Strategic Oil & Gas Ltd. Announces Third Quarter 2012 Results and Provides Operational Update

CALGARY, ALBERTA--(Marketwire - Nov. 21, 2012) - Strategic Oil & Gas Ltd. ("Strategic" or the "Company") (TSX VENTURE:SOG) is pleased to announce it has filed its unaudited interim financial statements and related Management's Discussion and Analysis ("MD&A) for the quarter ended September 30, 2012. Selected financial and operational information is outlined below and should be read in conjunction with Strategic's unaudited interim 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 September 30		**Nine Months Ended September 30**	
	2012	2011	**2012**	2011
Financial ($000's, except per share amounts)				
Petroleum and natural gas sales	**12,520**	5,200	**40,649**	15,246
Funds from (used in) operations *(1)*	**4,349**	1,011	**16,443**	(79)
Per share basic	**0.02**	0.01	**0.09**	-
Per share diluted	**0.02**	0.01	**0.09**	-
Net income (loss)	**(718)**	(1,395)	**1,129**	(8,453)
Per share basic	**(0.00)**	(0.01)	**0.01**	(0.06)
Per share diluted	**(0.00)**	(0.01)	**0.01**	(0.06)
Capital expenditures (excluding acquisitions)	**14,082**	14,851	**47,144**	33,382
Operating				
Production				
Crude oil Bbl per day)	**1,734**	595	**1,791**	564
Natural gas (Mcf per day)	**1,178**	1,916	**1,537**	1,799
Barrels of oil equivalent (Boe per day)	**1,930**	914	**2,047**	863
Average realized price				
Crude oil ($ per Bbl)	**76.84**	82.42	**80.92**	86.40
Natural gas ($ per Mcf)	**2.45**	3.91	**2.21**	3.98
Barrels of oil equivalent ($ per Boe) *(2)*	**70.52**	61.83	**72.46**	64.69
Netback per Boe ($)				
Petroleum and natural gas sales	**70.52**	61.83	**72.46**	64.69
Royalties	**(10.69)**	(8.77)	**(10.96)**	(14.08)
Operating expenses	**(19.51)**	(23.46)	**(20.41)**	(33.33)
Transportation expenses	**(3.19)**	(2.25)	**(2.99)**	(2.08)
Operating Netback ($ per Boe)	**37.13**	27.35	**38.10**	15.20
Common Shares (000's)				
Common shares outstanding, end of period	**186,140**	139,009	**186,140**	139,009
Weighted average common shares (basic)	**186,884**	139,009	**186,996**	138,820
Weighted average common shares (diluted)	**187,450**	139,009	**187,761**	138,820

(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

- Production was 1,930 boe/d which is a 111% increase from the third quarter of 2011 despite service interruptions associated with forest fires, restrictions on Pembina's Peace Pipeline and a plant turnaround. Disruptions in service equated to approximately seventeen (17) days of downtime.

- Oil and natural gas liquid production increased 191% to 1,734 boe/d, compared to 595 boe/d in the third quarter of 2011.

- Oil and natural gas liquids production was 90% of total production in the third quarter of 2012 compared to 65% in the comparable period of 2011.

- Third quarter combined oil and natural gas sales was $12.520 million with cash flow from operations of $4.349 million ($0.02 per basic share) a 141% and 330% increase from the comparable period in 2011, respectively.

- The field netback was $37.13 per boe, a 36% increase from the comparable period in 2011.

- Eleven of the thirteen wells drilled during the nine months ended September 30, 2012, were tied in and on production. The remaining two will be on production in the fourth quarter of 2012. A minimum of four additional wells are planned for the last quarter of 2012.

- Total capital expenditures invested for the nine months ended September 30, 2012, $47.144 million representing 79% of its budgeted annual capital program focusing on drilling and infrastructure activities compared to $33.382 million in a comparable period.

- Effective September 24, 2012, the Corporation's current line of credit was increased to $48.5 million, ahead of the October 31, 2012 review date.

OPERATIONAL OVERVIEW

In July, forest fires forced the shut-in of production at the Larne field and at Steen River. Further, Pembina Pipeline Corporation initiated maintenance and upgrades commencing mid-August, 2012 which resulted in disruption in service and reduced pipeline capacity. The above unplanned disruptions and the scheduled plant turnaround at Strategic's Steen River facilities resulted in total disruptions in service that equated to seventeen (17) days in downtime. Routine production operations were conducted at the producing Taber and Conrad properties.

Corporate production averaged 1,930 boe/d in the third quarter of 2012 as compared to 2,583 boe/d in the second quarter of 2012. The reduction in the production is mainly attributed to the downtime at Steen River and shut-in gas production at Larne. Corporate production decline is estimated at 160 boe/d for the third quarter which equates to an annualized decline of approximately 25%.

Strategic continued the development of light oil opportunities at its Steen River core area. Strategic has drilled and completed thirteen (13) wells with a 100% success rate utilizing two drilling rigs in 2012. Drilling operations resumed in August 2012 at Steen River with two dedicated rigs. In the third quarter four (4) vertical wells were drilled. The 100/02-27 Sulphur Point vertical well is producing 40 boe/d and 102/03-27 Keg River vertical well is producing 260 boe/d. The remaining two vertical wells drilled in the third quarter will be on production in November.

OUTLOOK

At Steen River, continued success from the 2012 drilling programs continues to provide follow up drilling locations. Strategic will drill four (4) additional wells in the fourth quarter of 2012. The Corporation plans to drill a minimum of ten (10) wells in first quarter 2013. The 2013 drilling program is planned to extend and to explore the Keg River and Sulphur Point across the Steen Astrobleem from North Marlowe to West Marlowe testing several structural features. Additional work in the first quarter 2013 includes 3D seismic and infrastructure to expand Steen's production gathering access.

Plans for further activity are proceeding at Maxhamish. Strategic continues to work with its operating partner, in contemplation of additional evaluation and stimulation activity in the first quarter of 2013. At Amber, the Corporation continues its evaluation of several opportunities. The Corporation has deferred its Amber program to 2013.

The Corporation is on track with securing transporting oil by rail in fourth quarter 2012. Rail will help to minimize production downtime due to pipeline disruptions and will also provide an upside to pricing from exposure to WTI and Brent bench marks.

"With three new wells coming on production in November, the Corporation is on target to meet our 2012 exit rate guidance of 3,000 boe/d.", said Gurpreet Sawhney, President and CEO of the Corporation.

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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