Strategic Oil & Gas Ltd. Announces 2011 Second Quarter Results

CALGARY, ALBERTA--(Marketwire - Aug. 12, 2011) - Strategic Oil & Gas Ltd. ("Strategic" or the "Corporation") (TSX VENTURE:SOG) is pleased to announce its financial results for the three and six months ended June 30, 2011. The six month period ended June 30, 2011 is the second interim period for which the Corporation has prepared its financial statements under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Selected financial and operational information is outlined below and should be read in conjunction with the condensed interim consolidated financial statements and the related MD&A which are available for review at www.sogoil.com or www.sedar.com.

Financial and Operations Overview

For the six months ended June 30, 2011 and 2010
(thousands of dollars except per share amounts and shares outstanding)

	2011	2010
Funds from operations *	**$(1,089)**	$(472)
Per share – basic	**$(0.01)**	$(0.01)
Net Income (loss)	**$(7,058)**	$(2,211)
Per share – basic	**$(0.05)**	$(0.03)
Average production (boe/d)	**837 boe/d**	291 boe/d
Capital expenditures		
Land and seismic	**$7,902**	$ 2,877
Drill and complete	**7,333**	685
Property acquisitions	**---**	---
Equipment, facilities and other	**3,296**	36
	$18,531	$3,598
Common shares o/s at year-end (000's)	**139,009**	69,996

* before changes in non-cash capital

Highlights

- Strategic was forced to shut-in approximately 600 bopd of its 800 bopd of crude oil production from Steen River in late April, 2011 as a result of a leak and subsequent shut down of the Rainbow pipeline in northern Alberta.

- A net loss of $7,058,000 was recorded in the six month period.

- Spent $18.5 million on the capital expenditure program in the six months, primarily at Steen River and Maxhamish.
- Steen River winter program was continued and included:
    - Completed and tied in two successful Keg River oil wells at Marlowe North (8-22 and 10-22)
    - Completed an all year access road to core areas of Marlowe North
    - Completed a $3.4 million 3-D and 2-D seismic program at Marlowe North

- Committed to a drilling rig from Akita Drilling Ltd. from August 15, 2011 to April, 2012 for use primarily at the Steen River area.

- Acquired an additional 43 sections (11,008 hectares) of 100% working interest land in the North and West Marlowe areas of Steen River. These lands were acquired for an average of $250 per hectare and are contiguous to Strategic's current Steen River landholdings.

- Acquired approximately 58 sections of land in a new area of interest in northwest Alberta with multi-zone oil potential.

- Completed an all season road and well pads with its partner at Maxhamish. The all season infrastructure will facilitate drilling, completion and production operations through most of the year.

- Commenced drilling program at Maxhamish in July, 2011.
- Line of credit increased from $5.0 million to $21.0 million, reflecting the increased reserve base from the Steen River acquisition and the subsequent workover and drilling program.
- Finalized a drilling plan for Steen River for the next six months, with drilling anticipated to commence in late August, 2011.

Overview of Performance

Summary

Strategic drilled, completed and tied-in two 100% working interest Keg River oil wells in mid-April. The 103/10-22-122-21 W5M vertical well was drilled to a depth of 1131 metres and encountered 17 metres of gross pay in the Keg River. The first 30 days of production averaged 311 bopd of 34° API oil.

The 100/08-22-122-21W5M vertical well was drilled to a depth of 1108 metres and encountered 7 metres of gross pay in the Keg River. The first 30 days of production averaged 50 bopd of 34° API oil. The Keg River in 08-22 was found to be a separate accumulation with a 3 metre lower water oil contact.

The winter drilling and workover program allowed Strategic to record April production of over 1,200 boe/d. However, a pipeline leak in late April, 2011 shut down the Rainbow pipeline, which transports the Corporation's Steen River crude oil to market. Strategic has been forced to shut in approximately 600 bopd of its 800 bopd crude oil production at Steen River as a result. This has impacted significantly the Corporation's sales volumes in the second quarter and will continue to impact production and sales until recommencement of the pipeline. The start-up date of the pipeline is not know at this time. Strategic is reviewing alternatives to transport its Steen River liquids to market.

During June, 2011, Strategic was successful in acquiring Crown lands in the Steen River area of northwest Alberta. Strategic acquired 43 sections of 100% owned land (11,008 hectares) contiguous to the current Marlowe North and Marlowe West oil production in the Steen River area. Lands include all rights to key zonal targets including hydrocarbon bearing zones in the Slave Point, Sulphur Point, Muskeg Dolomite and Keg River.

At Maxhamish, the 2011 development program is proceeding. Strategic, with its operating partner Legacy Oil + Gas Inc., completed an all-weather road including well pads in early July, 2011. The all season infrastructure will facilitate drilling, completion and production operations through most of the year. Drilling operations commenced in July with completion of up to 4 multi-frac horizontal wells by the fourth quarter

During the second quarter, the Corporation's primary lender, Alberta Treasury Branches ("ATB) approved an increase to its available revolving operating line of credit from $5,000,000 to $21,000,000 effective May 31, 2011. The terms are similar to previous terms. The increased revolving operating line of credit will be available for future capital expenditures in Canada or for general corporate purposes.

2011 second quarter results

The six months ended June 30, 2011 showed an increase in volumes over the comparable period in 2010. Average daily sales volume increased by 188% to 837 boe/d in 2011 versus 291 boe/d in 2010. Revenues also increased by 240% to $10,168,744 for 2011 versus $2,987,813 in 2010. The increase was the result of the acquisition of Steen River assets on December 22, 2010, successful winter 2010 drilling program, and a significant recovery in crude oil prices over the first half of 2011. The Corporation realized an average of $66.28 per boe versus $56.65 per boe in 2010 which is an increase of 17%.

For the three months ended June 30, 2011, average daily production was 884 boe/d versus 790 boe/d for the first quarter of 2011, an increase of 12%. Revenues for the second quarter of 2011 were $5,500,351 versus $4,613,816 in the first quarter of 2011. The increase in production and revenues is a result of production increase arising from the winter drilling program.

For the six months ended June 30, 2011, the Corporation had a net loss of $7,057,632 or $0.05 per share as compared to a net loss of $2,211,494 or $0.03 per share for the six months ended 2010. The increase in the net loss in 2011 was mainly attributed to shut in production from the Rainbow pipeline leak, higher operating costs from Steen River properties as well as stock based compensation expense of $2,657,400 as a result of the issuance of stock options in the first half of 2011. Negative funds from operations for the six months ended June 30, 2011 was $1,089,512 as compared to a negative funds from operations of $472,218 for the six months ended June 30, 2010. The Corporation's increased production upon recommencement of the Rainbow pipeline will provide for positive funds from operations.

Outlook for 2011

Maxhamish

At Maxhamish, Phase II of the development program is proceeding. This includes drilling up to four horizontal multi-frac wells in 2011. The A-D18-J well spud on July 18. This horizontal well has been drilled to a measured depth of 3,165 metres and a vertical depth of 1,680 metres into the Chinkeh zone. The well will be fracture stimulated and production tested. This is expected to occur before the end of the third quarter. The plan then allows for an additional three wells to be drilled and fracced in 2011.

Steen River, northwest Alberta

Strategic is positioned to drill and test up to three separate hydrocarbon accumulations beginning in the third quarter of 2011. Strategic's technical team has analyzed a significant amount of data to identify the productive potential of the lands in the area, including:

- A detailed regional geological study of the area, including Keg River, Muskeg Dolomite, Slave Point and the Sulphur Point;
- Tests on current productive shut-in and producing wells for Sulphur Point, Muskeg Dolomite and Keg River potential;
- Engineering review of logs for all wells in a 50 km radius; and
- Geophysical interpretation of the recently shot and processed 2-D and 3-D seismic, as well as other proprietary seismic.

Strategic has signed an agreement with Akita Drilling Ltd. to secure a drilling rig from August 15, 2011 to April 2012. Strategic plans to drill up to four wells in the remainder of 2011 with the first well expected to spud in late August. The first wells will include a combination of horizontal Sulphur Point oil tests and vertical Keg River oil wells. Additional drilling will follow in early 2012.

Summary

Strategic is in a unique position for a junior/emerging oil and gas company:

i) it is financed with a working capital balance of $3.5 million at the end of the second quarter and a $21 million line of credit;

ii) ongoing drilling program at Maxhamish, with over 100 sections of land;

iii) over 100 sections of undeveloped land at Steen River, an area with proven light oil potential; and

iv) politically and fiscally stable environment.

About Strategic

Strategic is a well capitalized junior oil and gas company with an unutilized line of credit, committed to growth by exploiting its light oil assets in Maxhamish, northeast BC and Steen River in northwest Alberta. Strategic's highly regarded subsurface technical team is primarily focused on implementing development plans for its light oil properties, while continuing to review other high impact light oil resource plays. Strategic's common shares trade on the TSX Venture Exchange under the symbol SOG.

Complete financial statements, with accompanying management discussion and analysis are available for review at www.sedar.com.

Further information with respect to the Corporation can be found on its website at

www.sogoil.com.

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 there from. The Company does not assume the obligation to revise or update this forward-looking information after the date of this release or to revise such information to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.*

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.*

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.

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