Strategic Oil & Gas Ltd. Announces Second Quarter 2012 Results; Oil Production More Than Doubles (139% Growth) Since Fourth Quarter 2011

CALGARY, ALBERTA--(Marketwire - Aug. 14, 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 June 30, 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 June 30		**Six Months Ended June 30**	
	2012	2011	**2012**	2011
Financial ($000, except per share amounts)				
Petroleum and natural gas sales	**16,924**	5,432	**28,129**	10,146
Funds from (used in) operations *(1)*	**8,174**	205	**12,094**	(1,089)
Per share basic	**0.04**	-	**0.06**	(0.01)
Per share diluted	**0.04**	-	**0.06**	(0.01)
Net income (loss)	**1,236**	(2,167)	**1,847**	(7,058)
Per share basic	**0.01**	(0.02)	**0.01**	(0.05)
Per share diluted	**0.01**	(0.02)	**0.01**	(0.05)
Capital expenditures (excluding acquisitions)	**2,103**	6,609	**33,062**	18,531
Operating				
Production				
Crude oil Bbl per day)	**2,252**	531	**1,820**	548
Natural gas (Mcf per day)	**1,983**	2,116	**1,719**	1,739
Barrels of oil equivalent (Boe per day)	**2,583**	884	**2,107**	837
Average realized price				
Crude oil ($ per Bbl)	**80.74**	96.08	**82.89**	88.56
Natural gas ($ per Mcf)	**2.08**	4.09	**2.13**	4.03
Barrels of oil equivalent ($ per Boe) *(2)*	**72.00**	67.54	**73.36**	66.28
Netback per Boe ($)				
Petroleum and natural gas sales	**72.00**	67.54	**73.36**	66.28
Royalties	**(9.37)**	(16.22)	**(11.08)**	(17.03)
Operating expenses	**(17.70)**	(32.02)	**(20.83)**	(38.80)
Transportation expenses	**(3.08)**	(1.91)	**(2.89)**	(1.98)
Operating Netback ($ per Boe)	**41.85**	17.39	**38.56**	8.47
Common Shares (000)				
Common shares outstanding, end of period	**187,099**	139,009	**187,099**	139,009
Weighted average common shares (basic)	**187,092**	138,892	**187,053**	138,725
Weighted average common shares (diluted)	**187,755**	138,892	**187,898**	138,725

(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

- Oil and natural gas liquid production increased 139% to 2,252 boe/d, compared to 943 boe/d in the fourth quarter of 2011; an increase of 62% compared to 1,388 boe/d over the first quarter of 2012 and an increase of 324% compared to 531 boe/d in the second quarter of 2011.
- Total average production of 2,583 boe/d in the second quarter of 2012, an increase of 58% compared to 1,631 boe/d in the first quarter of 2012 and more than 192% compared to 884 boe/d in the second quarter of 2011.
- Combined oil and natural gas liquids sales increased by 256% to $16.549 million during the second quarter of 2012 compared to $4.645 million for the period ending June 30, 2011.
- Generated funds flow from operations of $8.174 million ($0.04 per share) in the second quarter of 2012, as compared to $0.205 million ($0.00 per share) in the second quarter of 2011.
- Increased net back to $41.85 per boe in the second quarter of 2012, an increase of 25% compared to $33.35 per boe in the first quarter of 2012; and an increase of 141% compared to $17.39 per boe in the second quarter in 2011.
- Eight of the nine well drilled in Q1 were tied in and on production in Q2. The remaining well will be on production in Q3 following pipeline approvals and construction. A minimum of five wells are planned in the 2H of 2012 with operations commencing mid-August.
- Increased the Company's current available line of credit from $21.0 million to $50.0 million, scheduled to occur in three steps: $38.0 million currently, to $44.0 million October 31, 2012, and to $50.0 million January 31, 2013.

OPERATIONAL OVERVIEW

Production from the 2012 first quarter drilling program began to ramp up in mid-March and by June 2012, eight of the nine wells were on production to boost Company production to 2,583 boe/d for the second quarter of 2012. The remaining well is planned to be on production in third quarter of 2012, following pipeline approval and construction. Key wells drilled during the first quarter of 2012 have remained stable over three to five months of production showing strong inflow. The Company remains 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. The table below details drilling activity with status as of July 31, 2012, illustrating most wells have stable production rates.

Well[1]	Type	Zone	On Production	IP30 Boe/d	Months on Production	Current[2] Boe/d
2H 2011 Drilling Program						
100/15-22	Vertical	Keg River	11-Nov	185	9	115
102/15-22	Vertical	Keg River	11-Dec	355	8	445
100/14-18 (103/15-18)	Vertical	Keg River	11-Dec	130	8	35
102/11-22	Horizontal	Sulphur Point	11-Dec	150 [3]	7	75
2012 Drilling Program						
102/14-22	Vertical	Keg River	12-Mar	310	5	330
103/14-22 (103/11-22)	Vertical	Keg River	12-Mar	300	5	310
104/11-22 (102/13-22)	Vertical	Keg River	12-Apr	295	4	225
100/03-27 (100/04-27)	Vertical	Keg River	12-Apr	340	4	380
104/15-22 (100/14-22)	Horizontal	Sulphur Point	12-May	90 [3]	3	70

100/11-28 (100/10-28)	Vertical	Keg River	12-Apr	405	4	300
100/08-23 (102/11-24)	Vertical	Keg River	Q312	-	-	-
103/12-18 (103/05-18)	Horizontal	Muskeg Stack	12-Jun	35 (3)	2	20
100/12-18	Vertical	Keg River	12-Apr	35	4	25(4)

1) ***Well names were changed on the directionally drilled wells due to bottom hole coordinates.***

2) ***Production rate is average of field test data for thirty (30) days. Keg River produces 94% oil.***

3) ***Un-stimulated Sulphur point horizontal wells are producing on limited drawdown with variable oil and gas cuts. 104/15-22 is flowing with oil cut up to 50% and 102/11-22 is pumping with an average oil cut of 75% and a maximum oil cut up to 85%. Multistage fractures stimulation operations are planned for Q4 2012.***

4) ***Facility restricted.***

Vertical Keg River well 102/15-22 drilled during the fourth quarter 2011 has produced over 68,000 bbls of oil in eight months. Five of the eight wells drilled in the first quarter of 2012 currently on production at Steen River had IP30's of approximately 300 boe/d or higher. The wells continue to maintain steady oil rates, many with no significant decline. Step out exploratory wells 11-28 and 08-23 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 $16.9 million for the second quarter of 2012 versus $5.4 million in 2011, leading to increased revenues of 212% quarter over quarter. Funds from operations increased to $8.2 million compared to cash flow of $0.2 million in the second quarter of 2011.

Increased production of light oil resulting from the first quarter of 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, success in the fourth quarter of 2011 and the first quarter of 2012 drilling programs has resulted in a large inventory of follow up drilling locations. Strategic expects to drill a minimum of five additional wells before the end of 2012. It is expected that drilling activity will continue into 2013. Additional work at Steen includes the tie in of an existing well, a work over program in which five (5) wells will be stimulated and preparatory work for the acquisition of 2D and 3D Seismic data.

Plans for further activity are proceeding at Maxhamish. Strategic continues to work with Legacy, its operating partner, in contemplation of additional evaluation and stimulation activity in the fourth quarter 2012.

At Amber, the Company continues its evaluation of several opportunities. The Company has previously stated its intention to drill up to two (2) wells on the Amber lands. The Company has deferred the Amber program to 2013. Strategic plans to reallocate a portion of the capital from its Amber program to drill additional wells at Steen River during the fourth quarter of 2012.

About Strategic

Strategic is a well-capitalized junior oil and gas company committed to growth by exploiting its light oil assets in Canada. Strategic 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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