

Strategic Oil & Gas Ltd. Announces Conversion of Notes and Closing of Financing

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CALGARY, Nov. 28, 2018 - Strategic Oil & Gas Ltd. ("Strategic" or the "Company") (TSXV:SOG) announces that the Company has received the written resolution (the "Resolution and Consents") of over 96% of the holders ("Noteholders") of the Company's 8.0% convertible notes ("Notes") to affect certain amendments to the trust indenture ("Trust Indenture") governing the Notes.

In particular the Noteholders have approved, by way of an extraordinary written resolution under the Trust Indenture certain amendments to the Trust Indenture to provide for: (a) a conversion right of the Company allowing for the conversion of the Notes into common shares ("Common Shares") of the Company; (b) the removal of the covenant in the Trust Indenture that the Company be required to maintain a listing on the TSX Venture Exchange (the "TSXV"); (c) the right to grant first lien debt to parties other than Canadian chartered banks; and (d) certain amendments to the definition of change of control all as contemplated by the Resolution and Consents. The Company and the Trustee under the Trust Indenture have entered into a first supplemental indenture (the "Supplemental Indenture") giving effect to the foregoing amendments.

In addition, the Company has exercised its right under the Supplemental Indenture to convert (the "Conversion") the existing Notes and all interest accrued thereon (totalling \$116,204,295) into an aggregate of 1,770,721,119 Common Shares at a deemed price of \$0.065625 per Common Share (being the 20 day volume weighted average trading price of the Common Shares on the TSX Venture Exchange as of the date hereof). The Conversion was completed on November 26, 2018. After giving effect to the Conversion the Company currently has 1,817,142,079 Common Shares outstanding.

On November 27, 2018 Strategic issued \$15 million in first lien secured notes (the "New Note Financing") to certain investment funds managed by GMT Capital Corp. (the "GMT Funds") and certain other parties on the same terms as announced by the Company on November 5, 2018. In conjunction with the New Note Financing, Strategic issued 76,190,003 Common Share purchase warrants ("Warrants") to the subscribers under the New Note Financing. Each warrant is exercisable at a purchase price of \$0.065625 per share for a period of five years from the closing date. A second \$15 million tranche of notes on the same terms as the first tranche is callable by the Company on the occurrence of certain events. Funds from the first and second tranches will be used by the Company to meet upcoming asset retirement obligations and advance the technical understanding of the Marlowe Asset.

Related Party Considerations

Certain of the parties who have agreed to provide the New Note Financing are related parties ("Related Parties") of the Company by virtue of their share ownership in the Company and their role as directors of the Company. In particular, the GMT Funds are owned by Tom Clausus, a member of the Company's board of directors. Collectively the Related Parties own or control 26,673,193 Common Shares, representing approximately 57.5% of the issued and outstanding Common Shares and \$73.1 million of principal amount of the Notes, representing approximately 64.1% of the Notes. Upon completion of the Conversion and the New Note Financing, the Related Parties hold, directly and indirectly, 1,160,777,486 Common Shares or 63.9% of the issued and outstanding Common Shares.

The New Note Financing constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is relying on a financial hardship exemption in connection with the New Note Financing as the Company is in serious financial difficulty and the New Note Financing is the only alternative that has become available to the board since it began its strategic alternatives process in August, 2018. The New Note Financing has been unanimously approved by a special committee (the "Special Committee") of the board of directors of Strategic, in consultation with RBC Capital Markets who have acted as financial advisors to the Special Committee in respect of the strategic alternatives process. The Special Committee is comprised of

Messrs. Rick Skeith, Michael Graham, Jim Riddell and John Harkins, each of whom is independent of Mr. Claugus and the GMT Funds.

As a result of a significant increase in light oil differentials in Canada, combined with lower production volumes due to a lack of development activity, the Company is not generating positive cash flow from operations. Strategic has a working capital deficit, including \$7 million in abandonment and reclamation obligations which are scheduled for completion in the next six months.

About Strategic Oil & Gas

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 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.

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Forward-Looking Statements

This news release contains forward-looking statements and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact included in this release, including, without limitation, statements regarding the completion of the second tranche of the New Note Financing and the use of proceeds from financing activities, are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are risks detailed from time to time in the filings made by the Company with securities regulators.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. These factors include, but are not limited to, commodity prices, need for additional funding and availability of such funding, economic conditions, currency fluctuations, competition and regulatory changes. As a result, the Company cannot guarantee that any forward-looking statement will materialize and the reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company will only update or revise publicly any of the included forward-looking statements as expressly required by Canadian securities law.

The TSXV has in no way passed on the merits of this news release. Neither the TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

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