

# Building A Premier Oil Company



## Great Assets Grow Shareholder Value Corporate Presentation

*presented at*  
The Oil & Gas Conference, Denver  
*August 2015*



# Advisory

This presentation should be read in conjunction with the Company's Annual Information Form and the Consolidated Financial Statements and Management's Discussion and Analysis as filed on SEDAR. This presentation contains certain forward looking statements, which include assumptions with respect to (i) wells drilled and drilling success; (ii) production; (iii) future capital expenditures; (iv) future reserves and (v) cash flow. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect.

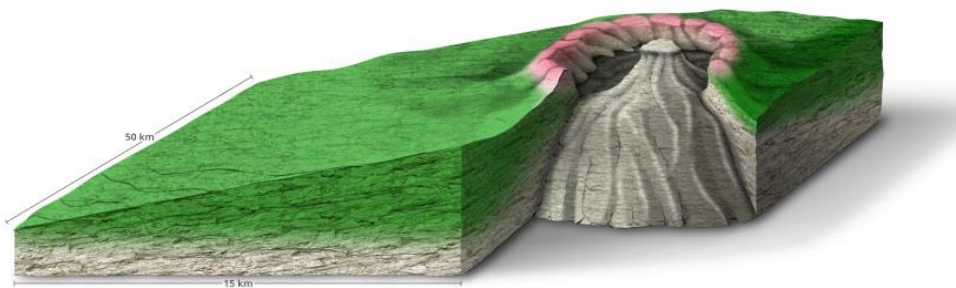
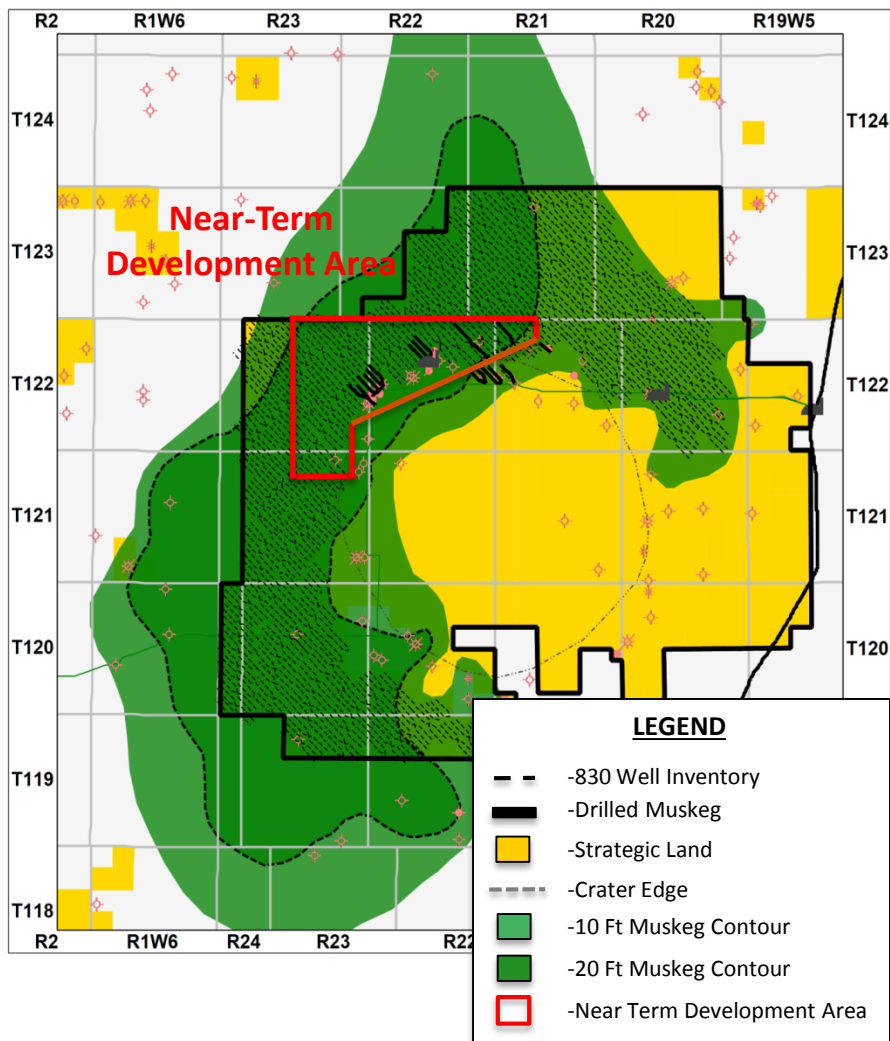
Certain information regarding the Company set forth in this document, including management's assessment of the Company's future plans and operations, the planning and development of certain prospects, production estimates, reserve estimates, undeveloped land holdings, capital expenditures and the timing thereof and the total future capital required to bring undeveloped proved and probable reserves onto production, and expanded production growth may constitute forward-looking statements under applicable securities laws and necessarily involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, many of which are beyond the Company's control, including without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, environmental risks, competition, the lack of availability of qualified personnel or management, inability to obtain drilling rigs or other services, increasing capital expenditure costs, including drilling, completion and facility costs, unexpected decline rates in wells, wells not performing as expected, stock market volatility, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the impact of general economic conditions in Canada, the United States and overseas, industry conditions, changes in laws and regulations (including the adoption of new environmental laws and regulations) and changes in how they are interpreted and enforced, increased competition and fluctuations in foreign exchange or interest rates. Readers are cautioned that the foregoing list of factors is not exhaustive. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Company will derive therefrom. The foregoing and all subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Additional information of these and other factors that could affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)) or the Company's website ([www.sogoil.com](http://www.sogoil.com)).

The forward-looking statements contained in this document are made as of the date on the front page and the Company assumes no obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. BOE's may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Original Oil in Place("OOIP") are the equivalent to Total Petroleum Initially In Place("TPIIP") as defined by the COGEH Guidelines and are not reserves. There is no certainty that it will be commercially viable to produce any portion of OOIP except to the extent they are subsequently classified as proved or probable reserves.

# The Asset: 100% Owned & Operated

Strategic Oil & Gas Ltd. is a premier light oil producer in Northern Alberta

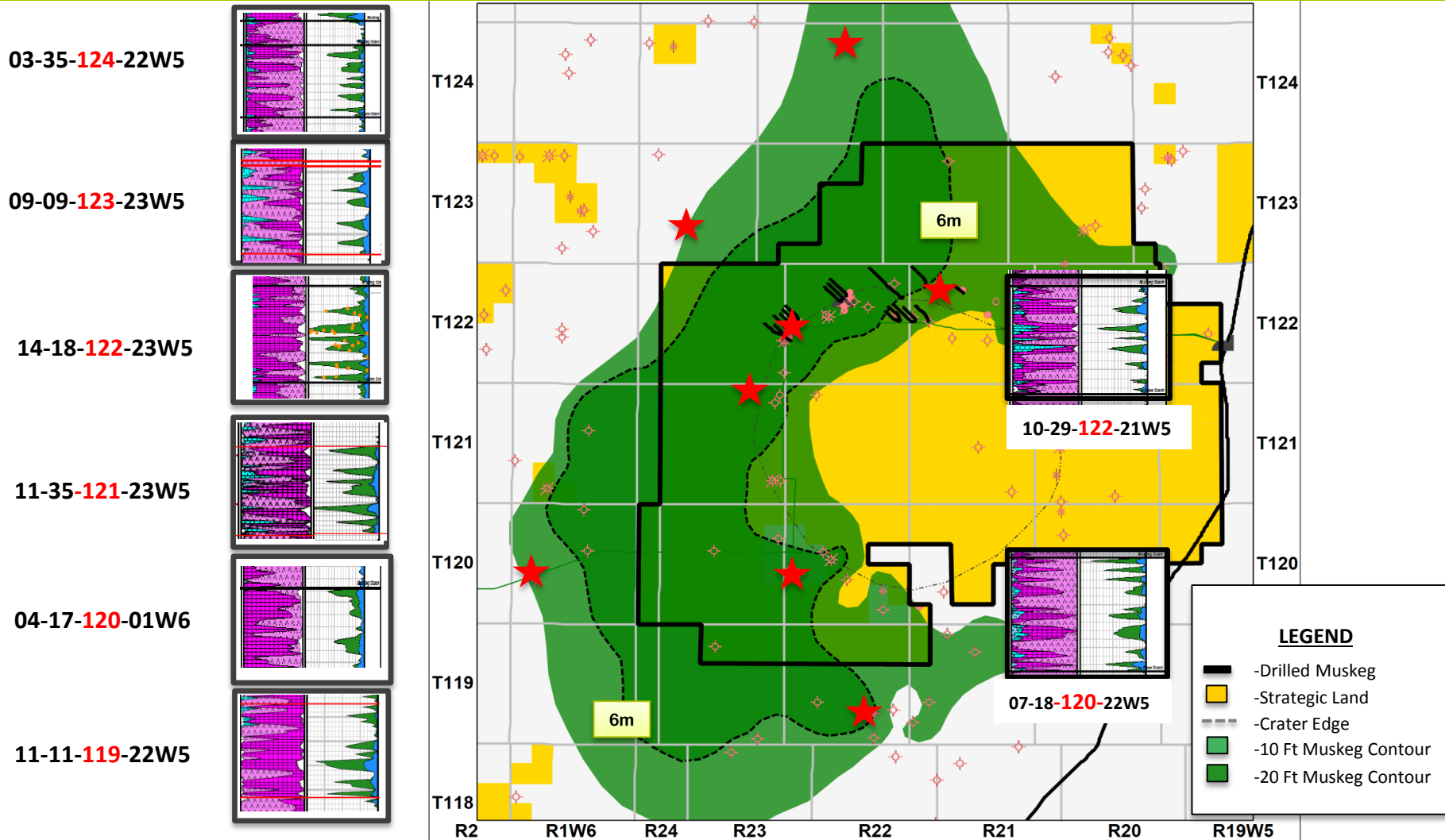


- 350,000 net acres of land and infrastructure to accommodate significant growth
- Technically advancing this new light oil resource
- Year-round accessible and pipeline connected

The Company has up to 800 additional planned locations in the Muskeg; 50 of these locations are drill-ready.

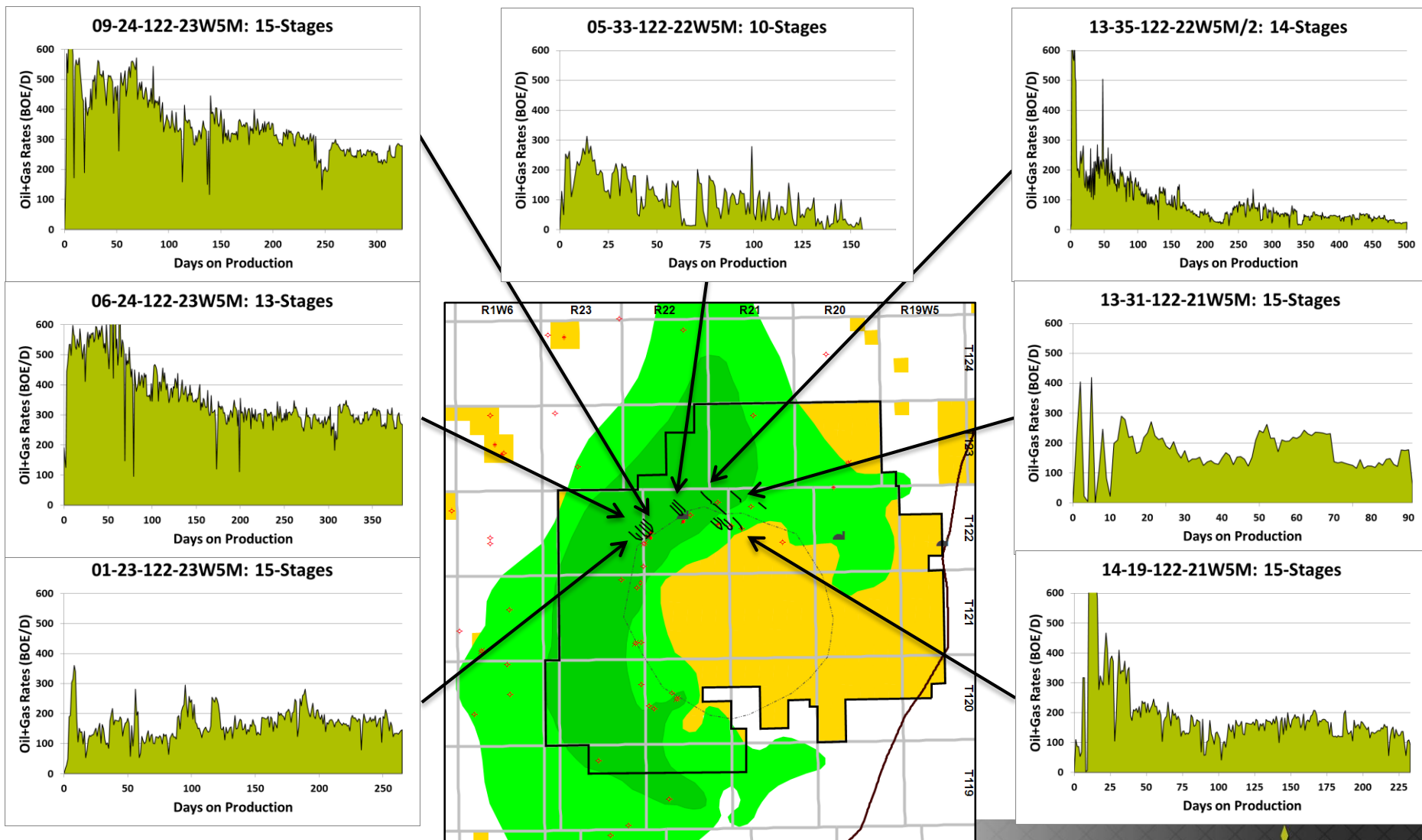
# Mapping the Muskeg Resource

Mapped over 3 Billion Barrels 34°API OOIP



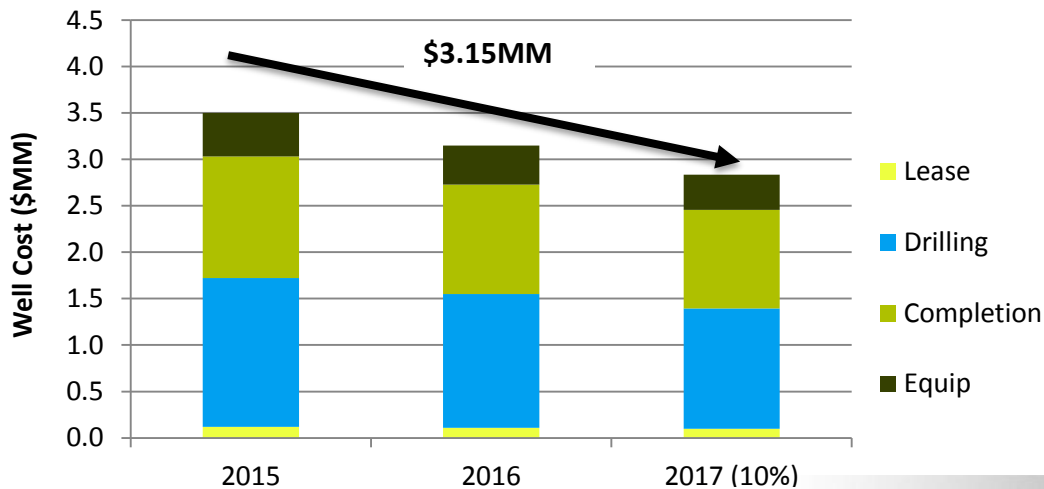
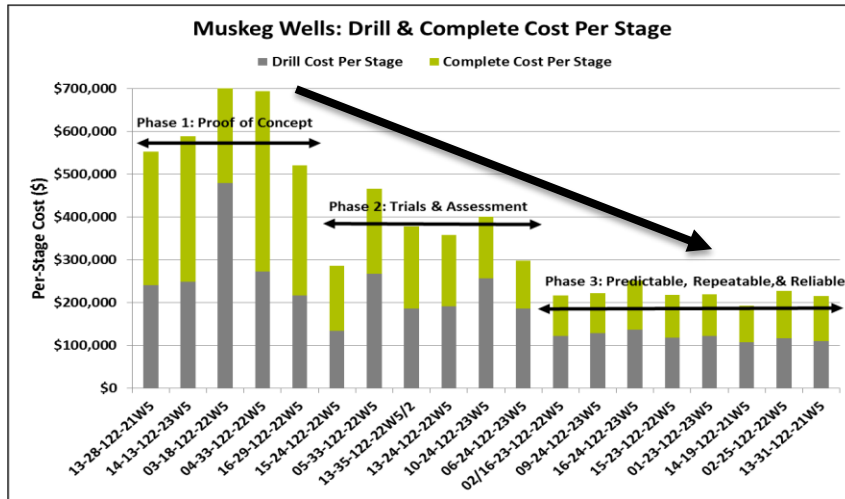
# Delineating the Muskeg Resource

Successfully Drilled 19 Multi-Stage Horizontal wells



# Execution

## 45% Reduction in Drilling & Completion Cost

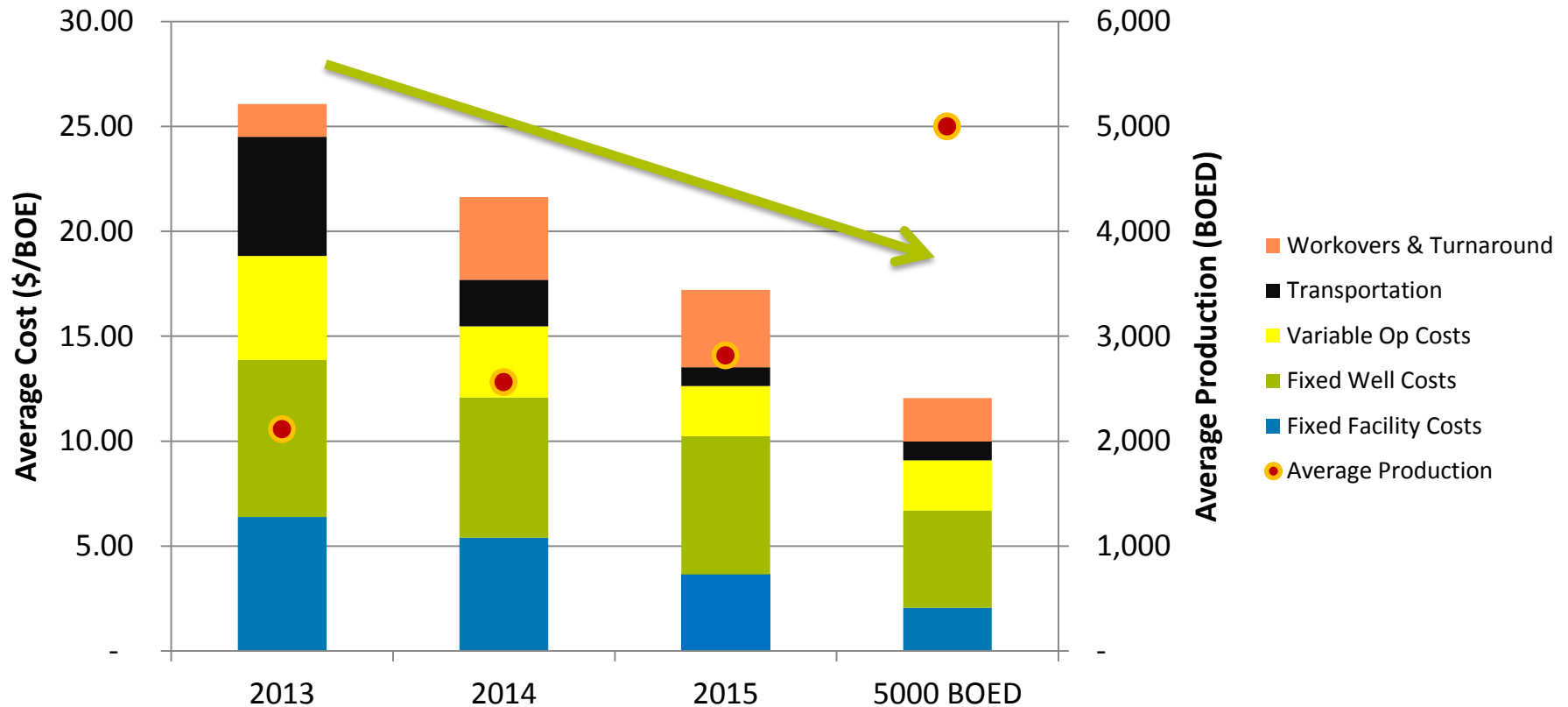


### Go-Forward Cost Reduction Measures Being Appraised

- Multi-Well Pad Efficiencies
- Improved Water Handling
- Improved Logistics
- Lease Size
- Standardization of Wellhead
- Increased Well Length
- Increased Stage Count Trial
- Increased Fuel Gas Usage
- Chemical Optimization
- Reaming Time
- Flowback Time
- Pump Driver Standardization
- Seasonality for Lease & Road Construction
- Borrow Material Sourcing
- Improved Zone Targeting
- Camp Efficiencies
- Larger Programs Will Yield Negotiating Leverage for Services & Product

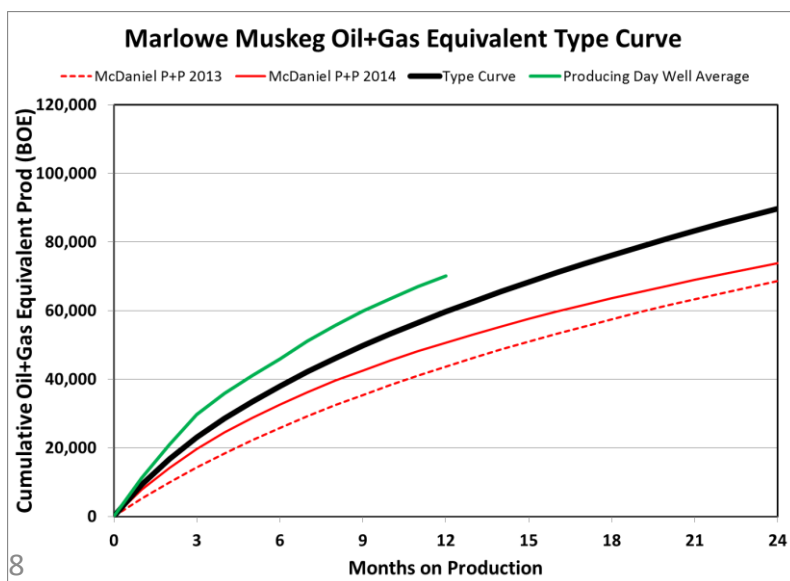
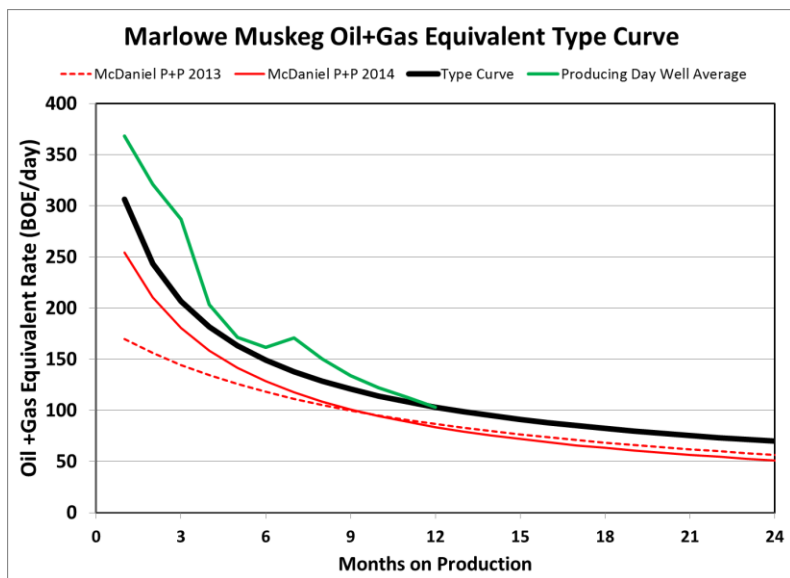
# Improved Operating Costs

35% Reduction in Operating Cost



*Increasing production, coupled with cost reductions across the board have reduced the average operating costs at Marlowe by 35% per BOE since 2013*

# Robust Economics



Type Curve	Type Curve	
DCE\$MM	\$3.15	
IP30 (BOED)	291	
IP365 (BOED)	154	
%Oil	75%	
EUR (MBOE)	274	
EUR (MBBL Oil)	203	
F&D (\$/boe)	\$11.50	
<b>WTI Price:</b>	<b>\$50</b>	<b>\$65</b>
Initial Netback (\$/boe)	\$32.49	\$45.93
Initial Recycle Ratio	2.8	4.0
PV10 (\$MM)	<b>\$0.5</b>	<b>\$2.40</b>
ROR (%)	<b>18%</b>	<b>61%</b>
Payout (years)	<b>3.8</b>	<b>1.4</b>

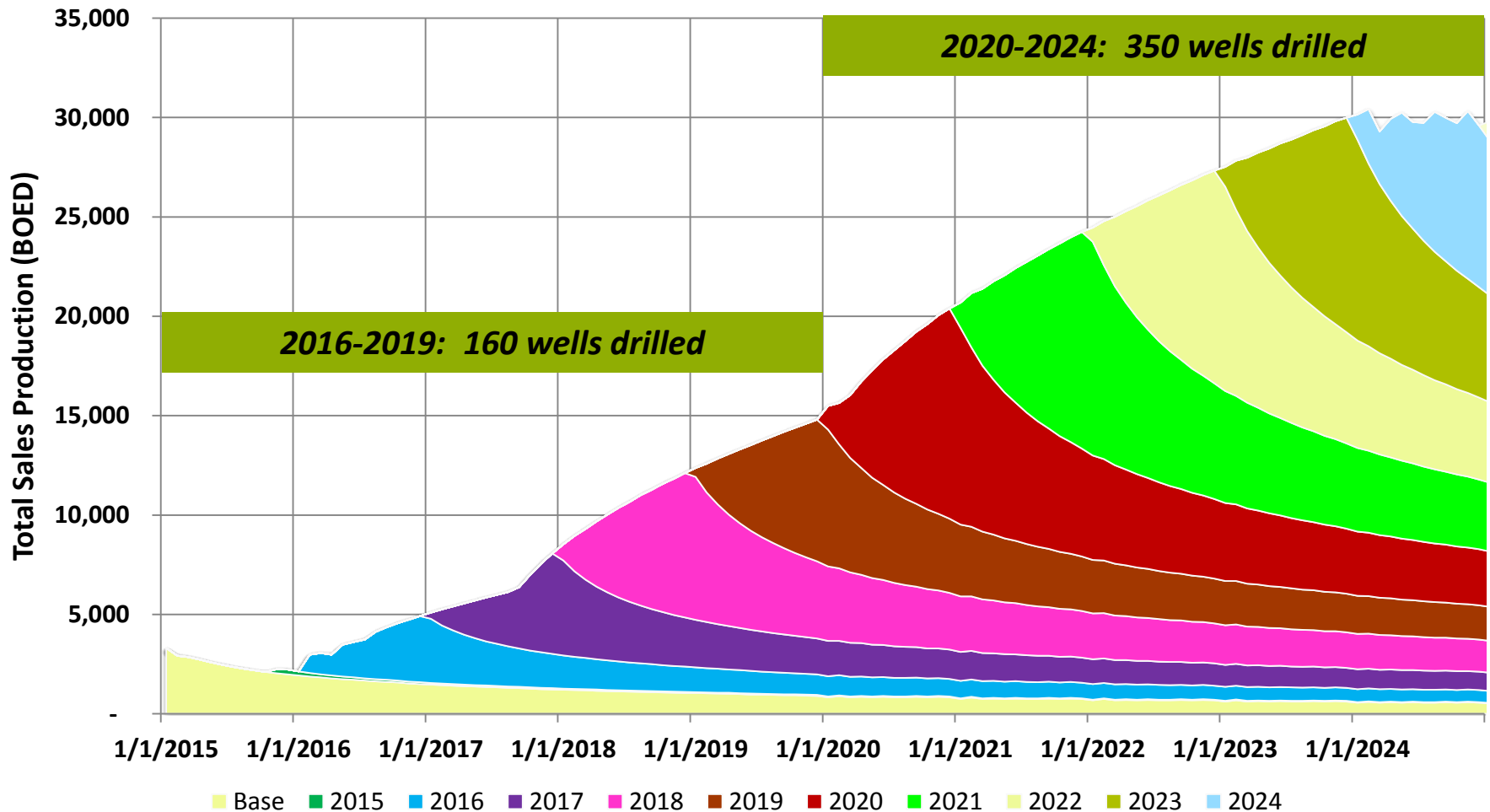
Natural Gas to Oil Ratio: 6:1

TSX: SOG



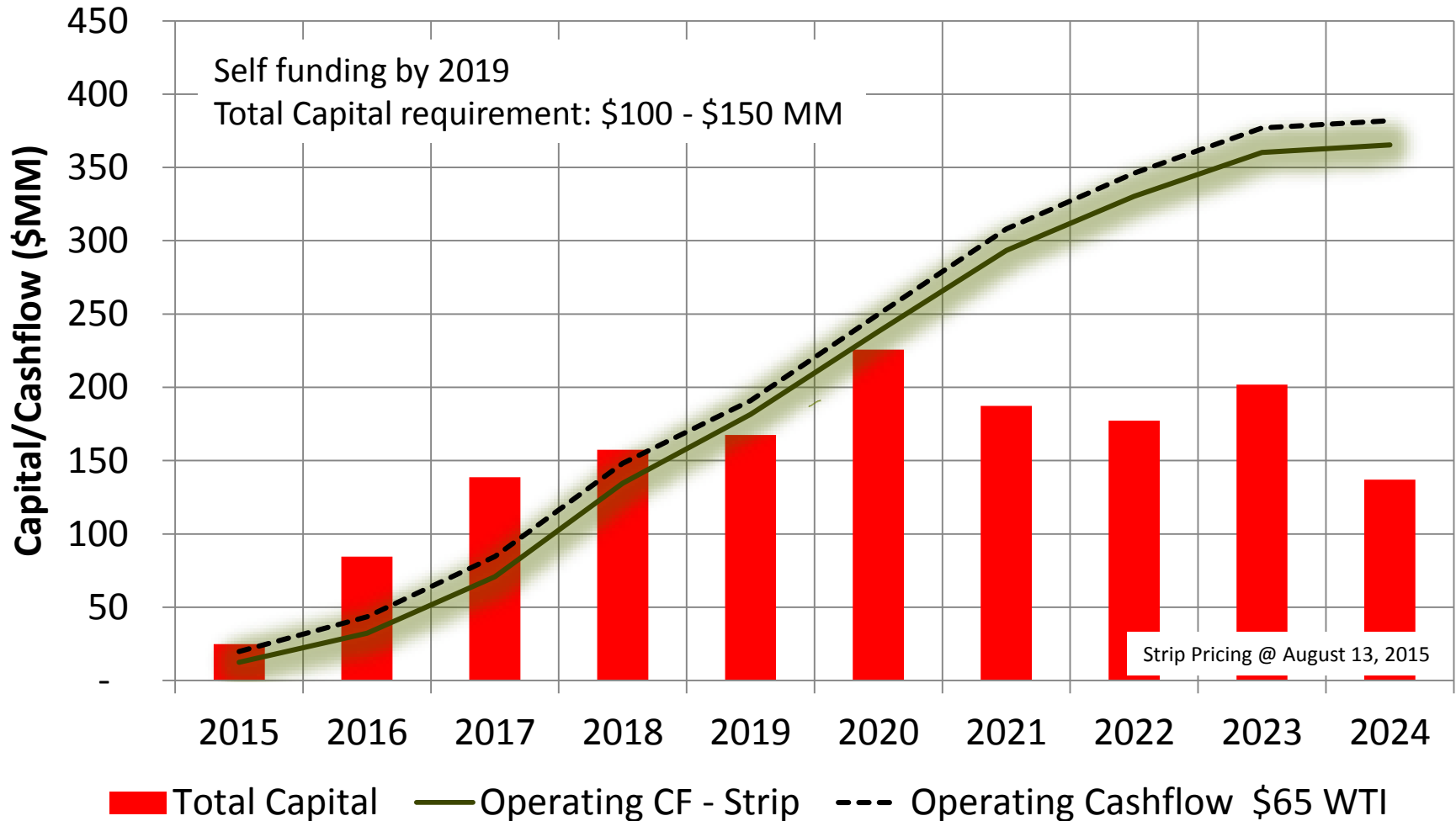
# The Opportunity: 30,000 BOED

## Development Plan: Annual Production Wedges



# The Prize

Potential to Grow Cash Flow to \$350 million



# The Leverage: Minimal Capital, Large Return

- Resource is delineated
- Major infrastructure is in-place
- Drilling & completion recipe has been refined
- Costs are repeatable
- Type curve is proven and validated
- Project is drill ready & economical today

**Large Impact on  
Production  
& Profit**



**Small Capital  
\$**

**High  
Leverage**

# Appendix

# Management Team

Dedicated Team with significant experience Finding & Developing Plays

MANAGEMENT	POSITION	EXPERIENCE
Gurpreet Sawhney P.Eng, MSc, MBA	President & CEO	Reservoir Engineer; 22 years experience in the oil patch President of Strategic Oil & Gas since 2010
Cody Smith	COO	25+ years experience in operations and new play development; <i>AEC, EnCana</i>
Aaron Thompson CA	CFO	18 years experience, controller for two TSX-listed E&P companies; <i>Perpetual, Apache, Paramount</i>
Doug Wright P.Eng, MBA	VP Engineering	30+ years experience in reservoir evaluations and A&D analysis; <i>Anadarko, Conoco, Texaco, Imperial Oil</i>
Barbara Joy	VP Land	15 years experience; Land strategy and A&D transactions; <i>EnCana, CNRL</i>

# Board of Directors

Strong insider ownership provides financial stability and aligns interest with stakeholders

BOARD MEMBER		% SHARES <sup>1</sup>
Thomas Claugus (Chairman)	Chairman & CEO, GMT Capital Corp. ( > \$5 billion assets ) Significant shareholder in CNRL, Paramount Resources etc.	57.0%
Jim Riddell	President and COO, Paramount Resources & CEO, Trilogly Energy 23 years oil & gas experience	3.8% <sup>1</sup>
Richard Skeith, LLB	Senior Partner at Norton Rose Canada LLP 35 years law experience, focused on energy & mining	<1%
Michael Graham, P.Eng	Former EVP, head of Canadian Ops at Encana 30 years oil & gas experience	1.4%
John Harkins, P.Eng	CEO - Greenfields Petroleum 30 years oil & gas experience	<1%
Rodger Hawkins, CA	30 years experience in public practice Audit chair for 2 public energy service companies	<1%

Insiders own 63% of the common shares

1. 3.6% owned by Paramount Resources Ltd.

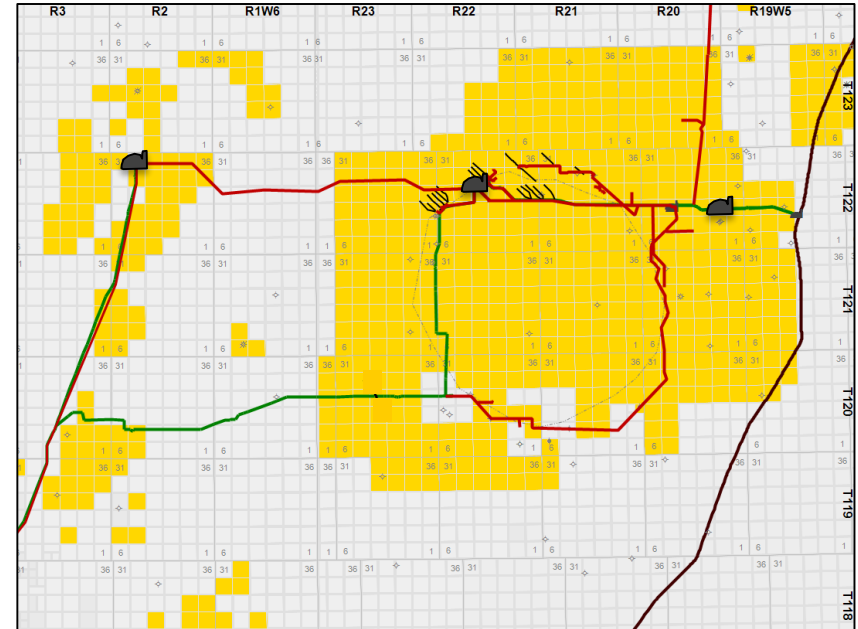
# Marlowe Asset



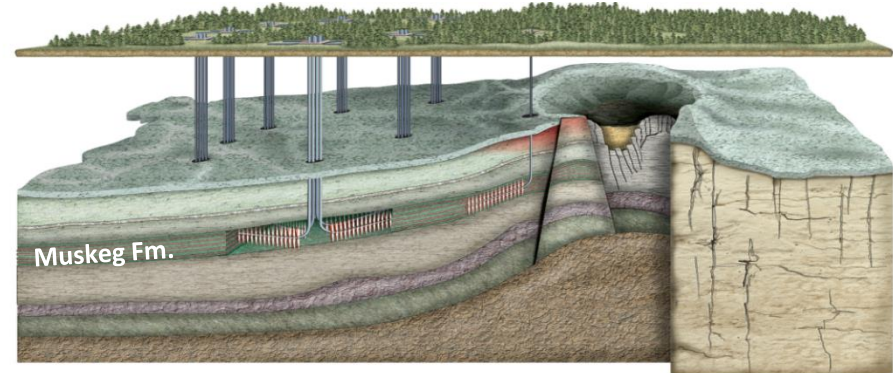
## Marlowe Assets

Land (Acres)	350,000
Producing Wells	53
Current Production	2,800 BOED (77% 34 API Light Oil)
P+P Reserves	12,974 MBoe
P+P NPV 10	\$188 MM
Infrastructure: \$250 MM Replacement Value	48 kms High-Grade Roads >200 km Gathering Lines 2-Sour Gas Plants 2-Oil Batteries

## AREA MAP



## Steen Astrobleme

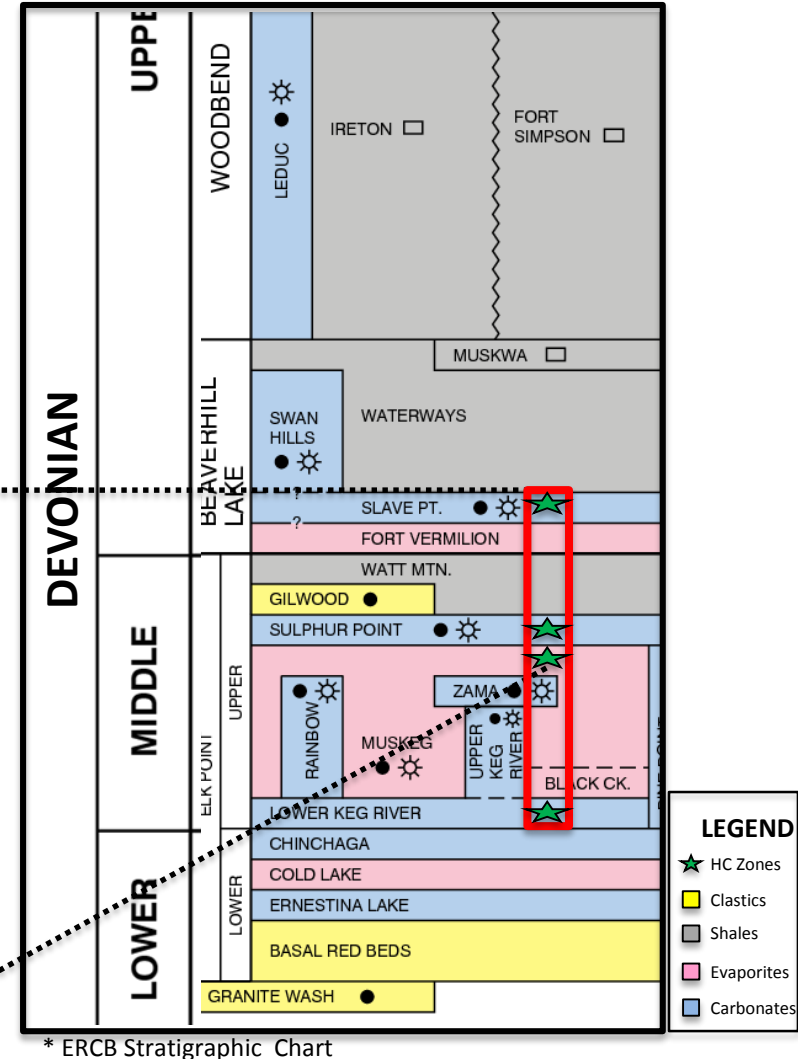
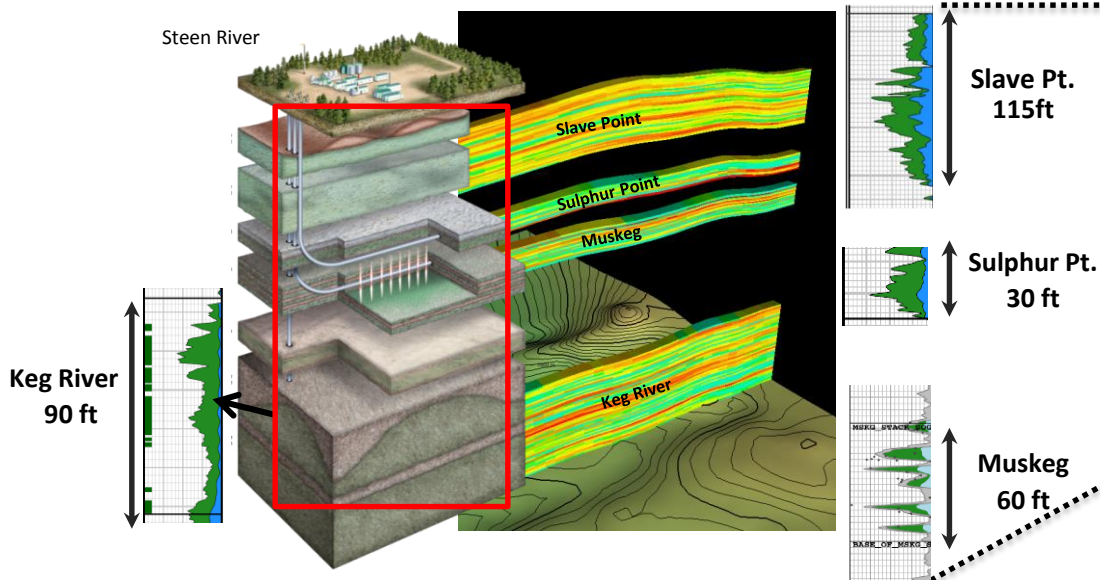


# Marlowe – Multi-Horizon Potential for Oil Development

## STACKED OIL DEVELOPMENT AT MARLOWE

Zone	Prospective Sections	Net Pay (m)	Porosity (%)	Permeability (mD)	Swc (%)	OOIP/Sec (MMbbl) *
Slave Pt.	>100	30	7.0%	5	30	21
Sulphur Pt.	>100	8	8.0%	8	25	7
<b>Muskeg</b>	<b>&gt;100</b>	<b>8</b>	<b>9.0%</b>	<b>15</b>	<b>20</b>	<b>8</b>
Keg River	8	25	7.5%	150	20	21

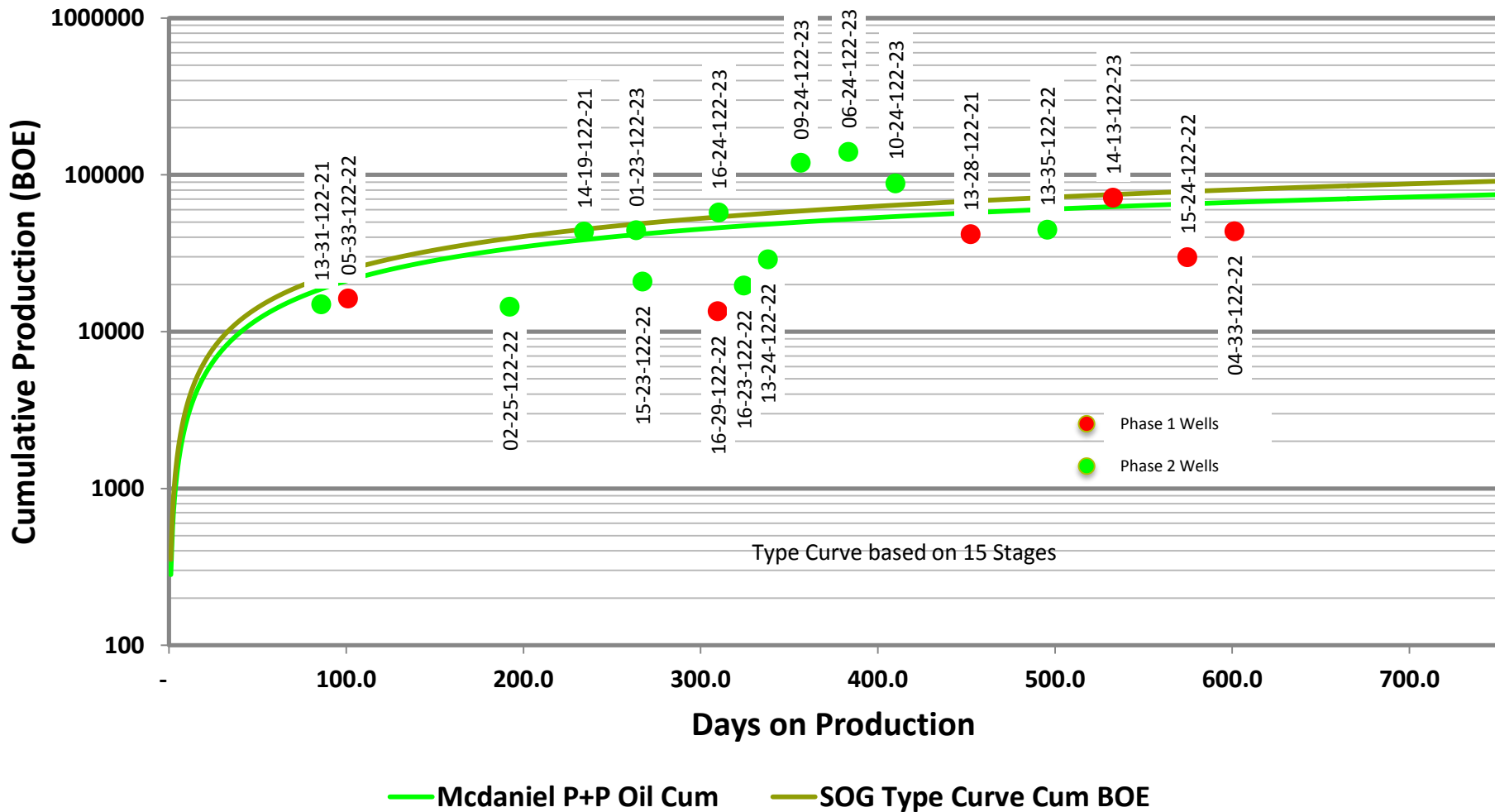
\* SOG Internal Estimates





# Predictable Performance

## Well Performance (Cumulative BOE)



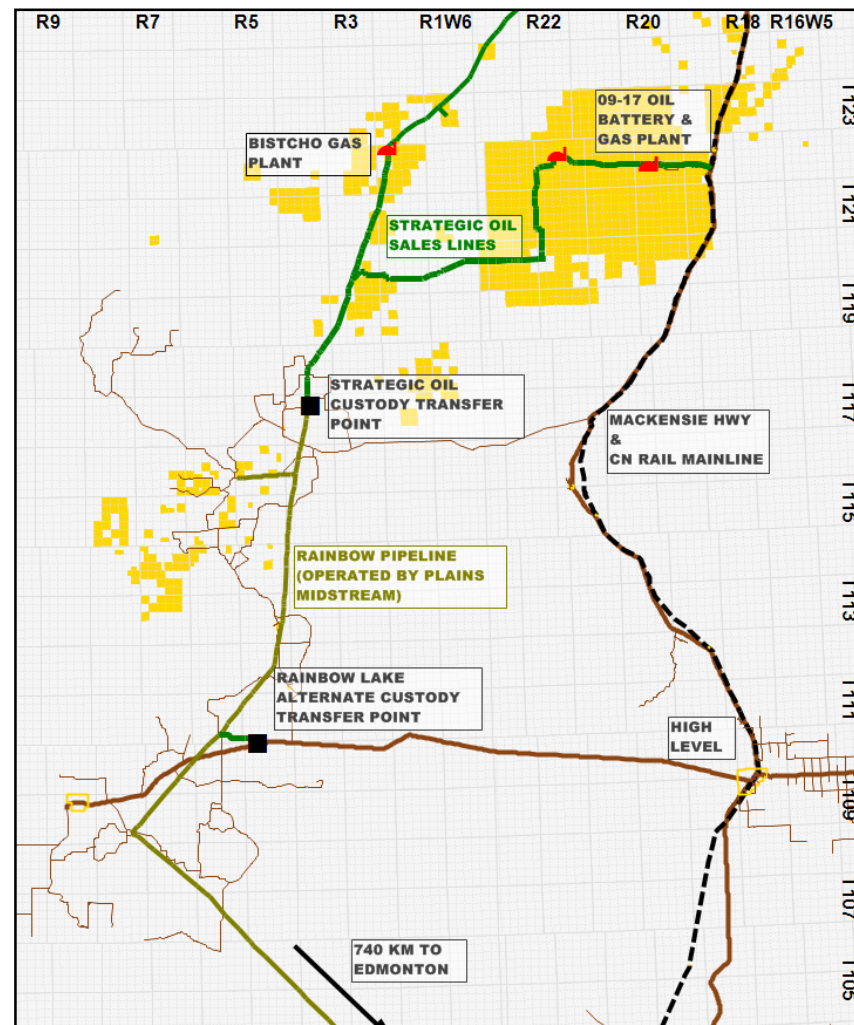
# Marlowe Wellhead Oil Pricing

## REALIZED PRICING BREAKDOWN

WTI (\$US/bbl)	\$65.00
WTI-EDM BASIS (\$US/bbl) <sup>1</sup>	(\$6.00)
EXCHANGE RATE (\$CDN/\$US)	\$1.25
WTI-ED (\$CDN/bbl)	73.75
EDM-STEEN TARIFF (CDN/bbl)	(\$6.00)
QUALITY (CDN/bbl) <sup>2</sup>	(\$3.00)
<b>REALIZED PRICE (CDN/bbl)</b>	<b>\$64.75</b>

<sup>1</sup> WTI-EDM basis assumption based on 12 month trailing average of blended NGX/NE Monthly index

<sup>2</sup> Quality is based on 851 kg/m<sup>3</sup> (34 API) and 0.97 mass sulphur %



# Model Assumptions: Capital, Type Curve, Operating Cost & Royalties

Half-Cycle Parameters	
<b>Drill Complete Equip \$MM</b>	<b>\$3.15</b>
Lease Construction	0.11
Drilling (1400 m Lateral)	1.44
Completion (15 Stages)	1.18
Equip (Pumpjack)	0.42
<b>Road &amp; Gathering \$MM</b>	<b>\$0.20</b>
In-Field All Season Road	0.10
Gathering & Fuel Gas Lines	0.10
<b>Type Curve</b>	
IP30 (BOED)	291
IP365 (BOED)	154
% Oil	75%
EUR (MBOE)	274
First Year Decline (%)	70
<b>Schedule</b>	
Spud to Spud (days)	18 (15-days drill)
Spud to On Stream (days-average)	68

Operating Costs	
<b>Fixed</b>	
Fixed Well Cost (\$/well/month)	10,000
Fixed Facility Cost (\$/month)	300,000
<b>Variable</b>	
Oil Lifting Variable Cost (\$/Bbl)	2.40
Gas Lifting Variable Cost (\$/MCF)	0.40

Operating Cost Forecast	Annual Production (BOE/d)	Annual Opex (\$MM)	\$/BOE
2015	2,600	16.1	16.6
2016	6,000	18.3	8.3
2017	12,500	33.1	<b>7.3</b>
2018	21,100	55.3	<b>7.2</b>
2019	28,000	76.6	<b>7.5</b>
2020	30,000	88.1	8.2

Crown Royalty Rates	
Initial Period (30 months or 70,000 BOE)	5%
Remainder (Based on Corporate Avg.)	16-18%