose business includes trading or dealing in rights, licenses or privileges to explore for, drill for or take minerals, petroleum, natural gas or other related hydrocarbons; (iii) that is a "financial institution", "specified financial institution" or an interest in which constitutes a "tax shelter investment", all within the meaning of the Tax Act; (iv) that has made a "functional currency" election under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency; or (v) that is a partnership or trust.

This summary assumes that the Corporation will make all necessary tax filings in respect of the issuance of the Flow-Through Shares and the renunciation of CEE in the manner and within the time required by the Tax Act and the Regulations, that the Corporation will incur sufficient CEE to enable it to renounce to subscribers all of the CEE covenanted to be renounced by the Corporation pursuant to the Subscription Agreement effective on the dates set out therein and that all expenses discussed herein will be reasonable in amount. This summary assumes that the Corporation will be a "principal-business corporation" at all material times and that the Flow-Through Shares, when issued, will be "flow-through shares" and will not be "prescribed shares", all within the meaning of the Tax Act.

The income tax consequences to a particular subscriber of an investment in Flow-Through Shares will vary according to a number of factors including the legal status of the subscriber as an individual, a trust, a corporation or a partnership, the province or provinces in which the subscriber resides, carries on business or has a permanent establishment and the amount that would be the subscriber's taxable income but for the investment in the Flow-Through Shares.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular subscriber. Accordingly, each potential subscriber should obtain independent advice regarding the income tax consequences of investing in the Common Shares or Flow-Through Shares having regard to the subscriber's particular circumstances.

Canadian Exploration Expense

Subject to certain limitations and restrictions, the Corporation will be entitled to renounce CEE incurred by it to subscribers for Flow-Through Shares in an amount equal to the subscription price for the Flow-Through Shares as permitted by and in accordance with the Tax Act. Such CEE that is properly renounced to a subscriber will be deemed to be CEE incurred by the subscriber on the effective date of the renunciation.

The Corporation generally will be entitled to renounce CEE incurred, or deemed to be incurred, by it on or after the date that subscriptions for the Flow-Through Shares are accepted, less (i) any previous renunciations with respect to such expenses, (ii) any portion of those expenses which are prescribed under the Regulations as being

"Canadian exploration and development overhead expenses", (iii) certain seismic expenses, and (iv) any assistance that the Corporation has received, is entitled to receive, or may reasonably be expected to receive at any time which is reasonably related to those expenses. The Corporation may not renounce to subscribers an amount in excess of the amount paid by the subscribers for the Flow-Through Shares. The Corporation will not be entitled to renounce CEE to the extent that such renunciation, if effective, would cause the Corporation's own cumulative CEE ("**CCEE**") to be a negative amount.

Certain CEE incurred pursuant to a flow-through share agreement and within 12 months after the end of the calendar year in which the flow-through shares are issued (the "**preceding calendar year**") can be treated as if incurred in the preceding calendar year, provided that the subscription price for the relevant flow-through shares has been paid for in money during the preceding calendar year, the subscriber deals at arm's length with the Corporation throughout that 12 month period and the renunciation has been duly made by the end of March of the year following the preceding calendar year. In the event the Corporation does not fully expend the amounts renounced by the end of that 12 month period, the Corporation will be required to reduce the amount previously renounced and the subscribers' income tax returns for the years in which the expenditures were claimed will be reassessed accordingly. However, interest would generally not be levied in respect of such reassessments until after April, 2013.

Where the Corporation renounces CEE pursuant to this 12 month look-back rule, the Corporation will be liable to pay a deductible charge for each month (other than January) in the year during which the CEE must be incurred equal to the amount of renounced expenses which have not been incurred by the end of the particular month multiplied by 1/12 of the prescribed interest rate at that time for refund interest purposes under the Tax Act.

A subscriber for Flow-Through Shares to whom the Corporation renounces CEE will have such CEE added to the subscriber's CCEE. A subscriber may deduct in computing the subscriber's income from all sources for a taxation year an amount not exceeding 100% of the balance of the subscriber's CCEE at the end of that taxation year. Deductions claimed by a subscriber reduce the subscriber's CCEE by the amount claimed. To the extent that a subscriber does not deduct the full CCEE balance at the end of the taxation year, the unclaimed balance will be carried forward and the subscriber will be entitled to claim deductions in respect thereof in subsequent taxation years in accordance with, and subject to the restrictions under, the provisions of the Tax Act. If at the end of a taxation year the reductions in calculating a subscriber's CCEE exceed the additions thereto, the excess must be included in computing the subscriber's income for that year and the subscriber's CCEE will thereupon have a nil balance. The disposition of Flow-Through Shares will not reduce a subscriber's CCEE. Certain restrictions apply in respect of the deduction of CCEE following an acquisition of control and certain reorganizations of a corporate subscriber. Corporate subscribers should consult their own tax advisors with respect to the application of these rules.

A subscriber who disposes of Flow-Through Shares will retain the entitlement to receive renunciations of CEE from the Corporation as described above, as well as the ability to deduct any CEE previously deemed to have been incurred by the subscriber, and a subsequent purchaser of such Flow-Through Shares will not be entitled to any renunciation of any CEE in respect thereof.

Disposition of Flow-Through Shares

A disposition or deemed disposition of a Flow-Through Share (other than to the Corporation) will result in the subscriber thereof realizing a capital gain (or a capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the subscriber's adjusted cost base of such shares and reasonable costs of the disposition. **For tax purposes, the initial cost to a subscriber of the Flow-Through Shares is deemed to be nil.** The adjusted cost base of any Flow-Through Shares acquired pursuant to the Offering will generally be the average of the cost of all such shares including all other Common Shares held by the subscriber for the purpose of calculating capital gains or capital losses on subsequent dispositions of such shares. See *"Taxation of Capital Gains and Losses"* below.

Cumulative Net Investment Loss

One half of the amount of CEE that is renounced to and deducted by a subscriber will increase the subscriber's cumulative net investment loss ("**CNIL**"). A subscriber's CNIL may impact a subscriber's ability to claim the capital gains deduction available on the disposition of certain qualifying small business corporation shares and farm property.

Minimum Tax

Pursuant to the alternative minimum tax rules in the Tax Act, the tax otherwise payable under Part I of the Tax Act by an individual (other than certain trusts) will not be less than the minimum amount computed by reference to the individual's "adjusted taxable income" for the year. For these purposes, the minimum amount generally means the "appropriate percentage" (currently 15%) of adjusted taxable income in excess of $40,000. In calculating adjusted taxable income for this purpose, certain deductions and credits otherwise available are disallowed and certain amounts otherwise not taxable are included in income. These disallowed items include deductions for CEE to the extent the deductions exceed the individual's resource income before deduction of those amounts, and deductions for carrying charges which relate to an investment in flow-through shares to the extent that such deductions exceed the individual's resource income after deductions for resource expenses, including CEE. Also included in adjusted taxable income are 80% of capital gains. Whether and to what extent a particular individual will be subject to minimum tax will depend upon the amount of the individual's income, the sources from which it is derived and the nature and amount of any deductions that are claimed. Any additional tax payable for a year resulting from the application of the minimum tax provisions is recoverable to the extent the tax otherwise determined exceeds the minimum amount for any of the following seven taxation years.

Disposition of Common Shares

Any disposition or deemed disposition of Common Shares by a subscriber (other than to the Corporation or on a tax-deferred exchange) will result in the realization of a capital gain (or capital loss) in the taxation year of the disposition to the extent the proceeds of disposition exceed (or are exceeded by) the aggregate of the adjusted cost base of the disposed property and any reasonable costs of disposition. The adjusted cost base of any Common Shares acquired pursuant to this offering will generally be the average of the cost of all such shares including all other Flow-Through Shares and Common Shares of the Corporation held by the holder. See *"Taxation of Capital Gains and Losses"* below.

Taxation of Capital Gains and Losses

Generally, one-half of any capital gain (a taxable capital gain) must be included in computing the income of the subscriber in the year of disposition, and one-half of any such capital loss (an allowable capital loss) generally must be deducted against taxable capital gains realized by the subscriber in the year of disposition. Allowable capital losses in excess of taxable capital gains for the year of disposition generally may be deducted by the subscriber against net taxable capital gains realized in any of the three preceding years or in any subsequent year, subject to various detailed provisions of the Tax Act.

The amount of any capital loss realized by a subscriber that is a corporation on the disposition of a Common Share or a Flow-Through Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share or Flow-Through Share (or on a share for which the Common Share or Flow-Through Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust.

A subscriber that is, throughout the relevant taxation year, a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable for a refundable tax of 6⅔% on its "aggregate investment income" (as defined in the Tax Act), including taxable capital gains.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are MNP LLP, Chartered Accountants, of Calgary, Alberta.

The transfer agent and registrar for the Common Shares is Olympia Trust Company at its principal office in Calgary, Alberta.

INTERESTS OF EXPERTS

Certain legal matters in connection with the issuance of the Common Shares and Flow-Through Shares offered hereby will be passed upon on behalf of the Corporation by Macleod Dixon LLP, Calgary, Alberta and on behalf of the Underwriters by Torys LLP, Calgary, Alberta. As of the date hereof, the partners and associates of Macleod Dixon LLP, as a group, and the partners and associates of Torys LLP as a group, beneficially own, directly and indirectly, less than one percent of the Common Shares.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in several of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form prospectus of Strategic Oil & Gas Ltd. (the "**Corporation**") dated December 13, 2011 qualifying the distribution of 33,400,000 Common Shares of the Corporation at a price of $0.90 per Common Share and distribution of 9,100,000 Flow-through Shares of the Corporation at a price of $1.10 per Flow-Through Share. We have complied with Canadian Generally Accepted Standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of the Corporation on the consolidated balance sheets of the Corporation as at December 31, 2010 and 2009 and the consolidated statements of loss, comprehensive loss and deficit, and cash flows for the years then ended. Our report is dated March 30, 2011.

We also consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of Steen River Oil & Gas Ltd. on the consolidated balance sheets of Steen River Oil & Gas Ltd. as at December 22, 2010 and December 31, 2009 and the consolidated statements of operations, comprehensive loss and deficit, and cash flows for the periods then ended. Our report is dated March 30, 2011.

Calgary, Alberta
December 13, 2011

(Signed) "*MNPLLP*"
Chartered Accountants

CERTIFICATE OF THE CORPORATION

December 13, 2011

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada other than Québec.

(Signed) "*Arn Schoch*" Chief Executive Officer	(Signed) "*Shelina Hirji*" Chief Financial Officer

On Behalf of the Board of Directors

(Signed) "*Colin McNeil*" Director	(Signed) "*D. Richard Skeith*" Director

CERTIFICATE OF THE UNDERWRITERS

December 13, 2011

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada other than Québec.

Macquarie Capital Markets Canada Ltd.

(Signed) "*Robert F. Colcleugh*"

Managing Director

Raymond James Ltd.

(Signed) "*Gregg Delcourt*"

Managing Director

Dundee Securities Ltd.

(Signed) "*David Vankka*"

Managing Director

PI Financial Corp.

(Signed) "*Arthur H. Kwan*"

Director, Investment Banking