

FOR IMMEDIATE RELEASE

February 27, 2017

STRATEGIC OIL & GAS LTD. INCREASES RESERVES BY 53% AND ANNOUNCES SHARE CONSOLIDATION

Calgary, Alberta - Strategic Oil & Gas Ltd. ("Strategic" or the "Company") (TSXV: SOG) is pleased to announce a 53% increase in proved and probable reserves to 19.6 MMboe at year-end 2016. In 2016 the Company invested \$29.3 million in capital expenditures in drilling four delineation and four production wells at Marlowe. The invested capital added 7.5 MMboe of proved and probable reserves at a finding and development cost of \$9.83 per boe, including changes in future development costs. This resulted in an increase of \$87 million in net present value of proved and probable reserves to a total of \$194 million compared to year-end 2015.

The Company also advises that it filed Articles of Amendment to give effect to a consolidation of all of its issued and outstanding common shares on the basis of twenty (20) pre-consolidation common share for one (1) post-consolidation common share in the capital of the Company.

MUSKEG WELL 14-35 PRODUCES OVER 21,000 BOE IN 24 DAYS

The Company recently tied in the step out Muskeg well 14-35 by constructing a 4 km pipeline. Production from the 14-35 well has averaged 885 boe/d (50% oil) over the last 24 days. The production performance of the 14-35 well is similar to the 14-12 and 2-13 Muskeg wells, both of which were brought on production late in the fourth quarter of 2016. The 14-12 well tested at 810 boe/d (59% oil) over 4 days and the Muskeg 2-13 well tested at 1,057 boe/d (54% oil) over 7 days.

Strategic continues to execute its \$30 million capital spending program for the first half of 2017, which includes six Muskeg horizontal wells. Strategic has drilled three wells and the fourth well is underway. The Muskeg wells are being drilled in the fairway between the 14-35 well and the 2-13 well.

RESERVE HIGHLIGHTS

- Proved reserves increased 43% from 2015 to 9.3 MMboe and proved and probable reserves increased 53% to 19.6 MMboe.
- Strategic added 7.5 MMboe of proved and probable reserves in 2016, for a reserve replacement ratio of 1,030%.
- All in finding and development costs were \$16.11 per boe for proved reserves and \$9.83 per boe for proved and probable reserves on capital expenditures of \$29.3 million.
- Net present value of proved and probable reserves, discounted at 10%, increased 81% to \$194.4 million at December 31, 2016 from \$107.5 million in 2015 despite an overall decrease in the commodity price forecast used by the reserves evaluator.
- Future development costs per well dropped \$0.1 million to \$3.0 million at year-end 2016 despite the increase to 20 completion stages and corresponding increase in well length compared to prior year, reflecting the Company's increased efficiencies and lower costs per stage on its Muskeg drilling programs.

RESERVES

In accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101"), the Company's oil, natural gas and natural gas liquids ("NGL") reserves were evaluated by an independent engineering firm, McDaniel and Associates Consultants Ltd. ("McDaniel") as at December 31, 2016. See "Information Regarding Disclosure on Oil and Gas Reserves" in this press release.

Strategic's reserves at December 31, 2016 are summarized below.

Gross Reserves⁽¹⁾	Light and Medium Crude Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMcf)	Natural Gas Liquids (Mbbl)	Oil Equivalent (Mboe)
Proved Producing	2,336	-	6,308	-	3,387
Proved Non-Producing	314	-	1,380	-	544
Proved Undeveloped	3,409	-	11,960	-	5,402
Total Proved	6,059	-	19,649	-	9,334
Total Probable	6,511	-	22,253	-	10,220
Total Proved and Probable	12,570	-	41,902	-	19,553

⁽¹⁾ Gross reserves are the Company's total working interest share before the deduction of any royalties and without including any royalty interests of the Company.

All of the Company's reserves are located in the Marlowe core area. Proved and probable producing reserves represent 23% of total proved and probable reserves, as compared to 37% at December 31, 2015.

McDaniel estimates the future development costs ("FDC") required to convert undeveloped and non-producing reserves to producing reserves at \$165.7 million. This includes 54 Muskeg Stack and 1 Keg River proven and probable undeveloped locations at Marlowe, of which 28 Muskeg Stack and 1 Keg River are booked as proven undeveloped locations. The reserve report anticipates these wells to be drilled over the next 3 years. The total booked locations represent less than 10 percent of the potential Muskeg Stack inventory identified on Company's land holdings in the Marlowe area.

A reconciliation of the Company's reserves at December 31, 2016 to the previous year-end is as follows.

Thousand Barrels of Oil Equivalent (Mboe)	Proved	Probable	Proved and Probable
Opening Balance December 31, 2015	6,531	6,213	12,743
Discoveries and Extensions	3,055	3,994	7,049
Technical Revisions	712	208	919
Economic Factors	(303)	(195)	(498)
Production ⁽¹⁾	(661)	-	(661)
Closing Balance December 31, 2016	9,334	10,220	19,553

⁽¹⁾ Financial information is from Strategic's preliminary unaudited consolidated financial statements for the year ended December 31, 2016, and is subject to change. See Unaudited Financial Information in this press release.

Strategic's light and medium oil, natural gas and NGL reserves were evaluated by McDaniel using McDaniel's product price forecasts effective January 1, 2017 prior to provision for financial risk management contracts, income taxes, interest, debt service charges and general and administrative expenses. The following table summarizes the net present value from recognized reserves at December 31, 2016, assuming various discount rates, and incorporating FDC and abandonment liabilities. The following table summarizes McDaniel's commodity price forecast for the next five years.

Year	WTI Crude Oil (\$US/bbl)	Edmonton Light Crude Oil (\$C/bbl)	AECO Spot Natural Gas (C\$/MMBtu)	Foreign Exchange Rate (US\$/C\$)
2017	55.00	69.80	3.40	0.750
2018	58.70	72.70	3.15	0.775
2019	62.40	75.50	3.30	0.800
2020	69.00	81.10	3.60	0.825
2021	75.80	86.60	3.90	0.850

Summary of Before Tax Net Present Value of Future Net Revenue (Forecast Pricing) ^{(1) (2)}

(\$ thousands)	Undiscounted	Discounted at		
		5%	10%	15%
Proved Producing	55,581	45,439	38,691	34,004
Proved Non-Producing	9,779	7,789	6,396	5,389
Proved Undeveloped	83,128	63,181	48,787	38,233
Total Proved	148,488	116,409	93,873	77,626
Total Probable	249,896	152,160	100,561	70,618
Total Proved and Probable	398,384	268,569	194,434	148,245

⁽¹⁾ Based on McDaniel's January 1, 2017 commodity price forecast.

⁽²⁾ Tables may not add due to rounding.

Strategic incurred capital expenditures of \$29.3 million in 2016. The following table summarizes Strategic's finding and development ("F&D") costs including changes in FDC.

2016 F&D costs

(\$ thousands (unaudited), except as noted)	Proved	Proved & Probable
F&D Costs, Including FDC		
Exploration and Development Expenditures ⁽¹⁾	29,279	29,279
Total Change in FDC	26,532	44,141
Total F&D Capital, Including Change in FDC	55,811	73,420
Reserve Additions, Including Revisions - Mboe	3,464	7,471
F&D Costs- \$/boe	16.11	9.83

⁽¹⁾ Financial information is from Strategic's preliminary unaudited consolidated financial statements for the year ended December 31, 2016 and is subject to change. See Unaudited Financial Information in this press release.

CONSOLIDATION OF COMMON SHARES

The Company is also pleased to advise that on February 23, 2017 it filed Articles of Amendment to give effect to a consolidation of all of its issued and outstanding common shares on the basis of twenty (20) pre-consolidation common share for one (1) post-consolidation common share in the capital of the Company (the "Consolidation"). It is expected that the Common Shares will commence trading on the TSXV on a consolidated basis on or about February 28, 2017. As a result of the consolidation, the Company has approximately 46.4 million common shares outstanding. The Company's trading symbol will remain "SOG". The shareholders approved the consolidation of the company's shares by a special resolution at the Company's annual general meeting on May 5, 2016.

Strategic believes that a stock consolidation could lead to increased interest in the Company by a wider range of potential investors, and would better position the Company to pursue acquisition and financing opportunities in the future. No fractional common shares shall be issued in connection with the consolidation and in the event that a holder of pre-consolidation common shares would otherwise be entitled to receive a fraction of a post-consolidation common share, such fractional interest shall be rounded up to the nearest whole number of post-consolidation common shares.

Letters of transmittal with respect to the consolidation are being mailed to all registered Shareholders. All registered Shareholders who submit a duly completed letter of transmittal along with their respective share certificate(s) representing the pre-consolidated common shares to the Company's transfer agent, TSX Trust Company, will receive share certificate(s) representing their post-consolidated common shares. Until surrendered, each share certificate representing pre-consolidation common shares will represent the number of whole post-consolidation common shares to which the holder is entitled as a result of the consolidation. Shareholders who hold their common shares through a broker or other intermediary and do not have common shares registered in their name will not be required to complete a letter of transmittal.

ABOUT STRATEGIC

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

For more information, please contact:

Gurpreet Sawhney
President and CEO

Strategic Oil & Gas Ltd.
1100, 645 7th Avenue SW
Calgary, AB T2P 4G8
Telephone: 403.767.2949
Fax: 403.767.9122

Aaron Thompson
Chief Financial Officer

Strategic Oil & Gas Ltd.
1100, 645 7th Avenue SW
Calgary, AB T2P 4G8
Telephone: 403.767.2952
Fax: 403.767.9122

Unaudited Financial Information

Certain financial and operating information included in this press release for the year ended December 31, 2016, such as capital expenditures, production and F&D costs are based on unaudited financial results, and are subject to the same limitations as discussed under "Forward-Looking Information". These estimated amounts may change upon the completion of audited financial statements for the year-ended December 31, 2016 and changes could be material.

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 costs and results of capital programs; (iii) expected timelines for production optimization; (iv) net debt levels; (v) anticipated operating costs; and (vi) use of proceeds and financial flexibility expected from financing; 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 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; finance and debt markets continuing to be receptive to financing the Company, the ability of the Company to monetize non-core assets 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.

Information Regarding Disclosure on Oil and Gas Reserves

The reserves data set forth above is based upon an independent reserves assessment and evaluation prepared by McDaniel's with an effective date of December 31, 2016 (the "McDaniel Report"). The presentation summarizes the Company's crude oil and natural gas reserves and the net present values before income tax of future net revenue for the Company's reserves using forecast prices and costs based on the McDaniel Report. All reserve references in this news release are based on gross reserves, which are equal to the Company's total working interest reserves before the deduction of any royalties and including any royalty interests of the Company. The McDaniel Report has been prepared in accordance with the standards contained in the COGE handbook and the reserve definitions contained in NI 51-101. All evaluations and reviews of future net cash flows are stated prior to any provisions for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. It should not be assumed that the estimates of future net revenues presented in the tables above

represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of the Company's crude oil and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein. All future net revenues are estimated using forecast prices, arising from the anticipated development and production of the Company's reserves, net of the associated royalties, operating costs, development costs, and abandonment and reclamation costs and are stated prior to provision for interest and general and administrative expenses. Future net revenues have been presented on a before tax basis. Estimated values of future net revenue disclosed herein do not represent fair market value. The reserve data provided in this news release only represents a summary of the disclosure required under NI 51-101. Additional disclosure will be provided in the Company's Annual Information Form which will be filed on www.sedar.com prior to April 1, 2017.

Oil and Gas Metrics

This news release contains metrics commonly used in the oil and natural gas industry, such as "finding and development ("F&D") costs" and "reserve replacement ratio". These terms do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons.

"Finding and development costs" are calculated as the sum of development capital plus the change in FDC for the period divided by the change in reserves that are characterized as development for the period. Finding and development costs take into account reserves revisions during the year, and are used as a measure of the Company's efficiency in developing oil and gas reserves.

"Reserve replacement ratio" is calculated as the change in reserves that are characterized as development for the period divided by production for the period, and is used to measure the percentage of production that was replaced through development or acquisition of new reserves in a given period.

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.

BOE Presentation

References herein to "boe" mean barrels of oil equivalent derived by converting gas to oil in the ratio of six thousand cubic feet (Mcf) of gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of crude oil as compared to natural gas 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.

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.