

FOR IMMEDIATE RELEASE

November 17, 2016

STRATEGIC OIL & GAS LTD. ANNOUNCES THIRD QUARTER 2016 FINANCIAL AND OPERATING RESULTS

Calgary, Alberta - Strategic Oil & Gas Ltd. ("Strategic" or the "Company") (TSXV: SOG) is pleased to report financial and operating results for the three and nine months ended September 30, 2016.

FINANCIAL AND OPERATIONAL SUMMARY

Financial (\$thousands, except per share amounts)	Three months ended September 30			Nine months ended September 30		
	2016	2015	% change	2016	2015	% change
Oil and natural gas sales	5,478	7,783	(30)	16,157	29,146	(45)
Funds from (used in) operations ⁽¹⁾	(141)	1,122	(113)	(1,881)	6,015	(131)
Per share basic & diluted ⁽¹⁾	-	-	(100)	-	0.01	(100)
Cash provided by (used in) operating activities	2,244	4,235	(47)	4,589	2,080	121
Per share basic & diluted	-	0.01	(100)	0.01	-	-
Net loss	(5,985)	(63,918)	(91)	(19,044)	(78,327)	(76)
Per share basic & diluted	(0.01)	(0.12)	(92)	(0.04)	(0.14)	(71)
Capital expenditures (excluding acquisitions)	10,812	1,401	672	20,261	9,475	114
Bank debt (comparative figure is as of December 31, 2015)	-	42,857	(100)	-	42,857	(100)
Net debt (comparative figure is as of December 31, 2015) ⁽¹⁾	70,244	54,024	30	70,244	54,024	30
Operating						
Average daily production						
Crude oil (bbl per day)	1,231	1,608	(23)	1,390	1,970	(29)
Natural gas (mcf per day)	2,074	3,028	(32)	2,401	3,873	(38)
Barrels of oil equivalent (boe per day)	1,577	2,113	(25)	1,791	2,615	(32)
Average prices						
Oil & NGL, before risk management (\$ per bbl)	44.23	46.72	(5)	39.07	48.34	(19)
Oil & NGL, including risk management (\$ per bbl)	44.23	52.90	(16)	39.07	56.20	(30)
Natural gas, before risk management (\$ per mcf)	2.46	3.13	(21)	1.93	2.98	(35)
Natural gas, including risk management (\$ per mcf)	2.46	3.12	(21)	1.93	2.98	(35)
Operating netback (\$ per boe) ⁽¹⁾						
Oil and natural gas sales	37.77	40.04	(6)	32.93	40.82	(19)
Royalties	(6.42)	(6.04)	6	(4.60)	(4.47)	3
Operating expenses	(22.97)	(21.96)	5	(22.26)	(22.75)	(2)
Transportation expenses	(0.87)	(0.70)	24	(0.79)	(1.14)	(31)
Operating Netback ⁽¹⁾	7.51	11.34	(34)	5.28	12.46	(57)
Common Shares (thousands)						
Common shares outstanding, end of period	542,410	542,319	-	542,410	542,319	-
Weighted average common shares (basic & diluted)	542,408	542,319	-	542,340	542,319	-

⁽¹⁾ Funds from operations, net debt and operating netback are Non-GAAP measures; see "Non-GAAP measures" in management's discussion and analysis.

THIRD QUARTER SUMMARY

- Capital expenditures of \$10.8 million were incurred in the quarter, primarily on drilling and pipeline construction at west Marlowe. The first Muskeg well drilled in the quarter was completed and tested at 1,263 boe/d (54% oil) over a 24 hour period.
- Strategic continued to implement operational efficiencies and reduce costs in the third quarter of 2016. Operating costs dropped \$0.9 million or 22% from 2015 and \$0.2 million or 7% from the second quarter of 2016. General and administrative ("G&A") costs for the current period were reduced by \$0.2 million and \$0.1 million, or 16% and 11% respectively compared to the third quarter of 2015 and second quarter of 2016.
- The Company issued \$3.6 million of additional convertible debentures as payment in kind of interest payable on August 31, 2016 to preserve cash while pursuing its capital program. At September 30,

2016, the Company had \$22.7 million in cash, in addition to the \$4.6 million currently used as collateral for outstanding letters of credit. Working capital at September 30, 2016 was \$13.6 million.

- Average daily production decreased 25% to 1,577 boe/d from 2,113 boe/d for the third quarter of 2015 and 14% from 1,829 boe/d for the second quarter of 2016, due to the temporary shutdown of the Marlowe field for a plant turnaround in September, as well as natural production declines.
- Operating netbacks decreased to \$7.51/boe for the three months ended September 30, 2016 from \$9.39/boe in the second quarter of the year primarily due to higher unit operating costs caused by lower production volumes. Operating netbacks decreased 34% from the third quarter of 2015 due to lower oil prices and higher unit operating costs. Funds used in operations were \$0.1 million for the three months ended September 30, 2016, compared to funds from operations of \$0.4 million for the second quarter of 2016 and funds from operations of \$1.1 million for the third quarter of 2015. As new oil volumes come on line from the four-well drilling program, fixed costs will be spread over a larger production base and funds from operations are expected to increase.

PERFORMANCE OVERVIEW

During the third quarter Strategic focused on the execution of its \$21 million capital spending plan for the second half of 2016, including drilling four horizontal Muskeg wells, constructing an all weather road and pipeline from the drilling pad to existing lines at west Marlowe and completing a plant turnaround. The drilling pad is approximately three miles from the Muskeg horizontal well 14-35 which was drilled and tested at 1,060 boe/d in the first quarter of 2016. The Company achieved further drilling efficiencies with longer horizontal laterals and completed additional stages per well to increase production performance. The wells were drilled 500 meters longer with an average length of 1,900 meters and to date three wells have been completed with 20 stages. The fourth well is scheduled for completion in December 2016.

Production results to date from the first Muskeg well 2-13 have exceeded the Company's expectations. The well was tied into the sales pipeline in October 2016 and had an average production rate of 525 bbl/d 36° API light oil and 2.9 MMcf/d of raw natural gas, or 1,008 boe/d over the last 20 days of production. The 2-13 well is the second Muskeg well to produce at over 1,000 boe/d on a multi-day test; these results are encouraging and demonstrate repeatability of well performance in the large areal extent of the Muskeg play.

Including projected additions from the new Muskeg wells expected to be completed in the fourth quarter, Strategic expects to exit 2016 with a production rate of 2,800 boe/day. The Company anticipates continuing to drill along this corridor and executing its growth strategy in 2017.

About Strategic

Strategic is a junior oil and gas company committed to becoming a premier northern oil and gas operator by exploiting its light oil assets primarily in northern Alberta. The Company relies on its extensive subsurface and reservoir experience to develop its asset base and grow production and cash flows while managing risk. The Company maintains control over its resource base through high working interest ownership in wells, construction and operation of its own processing facilities and a significant undeveloped land and opportunity base. Strategic's primary operating area is at Marlowe, Alberta. Strategic's common shares trade on the TSX Venture Exchange under the symbol SOG.

Test Production Rates

Any references in this press release to initial or test production rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will continue production. While encouraging, readers are cautioned not to place reliance on such rates in calculating aggregate production. Initial production or test rates are not necessarily indicative of long-term performance of the relevant well or fields or of ultimate recovery of hydrocarbons. Test volumes are quoted on a raw basis before shrinkage on natural gas volumes. Total corporate production volumes include natural gas shrinkage.

ADDITIONAL INFORMATION

Strategic has filed its interim consolidated financial statements and related Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2016 with Canadian securities regulators. These filings, and additional information including the Company's recently updated corporate presentation, are available for review through the Company's website at www.sogoil.com and on SEDAR at www.sedar.com.

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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 capital spending; (iii) the Company's growth strategy and timing; (iv) potential profitability and productivity of its asset base; (v) the impact of cost reduction initiatives; (vi) the impact of drilling and completion techniques on productivity; (vii) the effect of additional production volumes on unit costs and funds from operations; 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, 2015 and other documents filed with Canadian provincial securities authorities, 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. 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 Company'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-GAAP Measurements

The Company 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-GAAP measurements contained in the Company'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.