Strategic Oil & Gas Ltd. Announces Year-End 2012 Financial and Operating Results and Update on First Quarter 2013 Drilling Program

CALGARY, ALBERTA--(Marketwired - April 11, 2013) - Strategic Oil & Gas Ltd. ("Strategic" or the "Corporation") (TSX VENTURE:SOG) is pleased to report financial and operating results for the fourth quarter and year ended December 31, 2012. The Corporation achieved record production and funds from operations in 2012 as a result of strong drilling results, and continues to establish itself as an efficient light oil producer in northern Canada. Detailed results are presented in Strategic's audited consolidated financial statements and related Management's Discussion and Analysis ("MD&A") which will be available through the Corporation's website at www.sogoil.com and SEDAR at www.sedar.com.

FINANCIAL AND OPERATIONAL SUMMARY

	Three Months Ended December 31			Year Ended December 31		
	2012	2011	**% change**	**2012**	2011	**% change**
Financial ($000's, except per share amounts)						
Petroleum and natural gas sales	**15,863**	8,606	84	**56,512**	23,853	137
Funds from (used in) operations (1)	**3,578**	824	334	**20,021**	745	2,587
Per share basic	**0.02**	0.01	100	**0.11**	0.01	1,000
Per share diluted	**0.02**	0.01	100	**0.11**	0.01	1,000
Net loss	**(5,917)**	(16,194)	(63)	**(4,788)**	(24,646)	(81)
Per share basic	**(0.03)**	(0.11)	(72)	**(0.03)**	(0.18)	(83)
Per share diluted	**(0.03)**	(0.11)	(72)	**(0.03)**	(0.18)	(83)
Capital expenditures (excluding acquisitions)	**15,467**	12,648	22	**62,612**	46,030	36
Acquisitions, net of dispositions	**23,696**	-	-	**23,696**	-	-
Net debt (working capital surplus) (1)	**47,303**	(19,534)	-	**47,303**	(19,534)	-
Operating						
Production						
Oil and NGL (bbl per day)	**2,107**	943	123	**1,871**	659	184
Natural gas (mcf per day)	**1,050**	1,725	(39)	**1,415**	1,780	(21)
Barrels of oil equivalent (Boe per day)	**2,282**	1,230	86	**2,106**	956	120
Average realized price						
Oil and NGL ($ per bbl)	**80.09**	93.05	(14)	**80.69**	88.82	(9)
Natural gas ($ per mcf)	**3.52**	3.36	5	**2.46**	3.83	(36)
Barrels of oil equivalent ($ per Boe)	**75.57**	76.03	(1)	**73.30**	68.37	7
Netback per Boe ($)						
Petroleum and natural gas sales	**75.57**	76.03	(1)	**73.30**	68.37	7

Royalties	**16.81**	17.27	(3)	**12.55**	15.12	(17)
Operating expenses	**27.31**	30.91	(12)	**22.29**	32.54	(31)
Transportation expenses	**2.36**	2.37	-	**2.82**	2.17	30
Operating Netback ($ per Boe) (1)	**29.09**	25.48	14	**35.64**	18.54	92
Common Shares (000's)						
Common shares outstanding, end of period	**186,415**	186,562	-	**186,415**	186,562	-
Weighted average common shares (basic)	**187,176**	144,139	30	**186,800**	140,161	33

(1) Funds from operations, net debt and operating netback are non-IFRS measurements; see "Non-IFRS Measurements" in the Corporation's MD&A for the year ended December 31, 2012.

HIGHLIGHTS

- Production increased by 120 percent from 956 Boed (69 percent oil and NGL) in 2011 to an average 2,106 Boed (89 percent oil and NGL) in 2012. As a result, oil and gas revenues increased 137 percent to $56.5 million in 2012 from $23.9 million in 2011.

- Funds from operations increased from $0.7 million in 2011 to $20.0 million in 2012.

- Exploration and development expenditures totaled $62.6 million for the twelve months ended December 31, 2012 as compared to $46.0 million for 2011. Approximately 98 percent of exploration and development spending was directed to the Corporation's light oil asset base at Steen River.

- The Corporation added 3.7 MMBoe of proved and probable reserves in 2012, excluding production, for a reserve replacement ratio of 479 percent.

- Strategic increased its proved and probable oil and gas reserves by 55 percent and the net present value of its reserves before tax (discounted at 10 percent) by 54 percent compared to the previous year, as determined by the Corporation's independent reserve evaluators McDaniels and Associates Consultants Ltd. ("McDaniel") at December 31, 2012.

- Strategic successfully closed an acquisition of light oil assets at Steen in December 2012. This acquisition included production capability of 340 Boed (83% oil, 200 Boed tied in), pipelines, facilities and roads that are strategic to the Corporation's operations in this core area.

- Strategic realized finding and development ("F&D") costs, including changes in future development capital ("FDC") of $26.03 per Boe in 2012, a 57 percent reduction from F&D costs of $60.62 per Boe for 2011. The Corporation realized finding, development and acquisition ("FD&A") costs including FDC of $29.36 per Boe in 2012.

OPERATIONAL OVERVIEW

In 2012 Strategic continued to execute on its corporate strategy to explore and exploit its light oil asset base in northern Canada, while continuing to review other high impact oil resource plays in the Corporation's portfolio.

The Corporation had a highly successful drilling program, resulting in a 120 percent increase in average production from 956 Boed in 2011 to 2,106 Boed in 2012. Declines in natural gas production from 2011 levels were mainly attributed to the shut-in of the Larne property in July due to forest fires, natural production declines and lower development spending on gas-weighted assets. The Larne field was placed back on production in late December 2012.

An increase in the oil weighting of Strategic's production mix allowed the Corporation to realize an average price of $73.30 per Boe, up 7 percent from $68.37 in 2011, despite declines in both oil and gas prices as compared to prior year.

Strategic was active throughout 2012 at Steen River, drilling a total of eighteen wells (18.0 net) with a 100 percent success rate. Seventeen of the wells drilled were targeting Keg River and Sulphur Point oil zones with sixteen vertical wells and one horizontal well drilled during the year. In addition, the Corporation drilled one Muskeg Stack horizontal well in the first quarter of 2012. Drilling activity was concentrated along the rim of the Steen River Astrobleme, which has demonstrated high oil deliverability from several formations.

Capital activity in 2012 also included facility upgrades and expansion of storage capacity at the Steen River oil facility. An additional 3,000 bbls of oil storage capacity and a second tanker truck loading station were added to accommodate increased produced volumes. Through the aforementioned acquisition, road, pipeline and facility synergies reduced the Corporation's 2013 capital spending allocated to infrastructure projects by over $12 million.

In order to diversify its revenue stream, access to market and minimize production downtime due to pipeline disruptions, the Corporation reached an agreement to transport up to 1,500 bbl/d of its oil production by rail starting in December 2012.

F&D and FD&A COSTS

The following table summarizes Strategic's F&D costs as well as FD&A costs, both before and after the inclusion of changes in FDC. Costs have changed slightly from the figures released on February 25, 2013 due to the completion of the Corporation's audited financial statements for the year ended December 31, 2012.

2012 F&D and FD&A Costs

($ thousands, except as noted)	**Proved**	**Proved & Probable**
F&D Costs, Excluding FDC		
Exploration and Development Expenditures	62,612	62,612
Reserve Additions, Including Revisions - MBoe	1,255	3,246
F&D Costs - $/Boe	**49.88**	**19.29**
F&D Costs, Including FDC		
Exploration and Development Expenditures	62,612	62,612
Total Change in FDC	-8,721	21,865
Total F&D Capital, Including Change in FDC	53,891	84,477
Reserve Additions, Including Revisions - MBoe	1,255	3,246
F&D Costs- $/Boe	**42.94**	**26.03**
FD&A Costs, Excluding FDC		
Exploration and Development Capital Expenditures	62,612	62,612
Net Acquisitions	23,696	23,696
FD&A Capital Expenditures, Including Net Acquisitions	86,308	86,308
Reserve Additions, Including Net Acquisitions - MBoe	1,921	3,684
FD&A Costs - $/Boe	**44.93**	**23.43**
FD&A Costs, Including FDC		
FD&A Capital Expenditures, Including Net Acquisitions	86,308	86,308
Total Change in FDC	-8,721	21,865
Total FD&A Capital, Including Change in FDC	77,587	108,173
Reserve Additions, Including Net Acquisitions - MBoe	1,921	3,684
FD&A Costs, Including FDC - $/Boe	**40.39**	**29.36**

Q1 2013 OPERATIONAL UPDATE AND GUIDANCE

For 2013 Strategic has a capital budget of $75 million that is expected to provide growth in crude oil production and continue to expand the productive boundaries of the Steen River light oil play.

Corporate production averaged approximately 3,000 Boed during the first quarter of 2013 even with downtime associated with operational and facility constraints. Approximately $15 million of the 2013 capital program is being targeted towards reconfiguring newly acquired pipelines and upgrading facilities for future production increases. With most of the tie-in work completed, Strategic will minimize future downtime associated with operations at Steen River.

In the first quarter of 2013, Strategic carried out 2D and 3D seismic programs, commenced reconfiguring pipelines, initiated upgrading of facilities, undertook a workover program by re-entering existing vertical wells and drilled and completed a total of six new wells (6.0 net) at Steen River. The six new wells include one vertical Keg River well, three horizontal Muskeg Stack wells and two vertical step out exploration wells. As a result, the Corporation's current production is 4,600 Boed (83% oil), including approximately 1,000 Boed from new wells.

Second quarter drilling is anticipated to start in early May. Strategic expects to complete and tie in up to 3 additional wells in the quarter. Strategic is increasing its exit rate guidance for 2013 to 5,000 Boed.

Keg River Vertical Well

The vertical Keg River well is a step out well drilled in the vicinity of the West Marlowe Keg River Pool. The pool is on the northwest rim of the Steen River Astrobleme, approximately 15 km west of the North Marlowe pool which was the focus of development during 2012. The vertical well extends the existing West Marlowe Keg River pool, and will result in a significant increase in reserves for this pool. The initial production results are very encouraging.

Strategic plans to drill up to six additional Keg River wells during the remainder of the year. Three of these wells will be targeting new structures on the northern rim of the Astrobleme as mapped using the newly shot 3D seismic.

Muskeg Stack Horizontal Wells

Strategic drilled and completed three horizontal wells in the Muskeg Stack formation during the first quarter of 2013. The Muskeg stack is a sheet-like zone and has been mapped with oil bearing pay over the rim of the Steen River Astrobleme. Following the success of the first Muskeg Stack well drilled in 2012, Strategic re-entered three existing vertical wells, perforated and fracture stimulated the Muskeg Stack zone. The intent was to fine tune the fracture techniques as well as prove up the oil potential of the Muskeg on the northern rim of the Astrobleme. The vertical wells proved up the presence of oil on the northern rim with production capability of 30-50 bbl/d per day from a single frac. This work helped refine the design and tonnage used per stage for the horizontal wells.

The first Muskeg Stack horizontal has a horizontal lateral of 905 meters. The horizontal well was fracture stimulated over 8 stages. The well was flowing oil and gas immediately, and flowed for two days up the 3 1/2" frac string with a tubing pressure of 470 psi at an average rate of 566 bbl/d of 34° API oil and 1.1 MMcf/d of raw gas. The average rate over the test period equated to 750 Boed (75% Oil).

The second Muskeg Stack horizontal has a horizontal lateral of 875 meters. The horizontal well was fracture stimulated over 8 stages. After five days of swabbing the well starting to flow up the 3 1/2" frac string string with a tubing pressure of 92 psi at an average rate of 465 bbl/d of 34° API oil and 1.2 MMcf/d of gas over the four day flow period. The average rate over the test period equated to 665 Boed (70% Oil).

The third Muskeg Stack horizontal has a horizontal lateral of 545 meters. The horizontal well was fracture stimulated over 4 stages. The well was swabbed for approximately 48 hours over four days. Initial clean up rates are 120 Boed (95% oil) at controlled swab rates with 54% of load recovered. Although the well did not kick in and start flowing by the fourth day of swabbing, once the well is on artificial lift and the load is recovered, the Corporation expects the well to perform similar to the other two Muskeg Stack horizontal wells.

The Corporation expects the 30 day rates for each of the Muskeg Stack horizontal wells to be approximately 400 Boed (75% Oil). The average drill, complete, equip and tie-in costs for the three Muskeg Stack wells was $2.95 million per well. The three Muskeg Stack horizontal wells are spaced over 15 km on the rim of the Steen Astrobleme and will help the Corporation prove up 40 sections with a potential to drill four horizontal wells per section.

Deeper Pool Tests

The first step out exploratory vertical well discovered commercial production of light sweet oil from within the crater at a depth of 1350 meters, approximately 400 meters deeper than the producing wells on the rim. The well was tested for a period of two days at swab rates of 180 Boed (96% oil). This well will be tied in during Q4 2013.

The second exploratory step out well, drilled 15 km south of the North Marlowe pool, was drilled to test the multi zone potential in the southeast quadrant of the rim. It has been perforated and fraced as a Slave Point oil well. The well was swabbed for a period of two day and was producing 50 bbl/d on the second day of the swabbing. This well will be tied in during Q4 2013.

In summary, the results of the six wells drilled during the first quarter of 2013 are as follows:

Well	Rate[1]	Test Period (Days)	Test Type
Keg River- Vertical	250 Boed (96% Oil)	12	Pumping
Muskeg Stack Horizontal1	750 Boed (75% Oil)	2	Flowing
Muskeg Stack Horizontal2	665 Boed (70% Oil)	4	Flowing
Muskeg Stack Horizontal3	120 Boed (95% Oil)	2	Swabbing (Recovering load fluid)
Deeper Pool test- Vertical	180 Boed (96% Oil)	2	Swab Rates
Slave Point test- Vertical	50 Boed (96% Oil)	2	Swab Rates

(1) rates include raw gas volumes and do not represent the stabilized rates for the wells.

Recompletions and Workovers

During the first quarter of 2013, the Corporation also conducted a recompletion and workover program by re-entering three existing vertical wells at Steen River and two existing vertical wells at Bistcho to further evaluate the oil potential in the Slave Point. Results from this workover program are being evaluated. The results of the drilling and recompletion activities have confirmed the presence of a multi-zone oil resource at Steen River.

Seismic

In the first quarter of 2013 Strategic shot a 19.75 km2 3D seismic program on the north rim of the Steen Astrobleme, on trend between the North Marlowe and Old Marlowe fields, to map structures with multi-zone potential. The Corporation also shot 185 km of exploratory 2D seismic, mostly in the interior of the Steen crater. Strategic has identified multiple play possibilities, and recent wells have proven there is oil charge within the crater.

Facilities

Strategic's current oil handling capability at the two facilities at Steen River is approximately 4,500 bbl/d. With the new wells drilled in the first quarter outperforming expectations and up to three additional wells planned for the second quarter, the Corporation is working on adding an additional 3,500 bbl/d of oil handling capability at Steen River in the third quarter of 2013. The resulting total oil handling capability will be approximately 8,000 bbl/d from Corporation's the two facilities in this area.

Transportation

The Corporation is working towards building a new rail transloading facility at Steen River with a capacity of

5,000 bbl/d. In the first quarter of 2014, Strategic plans to pipeline connect the Steen River assets to the recently acquired 50 km 4 inch oil pipeline that can deliver up to 4,000 bbl/d of sales oil into the Rainbow pipeline. Between rail and pipeline, the Corporation will have takeaway capacity of up to 9,000 bbl/d from Steen River. The capacity on the rail and the pipeline will enable Strategic to reduce trucking charges while maintaining multiple accesses to market for its crude products.

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 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) anticipated production rates; (ii) expected operating and service costs; (iii) expected capital spending; (iv) the Corporation's financial strength and capitalization; (v) estimates of reserves; (vi) expected use of proceeds from the private placement; (vii) corporate production levels; (viii) oil takeaway capacity; (ix) extensions of mapped oil in place; which are provided to allow investors to better understand the Corporation'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 Corporation'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 Corporation and industry standard rates of geologic and operational success. Actual results could differ materially from those expressed in, or implied by, these forward-looking statements. 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.

Basis of Presentation

This discussion and analysis of Strategic's oil and natural gas production and related performance measures is presented on a working-interest, before royalties basis. For the purpose of calculating unit information, the Corporation's production and reserves are reported in barrels of oil equivalent (Boe) and Boe per day (Boed). Boe may be misleading, particularly if used in isolation. A Boe conversion ratio for natural gas of 6 Mcf: 1 Boe has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Non-IFRS Measurements

The Corporation utilizes certain measurements that do not have a standardized meaning or definition as prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other entities, including net debt, operating netback and funds from operations. Readers are referred to advisories and further discussion on Non-IFRS measurements contained in the Corporation's MD&A.

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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