Strategic Oil & Gas Ltd. Announces First Quarter 2012 Results; Corporate Production Exceeds 2800 BOEPD (88% Oil)

CALGARY, ALBERTA--(Marketwire - May 30, 2012) - Strategic Oil & Gas Ltd. ("Strategic" or the "Company") (TSX VENTURE:SOG) is pleased to announce it has filed its unaudited financial statements and related Management's Discussion and Analysis ("MD&A) for the quarter ended March 31, 2012. Selected financial and operational information is outlined below and should be read in conjunction with Strategic's unaudited financial statements and the related MD&A which are available for review at www.sogoil.com and at www.sedar.com.

Financial and Operational Highlights

	Three Months Ended March 31	
	2012	2011
Financial ($000's, except per share amounts)		
Petroleum and natural gas sales	11,204	4,614
Funds from (used in) operations (1)	3,920	(1,295)
Per share basic	0.02	(0.01)
Per share diluted	0.02	(0.01)
Net income (loss)	611	(4,891)
Per share basic	0.00	(0.04)
Per share diluted	0.00	(0.04)
Capital expenditures	30,959	11,922
Working capital surplus (deficit)	(7,593)	9,905
Operating		
Production		
Crude oil (Bbl per day)	1,388	564
Natural gas (Mcf per day)	1,455	1,358
Barrels of oil equivalent (Boe per day)	1,631	790
Average realized price		
Crude oil ($ per Bbl)	86.39	81.39
Natural gas ($ per Mcf)	2.19	3.94
Barrels of oil equivalent ($ per Boe) (2)	75.50	64.85
Netback per Boe ($)		
Petroleum and natural gas sales	75.50	64.85
Royalties	13.79	17.94
Operating expenses	25.78	46.46
Transportation expenses	2.58	2.06
Operating Netback ($ per Boe)	33.35	(1.61)
Common Shares (000's)		
Common shares outstanding, end of period	187,062	138,555
Weighted average common shares (basic)	187,014	138,555
Weighted average common shares (diluted)	188,038	138,555

(1) *Management uses funds from operation and working capital surplus (deficit) and operating netback to analyze operating performance and leverage. These terms, as presented, do not have any standardized meaning prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculation of similar measures for other entities.*

(2) *Boe means barrel of oil equivalent. All Boe conversions in this report are derived by converting natural gas to oil equivalent at a ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent. Boe may be misleading, particularly if used in isolation. A Boe conversion rate of 1 Boe: 6 Mcf is based on an energy equivalency conversion method primarily applicable at the*

burner tip and does not represent a value equivalency at the wellhead.

ACCOMPLISHMENTS

- Reported sales volumes for the first quarter of 2012 averaged 1,631 Boe/d compared to 790 Boe/d for the first quarter of 2011, representing a 106% increase over the same period in 2011.

- Drilled and cased 9 gross (9.0 net) light oil wells in the first quarter of 2012.

- Combined oil and natural gas liquid sales volumes increased 146% quarter over quarter.

- Oil and natural gas liquid sales represented 85% of total sales revenue, up from 71% in the first quarter of 2011.

- Net capital expenditures totalled $31.0 million (52% of annual budgeted capital) for the first quarter of 2012 compared to $11.9 million for the first quarter of 2011.

- Funds from operations for the first quarter of 2012 totalled $3.9 million compared to negative $1.3 million for the first quarter of 2011.

- Reported net income for the first quarter of 2012 of $0.6 million compared to net loss of $4.9 million in the first quarter of 2011.

- Reduced operating and transportation costs from $48.52 per Boe in the first quarter of 2011 to $28.36 for the first quarter of 2012, a decrease of 42%.

- Reduced general and administrative expenses from $16.49 per Boe in the first quarter of 2011 to $7.29 per Boe in the first quarter of 2012, a 56% decrease.

OPERATIONAL OVERVIEW

The first quarter ending March 31, 2012 delivered sales volumes of 1,631 Boe/d (85% oil) as compared to 1,230 Boe/d (77% oil), an increase of 32% over the fourth quarter of 2011. Production from the 2012 drilling program began to ramp up in mid-March with two new wells on stream. By mid-April, six of the nine wells were on production to boost field estimated production for the month of April to 2,400 Boe/d. Production for the month of May is expected to be above 2,800 Boe/d (88% oil) with seven of the nine wells on production. The remaining two wells are planned to be on production in Q3 2012. The Company is on track to realize an annualized average sales volume of 2,400 Boe/d in 2012 and an exit rate of 3,000 Boe/d. Results from the thirteen wells drilled at Steen River during the second half of 2011 and Q1 2012 are summarized below:

Well	Type	Zone	On Production	IP30 Boe/d	Months on Production	Current Boe/d
2H 2011 Drilling Program						
100/15-22	Vertical	Keg River	Nov11	185	6	150
102/15-22	Vertical	Keg River	Dec11	355	5	400
103/15-18	Vertical	Keg River	Dec11	130	5	45

102/11-22	Horizontal	Sulphur Point	Dec11	150	4	140
2012 Drilling Program						
102/14-22	Vertical	Keg River	Mar12	310	2	310
103/11-22	Vertical	Keg River	Mar12	300	2	290
102/13-22	Vertical	Keg River	Apr12	295	1	295
100/04-27	Vertical	Keg River	Apr12	340	1	340
100/14-22	Horizontal	Sulphur Point	May12	120(1)	1	120
100/10-28	Vertical	Keg River	Apr12	405	1	405
102/11-24	Vertical	Keg River	Q312	-	-	-
103/05-18	Horizontal	Muskeg Stack	Q312	-	-	-
102/12-18	Vertical	Keg River	Apr12	35	1	35

(1) IP12 (average of the first 12 days of production) - well went on production May 12, 2012.

Vertical Keg River well 102/15-22 drilled during Q4 2011 has produced over 42,000 Bbls of oil in five months. Five of the seven wells drilled in Q1 2012 currently on production at Steen River had IP30's of 300 Boe/d or higher. The wells have maintained steady oil rates with no significant decline. Step out exploratory wells 10-28 and 11-24 have expanded the Keg River and Sulphur Point plays 2 km to the west and 2 km to the east of the existing North Marlowe pool.

Higher sales volumes have yielded oil and natural gas revenues of $11.2 million for the first quarter of 2012 versus $4.6 million in 2011, leading to increased revenues of 143% quarter over quarter. Average commodity prices rose by 16% from first quarter 2011, which also contributed to increase revenues. Funds from operations increased to $3.9 million compared to negative cash flow of $1.3 million in the first quarter of 2011.

Increased production of light oil resulting from Q1 2012 activities at Steen River will generate substantial cash flow allowing the Company to continue development of its operated property at Steen River as well as its non-operated Maxhamish property.

OUTLOOK

At Steen River, Strategic drilled nine wells in Q1 2012. Success in the Q4 2011 and Q1 2012 drilling programs has resulted in a large inventory of follow up drilling locations. Strategic intends to resume drilling activities in Q3 2012 and expects to drill a minimum of five additional wells before the end of 2012. Additional work at Steen will include the acquisition of follow-up 2D seismic data, the extension of all weather lease roads and the expansion of oil processing facilities.

Plans for further activity are proceeding at Maxhamish. Strategic continues to work closely with Legacy, its operating partner to advance this property. It is anticipated that activity will resume in Q3 2012.

In 2011 Strategic acquired a large land position in an emerging oil play in Amber. Strategic has identified multiple prospective oil zones underlying its lands. Extensive road and pipeline infrastructure exists in the Amber area. Strategic plans to drill two exploratory wells on these lands commencing in Q3 2012.

SUMMARY

Strategic is in a unique position for growth with:

i. an ongoing drilling program at Steen River with over 100 net sections of undeveloped land;
ii. the ability to significantly increase production at Steen River utilizing existing infrastructure;
iii. an ongoing drilling program at Maxhamish, with over 100 gross (38.5 net) sections of land;
iv. drill ready targets in an emerging oil play at Amber; and
v. access to three drilling rigs for the remainder of 2012 with options for continued utilization into 2013.

About Strategic

Strategic is a well-capitalized junior oil and gas company 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.

ADDITIONAL INFORMATION

Additional information, including the Company's most recently filed AIF, is also available at www.sogoil.com and at www.sedar.com.

Forward-Looking Statements

This news release includes certain information, with management's assessment of Strategic's future plans and operations, and contains forward-looking statements which may include some or all of the following: (i) forecasted capital expenditures and plans; (ii) exploration, drilling and development plans, (iii) prospects and drilling inventory and locations; (iv) anticipated production rates; (v) expected royalty rate; (vi) anticipated operating and service costs; (vii) the Company's financial strength; (viii) incremental development opportunities; (ix) reserve life index; (x) total shareholder return; (xi) growth prospects; (xii) asset disposition plans; (xiii) sources of funding, which are provided to allow investors to better understand the Company's business. By their nature, forward-looking statements are subject to numerous risks and uncertainties; some of which are beyond Strategic's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, changes in environmental tax and royalty legislation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources, and other risks and uncertainties described under the heading 'Risk Factors' and elsewhere in the Company's Annual Information Form for the year ended December 31, 2011 and other documents filed with Canadian provincial securities authorities and are available to the public at www.sedar.com. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The principal assumptions Strategic has made includes security of land interests; drilling cost stability; royalty rate stability; oil and gas prices to remain in their current range; finance and debt markets continuing to be receptive to financing the Company and industry standard rates of geologic and operational success. Strategic's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements or if any of them do so, what benefits that Strategic will derive there from. Strategic disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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