
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q/A

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: For the quarterly period ended October 31, 2010

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934: For the transition period from _____ to _____

Commission file number: 000-53313

STRATEGIC AMERICAN OIL CORPORATION

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or organization)

98-0454144

(IRS Employer Identification No.)

600 Leopard Street, Suite 2015

Corpus Christi, Texas, 78401

(Address of principal executive offices, including zip code)

361-884-7474

(registrant's principal executive office telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS

As of December 14, 2010, 53,409,155 shares of common stock, \$0.001 par value, were outstanding.

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EXPLANATORY NOTE TO FORM 10-Q/A:

This 10-Q/A is being filed to correct our financial statements for the three months ended October 31, 2010 and 2009. Subsequent to issuing the report for the three months ended October 31, 2010 and 2009, we discovered the following errors that impacted the balance sheets, statements of operations and comprehensive loss, and statements of cash flows:

During the quarter ended October 31, 2010, we recognized \$412,598 of consulting expense associated with two option grants that were contemplated but were not ultimately granted.

STRATEGIC AMERICAN OIL CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	October 31, 2010 (Restated)	July 31, 2010
Assets		
Current assets		
Cash and cash equivalents	\$ 56,394	\$ 247,851
Restricted cash	40,000	40,000
Accounts receivable	13,596	6,580
Accounts receivable – related party	10,211	28,975
Other current assets	—	251,328
Total current assets	120,201	574,734
Oil and Gas Property, accounted for using the full cost method of accounting		
Evaluated property, net of accumulated depletion of \$287,988 and \$265,872, respectively	1,134,576	1,193,680
Unevaluated property	616,082	734,533
Other Assets	19,317	19,317
Property and equipment, net of accumulated depreciation of \$8,507 and \$7,624, respectively	4,864	5,747
Total Assets	\$ 1,895,040	\$ 2,528,011
Liabilities and Stockholder's Deficit		
Current liabilities		
Accounts payable and accrued expenses	\$ 470,190	\$ 583,250
Notes payable, net of unamortized discount of \$0 and \$45,436, respectively	100,000	104,564
Derivative warrant liability	2,342,825	2,411,709
Total current liabilities	2,913,015	3,099,523
Asset retirement obligations	47,885	57,623
Total liabilities	2,960,900	3,157,146
Stockholder's deficit:		
Common stock, \$.001 par; 500,000,000 shares authorized shares; 53,594,152 and 52,432,486 shares issued and outstanding	53,594	52,432
Additional paid in capital	11,245,951	10,718,194
Accumulated deficit	(12,365,405)	(11,399,761)
Total stockholder's deficit	(1,065,860)	(629,135)
Total liabilities and stockholder's deficit	\$ 1,895,040	\$ 2,528,011

The accompanying notes are an integral part of these consolidated financial statements

STRATEGIC AMERICAN OIL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended	
	October 31,	
	2010	2009
	(Restated)	(Restated)
Revenues	\$ 112,873	\$ 82,933
Operating expenses		
Lease operating expense	101,264	52,469
Depreciation, depletion, and amortization	23,000	16,050
Accretion	2,394	—
Consulting fees	528,135	309,063
Management fees	156,870	102,546
Other general and administrative expense	155,708	199,060
Total operating expenses	<u>967,371</u>	<u>679,188</u>
Loss from operations	(854,498)	(596,255)
Interest expense, net	(26,585)	(70,068)
Loss on warrant derivative liability	<u>(84,561)</u>	<u>(2,038,226)</u>
Net Loss	<u>\$ (965,644)</u>	<u>\$ (2,704,549)</u>
Basic and diluted loss per common share	<u>\$ (0.02)</u>	<u>\$ (0.08)</u>
Weighted average shares outstanding (basic and diluted)	<u>53,215,312</u>	<u>31,984,844</u>

The accompanying notes are an integral part of these consolidated financial statements

STRATEGIC AMERICAN OIL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Three months ended	
	October 31,	
	2010	2009
	(Restated)	(Restated)
Cash Flows From Operating Activities		
Net loss	\$ (965,644)	\$ (2,704,549)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, depletion and amortization	23,000	16,050
Accretion	2,394	—
Amortization of debt discount	20,578	52,100
Common stock issued for services	60,758	—
Share based compensation-amortization of the fair value of stock options	114,617	152,182
Loss on warrant derivative liability	84,561	2,038,226
Gain on settlement of accounts payable	—	(4,195)
Changes in operating assets and liabilities:		
Accounts receivable	(7,016)	15,391
Accounts payable and accrued expenses	(113,062)	(56,893)
Other assets	251,328	(75,000)
Net cash used in operating activities	<u>(528,486)</u>	<u>(566,688)</u>
Cash Flows From Investing Activities		
Purchases of oil and gas properties	(106,835)	—
Purchases of fixed assets	—	(1,293)
Proceeds from sale of oil and gas properties and cost recovery	275,000	1,857
Net cash provided by investment activities	<u>168,165</u>	<u>564</u>
Cash Flows From Financing Activities		
Proceeds from sales of common stock	200,100	1,842,112
Proceeds from notes payable	—	100,000
Payments on notes payable	(50,000)	—
Proceeds from notes payable to related parties	—	100,500
Payments on notes payable to related parties	—	(160,500)
Other changed in due to (from) related parties	18,764	(42,221)
Net cash provided by financing activities	<u>168,864</u>	<u>1,839,891</u>
Net increase (decrease) in cash	(191,457)	1,273,767
Cash at beginning of period	247,851	18,793
Cash at end of period	<u>\$ 56,394</u>	<u>\$ 1,292,560</u>

The accompanying notes are an integral part of these consolidated financial statements

STRATEGIC AMERICAN OIL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Three months ended	
	October 31,	
	2010	2009
	(Restated)	(Restated)
Supplemental Disclosures:		
Interest paid in cash	—	—
Income taxes paid in cash	—	—
Non-cash investing and financing		
Non-cash capitalized interest	\$ 24,858	—
Asset retirement obligation sold	12,132	—
Stock for accounts payable	—	\$ 476,696
Stock for prepaid consulting fees	—	43,278
Debt discount	—	32,000
Exercise of warrants classified as a derivative	153,445	—

The accompanying notes are an integral part of these consolidated financial statements

STRATEGIC AMERICAN OIL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1 – Basis of presentation

The unaudited consolidated financial statements of Strategic American Oil Corporation have been prepared in accordance with accounting principles generally accepted in the United States and the rules of the Securities and Exchange Commission (“SEC”), and should be read in conjunction with the audited financial statements and notes thereto contained in our Annual Report filed with the SEC on Form 10-K for the year ended July 31, 2010. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year ended July 31, 2010, as reported in the Form 10-K, have been omitted.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current presentation.

Restatement

These consolidated financial statements have been restated as more fully discussed in Note 3 – Restatement.

Recently issued or adopted accounting pronouncements

Recently issued or adopted accounting pronouncements are not expected to have, or did not have, a material impact on our financial position or results from operations.

Note 2 – Going Concern

The accompanying consolidated financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As reflected in the accompanying financial statements, we had a working capital deficit of \$2,792,814 and an accumulated deficit of \$12,365,405 as of October 31, 2010. These factors raise substantial doubt about the company’s ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on raising additional capital to fund ongoing exploration and development and ultimately on generating future profitable operations.

If we do not raise capital sufficient to fund our business plan, Strategic may not survive.

The financial statements do not include any adjustments that might be necessary if we were unable to continue as a going concern.

Note 3 – Restatement

Three Months Ended October 31, 2010

Subsequent to issuing the report for the three months ended October 31, 2010, we discovered the following error that impacted the consolidated balance sheets, consolidated statements of operations, and consolidated statement of cash flows.

During the quarter ended October 31, 2010, we recognized \$412,598 of consulting expense associated with two option grants that were contemplated but were not ultimately granted.

The results of the restatements are summarized as follows:

Consolidated Balance Sheets as of October 31, 2010:

	<u>As reported</u>	<u>Adjustment</u>	<u>As restated</u>
Additional paid-in capital	\$ 11,658,549	\$ (412,598)	\$ 11,245,951
	(12,778,00		(12,365,40
Accumulated deficit	<u>3)</u>	<u>412,598</u>	<u>5)</u>

Consolidated Statements of Operations for the three months ended October 31, 2010:

	<u>As reported</u>	<u>Adjustment</u>	<u>As restated</u>
Consulting fees	\$ 940,733	\$ (412,598)	\$ 528,135
Total operating expenses	<u>1,379,969</u>	<u>(412,598)</u>	<u>967,371</u>
Loss from operations	<u>(1,267,096)</u>	<u>412,598</u>	<u>(854,498)</u>
Net Loss	<u>(1,378,242)</u>	<u>412,598</u>	<u>(965,644)</u>
Basic and diluted loss per common share	<u>\$ (0.03)</u>	<u>\$ 0.01</u>	<u>\$ (0.02)</u>

Consolidated Statements of Cash Flows for the three months ended October 31, 2010:

	<u>As reported</u>	<u>Adjustment</u>	<u>As restated</u>
Net loss	\$ (1,378,242)	\$ 412,598	\$ (965,644)
Share based compensation-amortization of the fair value of stock options	\$ 527,215	\$ (412,598)	\$ 114,617

Three Months Ended October 31, 2009

Subsequent to issuing the report for the three months ended October 31, 2009, we discovered the following errors that impacted the balance sheets, statements of operations and comprehensive loss, and statements of cash flows.

- 1) In October 2009, our private placements included warrants which had a “price protection” feature (i.e., an anti-dilution feature; a ratchet down feature). As a result, the warrants are not considered indexed to our own stock, and as such, they are to be classified as liabilities and all future changes in the fair value of these warrants will be recognized currently in earnings in our consolidated statement of operations under the caption “Other Items – Gain (loss) on warrant derivative liability” until such time as the warrants are exercised or expire. The previously filed financial statements reflected the warrants as indexed to our own stock and classified them as a component of equity. See Note 7: Warrant derivative liability for a detailed disclosure relating to these warrants.
- 2) In August 2009, we extended the term of warrants originally issued with an equity raise. Because the warrants that were extended were originally issued with common stock, the fair values associated with this modification should have been recorded as a deemed dividend. The previously filed financial statements reflected the extension as interest and finance charges.

The restatement changes increase the loss in the statement of operations and the accumulated deficit by \$1,677,149, decreases additional paid in capital by \$2,713,189 and increases warrant derivative liability by \$4,390,338.

The results of the restatements are summarized as follows:

Consolidated Balance Sheets as of October 31, 2009:

	<u>As reported</u>	<u>Adjustment</u>	<u>As restated</u>
Warrant derivative liability	\$ —	\$ 4,390,338	\$ 4,390,338
Total current liabilities	<u>385,874</u>	<u>4,390,338</u>	<u>4,776,212</u>
TOTAL LIABILITIES	<u>\$ 408,727</u>	<u>\$ 4,390,338</u>	<u>\$ 4,799,065</u>
Additional paid-in capital	\$ 10,854,470	\$ (2,713,189)	\$ 8,141,281
Accumulated deficit	<u>(8,597,677)</u>	<u>(1,677,149)</u>	<u>(10,274,826)</u>
TOTAL SHAREHOLDERS’ EQUITY	<u>\$ 2,334,819</u>	<u>\$ (4,390,338)</u>	<u>\$ (2,055,519)</u>

Consolidated Statements of Operations for the three months ended October 31, 2009:

	<u>As reported</u>	<u>Adjustment</u>	<u>As restated</u>
Interest and financing charges	\$ 431,145	\$ (361,077)	\$ 70,068
Loss on warrant derivative liability	<u>—</u>	<u>(2,038,226)</u>	<u>(2,038,226)</u>
NET LOSS	<u>(1,027,400)</u>	<u>(1,677,149)</u>	<u>(2,704,549)</u>
BASIC AND DILUTED LOSS PER SHARE	<u>\$ (0.03)</u>	<u>\$ (0.05)</u>	<u>\$ (0.08)</u>

Consolidated Statements of Cash Flows for the three months ended October 31, 2009:

	<u>As reported</u>	<u>Adjustment</u>	<u>As restated</u>
Net loss	\$ (1,027,400)	\$ (1,677,149)	\$ (2,704,549)
Non cash interest & financing charges	\$ 413,177	\$ (361,077)	\$ 52,100
Loss on warrant liability	\$ —	\$ 2,038,226	\$ 2,038,226

Note 4 – Oil and Gas Properties

Oil and natural gas properties as of October 31, 2010 and July 31, 2010 consisted of the following:

	<u>October 31, 2010</u>	<u>July 31, 2010</u>
Evaluated Properties		
Costs subject to depletion	\$ 1,422,564	\$ 1,459,552
Depletion	(287,988)	(265,872)
Total evaluated properties	<u>1,134,576</u>	<u>1,193,680</u>
Unevaluated properties	616,082	734,533
Net oil and gas properties	<u>\$ 1,750,658</u>	<u>\$ 1,928,213</u>

Evaluated properties

In September 2010, we sold our interest in the Dixon lease for cash proceeds of \$75,000. The buyer assumed the asset retirement obligation, which was \$12,132, associated with the property. The proceeds and the assumption of the asset retirement obligation were treated as a reduction of capitalized costs in accordance with rules governing full cost companies.

Additions to the full cost center during the three months ended October 31, 2010 included lease improvements built at our Barge Canal properties for \$26,055, land acquisition costs of \$1,828 and geological and geophysical costs of \$22,260.

In November 2010, we sold our working interest in our Holt and Strahan properties for \$100,000 and a retained overriding royalty interest of 6.25%. (See Note 12 – Subsequent Events)

Unevaluated properties

In August 2010, we entered into an agreement with a consultant to assist in marketing the Kenedy Ranch lease to investors. Under the terms of the agreement, the consultant would receive a 5% working interest, carried to the casing point, carved out from our retained portion of the lease. In September 2010, we were successful in marketing this lease as discussed below.

In September 2010, we assigned 81.25% working interest in the Kenedy Ranch lease to Chinn Exploration Company “Chinn” for \$200,000 cash. The agreement provides that Chinn will operate the property and will drill a test well within 18 months of the date of the agreement. We retained an 18.75% working interest, which will be carried to the casing point with respect to the test well. As discussed above, our marketing consultant received a 5% working interest carved out from our interest. Thus, after compensation of the consultant, our working interest in Kenedy Ranch is 13.75%.

If Chinn does not perform its obligations under the assignment, the agreement provides that the retained working interest reverts to us. The cash proceeds we received in conjunction with this agreement are treated as a reduction of capitalized cost in accordance with rules governing full cost companies.

Additions to the unevaluated properties during the three months ended October 31, 2010, include interest capitalized of \$24,858, exploration costs of 27,030, and acquisition costs of \$29,660.

Impairment

We account for our oil and natural gas producing activities using the full cost method of accounting as prescribed by the United States Securities and Exchange Commission (SEC). Under this method, subject to a limitation based on estimated value, all costs incurred in the acquisition, exploration, and development of proved oil and natural gas properties, including internal costs directly associated with acquisition, exploration, and development activities, the costs of abandoned properties, dry holes, geophysical costs, and annual lease rentals are capitalized within a cost center.

We evaluated our capitalized costs using the full cost ceiling test as prescribed by the Securities and Exchange Commission at October 31, 2010 and July 31, 2010. At October 31, 2010 and July 31, 2010, our net book value of oil and gas properties did not exceed the ceiling amount and thus, there was no impairment.

Changes in production rates, levels of reserves, future development costs, and other factors will determine our actual ceiling test calculation and impairment analyses in future periods.

Note 5 – Asset Retirement Obligation

The following is a reconciliation of our asset retirement obligation liability as of October 31, 2010 and July 31, 2009:

	<u>October 31, 2010</u>	<u>July 31, 2010</u>
Liability for asset retirement obligation, beginning of period	\$ 57,623	\$ 22,662
Additions	—	10,598
Liabilities sold	(12,132)	—
Revisions in estimated cash flows	—	731
Accretion	2,394	23,632
Liability for asset retirement obligation, end of period	<u>\$ 47,885</u>	<u>\$ 57,623</u>

Note 6 – Notes Payable

During March 2009, we sold \$150,000 convertible debentures, convertible at the greater of \$0.25 per share or 90% of the current market price. The investor also received warrants to purchase 600,000 shares of common stock at an exercise price of \$.60 per share for an exercise period that expires September 25, 2010. We retained the right to redeem the convertible promissory notes at any time upon giving certain notice to the holder(s), and subject to paying a 20% premium. The debentures carry interest at 15% to be accrued semiannually and payable in arrears. This sale resulted in net cash proceeds of \$150,000. The fair value of the proceeds was allocated among the debentures and warrants based on their relative fair values.

The intrinsic value of the beneficial conversion feature was \$58,779. The relative fair value of the warrants and the intrinsic value of the beneficial conversion feature totaling to \$150,000 were recorded as a discount to the notes. These discounts are being amortized and charged to interest expense over the life of the notes using the effective interest rate of 278% per annum.

As of October 31, 2010 and July 31, 2009, respectively, \$150,000 and \$104,564 of the discount had been amortized. The note was scheduled to mature in September 2010. We paid \$50,000 of the debt during the three months ended October 31, 2010. Principal of \$100,000 on the note remains unpaid as of October 31, 2010. We are working with the lender to repay the remaining outstanding balance and there is no formal payment schedule as of the date of this report. During the three months ended October 31, 2010, we accrued interest of \$5,625 at the contracted rate of 15% on the amounts outstanding.

Note 7 - Fair Value

Accounting standards regarding fair value of financial instruments define fair value, establish a three-level hierarchy which prioritizes and defines the types of inputs used to measure fair value, and establish disclosure requirements for assets and liabilities presented at fair value on the consolidated balance sheets.

Fair value is the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants. A liability is quantified at the price it would take to transfer the liability to a new obligor, not at the amount that would be paid to settle the liability with the creditor.

The three-level hierarchy is as follows:

- Level 1 inputs consist of unadjusted quoted prices for identical instruments in active markets.
- Level 2 inputs consist of quoted prices for similar instruments.
- Level 3 valuations are derived from inputs which are significant and unobservable and have the lowest priority.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. We have determined that certain warrants outstanding as of the date of these financial statements qualify as derivative financial instruments under the provisions of FASB ASC Topic No. 815-40, “*Derivatives and Hedging – Contracts in an Entity’s Own Stock*.” These warrant agreements include provisions designed to protect holders from a decline in the stock price (‘down-round’ provision) by reducing the exercise price in the event we issue equity shares at a price lower than the exercise price of the warrants. As a result of this down-round provision, the exercise price of these warrants could be modified based upon a variable that is not an input to the fair value of a ‘fixed-for-fixed’ option as defined under FASB ASC Topic No. 815-40 and consequently, these warrants must be treated as a liability and recorded at fair value at each reporting date.

The fair value of these warrants was determined using the Black-Sholes option pricing method with any change in fair value during the period recorded in earnings as “Other income (expense) – Gain (loss) on warrant derivative liability.”

Significant inputs used to calculate the fair value of the warrants include expected volatility and the risk-free interest rate.

The following table sets forth by level within the fair value hierarchy our financial assets and liabilities that were accounted for at fair value on a recurring basis as of October 31, 2010.

	Fair Value Measurement at October 31, 2010			
	Carrying Value at October 31, 2010	Level 1	Level 2	Level 3
Derivative warrant liability	\$ 2,342,825	—	—	\$ 2,342,825

The carrying amounts reported in the balance sheet for cash, accounts receivable, accounts receivable – related party, accounts payable and accrued expenses, and convertible notes payable approximate their fair market value based on the short-term maturity of these instruments.

Note 8 – Warrant Derivative Liability

Effective July 31, 2009, we adopted FASB ASC Topic No. 815-40 (formerly EITF 07-05) which defines determining whether an instrument (or embedded feature) is indexed to an entity’s own stock. This literature specifies that a contract that would otherwise meet the definition of a derivative but is both (a) indexed to our own stock and (b) classified in stockholders’ equity in the statement of financial position, would not be considered a derivative financial instrument and provides a new two-step model to be applied in determining whether a financial instrument or an embedded feature is indexed to an issuer’s own stock and thus able to qualify for the scope exception.

Certain warrants we issued during the year ended July 31, 2010 are not afforded equity treatment because these warrants have a down-round ratchet provision on the exercise price. As a result, the warrants are not considered indexed to our own stock, and as such, all future changes in the fair value of these warrants will be recognized currently in earnings in our consolidated statement of operations under the caption “Other income (expense) – Gain (loss) on warrant derivative liability” until such time as the warrants are exercised or expire. The total fair values of the warrants issued during the year ended July 31, 2010, have been recognized as a derivative liability.

870,000 of the warrants classified as derivatives and issued during November 2009 were exercised during the three months ended October 2010 for \$200,100. This reduced the derivative liability by \$153,445 and increased the additional paid-in capital by the same amount.

The following table sets forth the changes in the fair value measurement of our Level 3 derivative warrant liability during the three months ended October 31, 2010:

Beginning balance – August 1, 2010	\$ 2,411,709
Issuance of derivative warrants	—
Reduced for warrants exercised	(153,445)
Change in fair value of derivative liability	84,561
At October 31, 2010	<u>\$ 2,342,825</u>

The \$68,884 change in fair value was recorded as a reduction of the derivative liability as an \$84,561 unrealized loss on the change in fair value of the liability in our statement of operations and a \$153,445 adjustment to paid in capital related to the exercise during the period of warrants classified as derivative liabilities.

Note 9 - Stockholder's Deficit

Common Stock Issuances

For exercise of warrants for cash:

During the three months ended October 31, 2010, an aggregate of 870,000 share purchase warrants were exercised for net proceeds of \$200,100. The warrants were derivative warrants; accordingly, the warrant derivative liability as of the date of exercise, \$153,445 was reclassified to paid in capital.

For services:

During the three months ended October 31, 2010, we issued 291,666 shares of common stock to consultants for services valued at \$60,758. The shares were valued using the closing market price on the date of grant.

Stock options

During the three months ended October 31, 2010, we granted options to purchase 1,400,000 shares of common stock to two consultants and one of our officers. The compensation expense associated with compensatory stock options during the three months ended October 31, 2010 was \$114,617. (See Note 10).

Note 10 – Stock Options and Warrants

During August 2010, the Board of Directors authorized and approved the adoption of the 2010 Stock Incentive Plan (the “2010 Plan”). An aggregate of 5,000,000 shares of our common stock may be issued under the plan. The 2010 Plan is administered by the Board of Directors which has substantial discretion to determine persons, amounts, time, price, exercise terms, and restrictions of the grants, if any.

The following is a description of options granted under the 2010 Plan during the quarter ended October 31, 2010:

- In August 2010, options to purchase 1,400,000 shares of common stock with an exercise price of \$.20 per share and a term of three years were granted to one of our officers. The fair value of the options on the date of grant was \$173,611. The options vest 25% each six months over the 18 months following the award with the first 25% or 350,000 shares vesting immediately.

During 2009, the Board of Directors authorized and approved the adoption of the 2009 Re-Styled Stock Incentive Plan (the “2009 Plan”). An aggregate of 10,000,000 of the Company’s shares may be issued under the plan. The Stock Incentive Plan is administered by the Board of Directors which has substantial discretion to determine persons, amounts, time, price, exercise terms, and restrictions of the grants, if any. There were no grants under the 2009 plan during the quarter ended October 31, 2010.

The following table provides information about options granted to consultants under our stock incentive plans during the three months ended October 31, 2010 and 2009:

	2010	2009
Number of options granted	1,400,000	—
Compensation expense recognized	\$ 114,617	\$ 76,800
Compensation cost capitalized	—	—
Weighted average fair value of options granted	\$ 0.20	—

The following table details the significant assumptions used to compute the fair market values of stock option expense during the three months ended October 31, 2010 and 2009:

	2010	2009
Risk-free interest rate	1.27%	2.31%
Dividend yield	0%	0%
Volatility factor	153.00%	149.71%
Expected life (years)	1.5 - 2 years	5.5 years

For the options on a graded vesting schedule, we estimate the fair value of the award as of the end of each reporting period and recognize an appropriate portion of the cost based on the fair value on that date. When the award vests, we adjust the cost previously recognized so that the cost ultimately recognized is equivalent to the fair value on the date the performance is complete.

Based on the fair value of the options as of October 31, 2010 there was \$222,009 of unrecognized compensation costs related to non-vested share based compensation arrangements granted under the plan.

Summary information regarding stock options issued and outstanding as of October 31, 2010 is as follows:

	Options	Weighted Average Share Price	Aggregate intrinsic value	Weighted average remaining contractual life (years)
Outstanding at year ended July 31, 2010	8,705,000	\$ 0.30	\$ 20,000	5.40
Granted	1,400,000	0.20		
Exercised	—	—		
Expired	(425,000)	0.35		
Outstanding at October 31, 2010	9,680,000	\$ 0.28	\$ 21,250	4.94

Warrants

During the three months ended October 31, 2010, 870,000 derivative warrants granted during November 2009 were exercised for cash (See Note 8).

Summary information regarding common stock warrants issued and outstanding as of October 31, 2010 is as follows:

	Warrants	Weighted Average Share Price	Aggregate intrinsic value	Weighted average remaining contractual life (years)
Outstanding at year ended July 31, 2010	23,599,067	\$ 0.42	—	3.02
Granted	—	—	—	—
Exercised	(870,000)	0.23	—	—
Expired	(5,758,238)	0.96	—	—
Outstanding at October 31, 2010	16,970,829	\$ 0.24	—	3.74

Note 11 – Related Party Transactions

A company controlled by one of our officers operates our Barge Canal properties. The following table summarizes the activity associated with the Barge Canal properties:

As of October 31, 2010 and July 31, 2010 respectively, we had outstanding accounts receivable associated with these properties of \$10,211 and \$28,975 and no accounts payable.

During November and December 2010, we received \$203,300 in proceeds of promissory notes payable from related parties as further discussed in Note 12 – Subsequent Events.

Note 12 – Subsequent Events

We issued a promissory note towards funds received from a director of the company of \$10,000 during November 2010. It is payable on demand after 90 days and bears interest payable at 6% per annum.

We issued a promissory note for funds received from our chairman of the Board of \$10,000 during November 2010. It is payable on demand after 90 days and bears interest payable at 6% per annum.

We issued a promissory note to an officer of the company of \$8,300 during November 2010. It is payable on demand after 90 days and bears interest payable at 6% per annum.

During November 2010, we sold our working interest in the Holt and Strahan leases for \$100,000 and a retained overriding royalty interest of 6.25%. We received a promissory note, with no interest and payable through production payments, issued from the buyer for the \$100,000 sales price. Our monthly production payments will be 5% of the revenue from the wells until the note is repaid.

We issued a promissory note for funds received from our chairman of the Board of \$175,000 during December 2010. The principal is payable one year from the date of issuance and bears interest payable at 6% per annum. Accrued interest is payable on a quarterly basis.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

The Company is including the following cautionary statement to make applicable and take advantage of the safe harbor provision of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by, or on behalf of, the Company. This quarterly report on Form 10-Q contains “forward looking statements” (as that term is defined in Section 27A(i)(1) of the Securities Act of 1933), including statements concerning plans, objectives, goals, strategies, expectations, future events or performance and underlying assumptions and other statements which are other than statements of historical facts. Such forward looking statements involve risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward looking statements. Some of the factors that could cause actual results to differ materially from those expressed in such forward looking statements are set forth in the section entitled “Risk Factors” and elsewhere throughout this Form 10-Q. Our expectations, beliefs and projections are expressed in good faith and are believed by us to have a reasonable basis, but there can be no assurance that our expectations, beliefs or projections will result or be achieved or accomplished. We have no obligation to update or revise forward looking statements to reflect the occurrence of future events or circumstances.

Item 2 Management’s Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

As used in this Quarterly Report: (i) the terms “we”, “us”, “our”, “Strategic”, “Penasco” and the “Company” mean Strategic American Oil Corporation and its wholly owned subsidiary, Penasco Petroleum Inc., unless the context otherwise requires; (ii) “SEC” refers to the Securities and Exchange Commission; (iii) “Securities Act” refers to the Securities Act of 1933, as amended; (iv) “Exchange Act” refers to the Securities Exchange Act of 1934, as amended; and (v) all dollar amounts refer to United States dollars unless otherwise indicated.

The following discussion of our plan of operations, results of operations and financial condition as at and for the three months ended October 31, 2010 should be read in conjunction with our unaudited consolidated interim financial statements and related notes for the three months ended October 31, 2010 included in this Quarterly Report, as well as our Annual Report on Form 10-K for the year ended July 31, 2010.

General

We are a natural resource exploration and production company engaged in the exploration, acquisition and development of oil and gas properties in the United States. As of November 1, 2010, we maintain developed and undeveloped acreage in Texas and undeveloped acreage in Illinois. As of November 1, 2010, we were producing oil and gas from our working interest in three wells in Texas. Prior to November 1, 2010, we held producing properties in Louisiana.

Our undeveloped acreage in the Illinois basin is adjacent to current or past producing wells. Drilling and completion costs are lower than in many other producing basins and the net revenues are higher. Our leases in Illinois average 87.5% net revenue interest with 100% working interest. Multiple pay zones are indicated in leasehold areas including the Cypress, Levias, Aux Vases, Ste. Genevieve, Salem, Saint Lewis and Warsaw formations. Maximum drill depths will be approximately 4,000 feet.

We continue to review and evaluate submittals on properties in Louisiana, Texas, Illinois and other areas of the continental United States.

Recent Activities

In September 2010, we assigned 81.25% working interest in the Kennedy Ranch lease to Chinn Exploration (“Chinn”). Our remaining working interest is carried to the casing point with respect to the first test well. Drilling of the well commenced on November 30, 2010.

Results of Operations

Production data:

	Three Months ended October 31,					
	2010			2009		
	Oil (Bbls)	Gas (Mcf)	Total (Mcf)	Oil (Bbls)	Gas (Mcf)	Total (Mcf)
Production	1,381	2,871	11,159	1,113	3,043	9,722
Average sales price	73.80	3.81	10.11	67.04	2.73	8.53
Average lease operating expense			9.00			5.40

Statements of operations:

	Three Months Ended October 31,			
	2010 (Restated)	2009 (Restated)	Increase/ (Decrease)	% change
Revenues	\$ 112,873	\$ 82,933	29,940	36%
Operating expenses				
Lease operating expense	101,264	52,469	48,795	93%
Depreciation, depletion, and amortization	23,000	16,050	6,950	43%
Accretion	2,394	—	2,394	100%
Consulting fees	528,135	309,063	219,072	71%
Management fees	156,870	102,546	54,324	53%
				%
Other general and administrative expense	155,708	199,060	(43,352)	(22)
Total operating expenses	967,371	679,188	288,183	42%
Loss from operations	(854,498)	(596,255)	(258,243)	43%
				%
Interest expense, net	(26,585)	(70,068)	(43,483)	(62)
				%
Gain on warrant derivative liability	(84,561)	(2,038,226)	(1,953,665)	(96)
				%
Net loss	<u>\$ (965,644)</u>	<u>\$ (2,704,549)</u>	<u>\$ (1,738,905)</u>	<u>(64)</u>

During the quarter ended October 31, 2010, we recognized \$412,598 of consulting expense associated with two option grants that were contemplated but were not ultimately granted. These financials have been restated to correct the error.

We recorded a net loss for the three months ended October 31, 2010 of \$965,644 or \$0.02 basic and diluted loss per share compared to a net loss available to common shareholders of \$2,704,549 or \$0.08 basic and diluted loss per share for the comparable quarter of 2009.

Revenue

Revenues from oil and gas properties were \$112,873 during the three months ended October 31, 2010 compared to \$82,933 during the three months ended October 31, 2009. Significant developments or changes between these periods are outlined below:

- Barge Canal: Revenue from the Barge Canal project was \$67,501 for the three months ended October 31, 2010, as compared to \$47,184 for the three months ended October 31, 2009. This represents an increase of \$20,317. This was primarily due to higher oil and gas prices.
- Louisiana properties: Revenue from the properties located in Louisiana was \$45,372 for the three months ended October 31, 2010 as compared to \$34,743 for the comparable period in 2009. This represents an increase of \$10,629. This is due to increased production and higher oil prices. During September 2010, we sold our working interest in the Dixon project and effective November 1, 2010, we sold our working interest in our remaining oil and gas properties in Louisiana. We retained an overriding interest in the Holt and Strahan properties that were sold in November. Accordingly, we will continue to have some revenue from our Louisiana properties; but the revenues will decline significantly in future periods.

Operating expenses

Oil and gas operating costs were \$101,264 during the three months ended October 31, 2010, compared to \$52,469 in the prior year. This represents an increase of 93% or \$48,795. Significant developments or changes in direct operating costs per project are outlined as follows:

- Barge Canal: Direct operating costs were \$49,580 during the three months ended October 31, 2010 as compared to costs of \$29,819 during the three months ended October 31, 2009.

- South Delhi/Big Creek Field: Direct operating costs were \$42,358 during the three months ended October 31, 2010 as compared to costs of \$21,904 during the three months ended October 31, 2009.

Depletion, depreciation and amortization (DD&A)

For the three months ended October 31, 2010, we recorded DD&A expense of \$23,000 compared to \$16,050 for the three months ended October 31, 2009 representing an increase of \$6,950. This increase is primarily due to additions to the depletable base as of October 31, 2010.

Accretion of asset retirement obligation

Accretion expense for asset retirement obligations increased by \$2,394 for the three months ended October 31, 2010 compared to the same period in 2009. In accordance with SFAS 143, we discount the fair value of our asset retirement obligations and record accretion expense due to the passage of time using the interest method of allocation. Accordingly, the accretion expense is a function of the balance of the asset retirement obligation.

Consulting Fees

Consulting fees for the three months ended October 31, 2010 increased by \$219,072 from the comparable 2009 quarter to \$528,135. The increase is primarily attributable to the completion of major investor relations consulting projects by two consultants in 2010.

Management Fees

Management fees for the three months ended October 31, 2010 increased by \$54,324 from the comparable 2009 quarter to \$156,870. This is due to increase in stock based expenses of \$75,752 and a decrease in other expenses \$21,428. This increase in the expenses relate to option grants to a member of the management during the current quarter. The decrease in other management fees was attributable to contracts and bonus payments in the prior period and which were not incurred during the current period.

General and administrative expense (G&A expense)

G&A expense for the three months ended October 31, 2010 decreased 22% from the comparable 2009 quarter to \$155,708. The decrease is primarily attributable to decreases in legal fees and foreign exchange loss. Travel and promotion expenses also decreased in 2010 in comparison to the prior period.

Interest expense

Interest expense for the quarter ended October 31, 2010 amounted to \$26,585 compared to \$70,068 in the comparable quarter ended 2009. Amounts in the account relate to interests accrued on notes and accretion of debt discounts. During the current quarter, interest expenses decreased in comparison to the prior period because there was only one note payable outstanding in 2010. Additionally, accretion of discount associated with the debt was complete in September 2010.

Loss on derivative liabilities

For the three months ended October 31, 2010, we incurred a loss on derivatives of \$84,561. This loss compared to a \$2,038,226 loss for the 2009 comparable quarter. The loss in the quarter ended October 31, 2009 consists of the unrealized loss on the date of initial recognition of the derivative warrant liability of \$2,058,255 and the change due to mark-to-market valuation at October 31, 2009 of \$20,009. During the corresponding current period, the expense consists of only the mark-to-market valuation for the quarter of \$84,561.

Net loss

For the quarter ended October 31, 2010, net loss decreased \$1,738,905 from the comparable quarter of 2009. This change is due to the factors discussed above; it is primarily attributable to the \$1,953,665 decrease in the loss on derivative liabilities.

CRITICAL ACCOUNTING POLICIES

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"). The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our consolidated financial statements. In general, our estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

We believe that our critical accounting policies and estimates include the accounting for oil and gas properties, long-lived assets reclamation costs, the fair value of our warrant derivative liability, and accounting for stock-based compensation.

See Note 1 of our consolidated financial statements for our year ended July 31, 2010 for a summary of these and other significant accounting policies.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes of financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Liquidity and Capital Resources

The following table sets forth our cash and working capital as of October 31, 2010 and July 31, 2010:

	October 31, 2010	July 31, 2010
Cash reserves	\$ 56,394	\$ 247,851
Working capital (deficit)	\$ (2,792,814)	\$ (2,524,789)

Subject to the availability of additional financing, we intend to spend approximately \$3,000,000 over the next twelve months in carrying out our current plan of operations. At October 31, 2010, we had \$56,394 of cash on hand and a working deficit of \$2,792,814 (\$2,342,825 is attributable to a warrant derivative liability which would ordinarily be settled in stock). As such, our working capital will not be sufficient to enable us to pursue our lease operating costs, to pay our general and administrative expenses, and to pursue our plan of operations over the next twelve months. We estimate that we will need to receive additional funds of approximately \$3,000,000 during the next twelve months, either through the sale of capital stock, borrowing, or from increased oil/gas production revenue. Our management is currently making significant efforts to secure the needed capital, but we have not yet secured any commitments with respect to such financing. If we are not able to obtain financing in the amounts required or on terms that are acceptable to us, we may be forced to scale back, or abandon, our plan of operations.

Various conditions outside of our control may detract from our ability to raise the capital needed to execute our plan of operations, including the prices of oil and natural gas, as well as the overall market conditions in the international and local economies. We recognize that the United States economy has suffered through a period of uncertainty during which the capital markets have been depressed from levels established in recent years, and that there is no certainty that these levels will stabilize or reverse. We also recognize that the price of oil decreased from approximately \$140 per barrel in 2008 to under \$40 per barrel in February of 2009 but has increased to approximately \$85 per barrel as of late November 2010. If the price of oil drops to levels in previous years, we recognize that it will adversely affect our ability to raise additional capital. Any of these factors could have a material impact upon our ability to raise financing and, as a result, upon our short-term or long-term liquidity.

Going Concern

Our current sources of revenue are inadequate to provide incoming cash flows to sustain our future operations. As outlined above, our ability to pursue our planned business activities is dependent upon our successful efforts to raise additional equity financing. These factors raise substantial doubt regarding our ability to continue as a going concern. Our consolidated financial statements have been prepared on a going concern basis, which implies that we will continue to realize our assets and discharge our liabilities in the normal course of business. As of October 31, 2010, we had accumulated losses of \$12,365,405 since inception. Our financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern. If we do not raise capital sufficient to fund our business plan, Strategic may not survive.

Net Cash Used in Operating Activities

Operating activities during the quarter ended October 31, 2010 are comparable to the prior year; we used cash of \$528,486 compared to \$566,688 during the quarter ended October 31, 2009. Operating activities have primarily used cash as a result of the operating and organizational activities such as consulting and professional fees, direct operating costs, management fees and travel and promotion.

Net Cash Used in Investing Activities

During the quarter ended October 31, 2010, investing activities provided cash of \$168,165 compared to \$564 during the quarter ended October 31, 2009. The changes between such periods relates primarily to the sale of working interest in our Kenedy and Dixon projects in 2010.

Net Cash Provided by Financing Activities

As we have had limited revenues since inception, we have financed our operations primarily through private placements of our stock. Financing activities during the quarter ended October 31, 2010 provided cash of \$168,864 compared to \$1,839,891 during the quarter ended October 31, 2009. This is attributable to a significant stock private placement in 2009.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required because we are a smaller reporting company.

Item 4. Controls and procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of certain members of our management, including our Chief Executive Officer and Chief Financial Officer, we completed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) to the Securities Exchange Act of 1934, as amended (the "Exchange Act")). In light of the deficiencies in our internal control over financial reporting disclosed in our annual report for our fiscal year ended July 31, 2010, which have not been remediated as of the end of the period covered by this Quarterly Report, our Chief Executive Officer and Chief Financial Officer concluded, after the evaluation described above, that our disclosure controls and procedures were not effective as of October 31, 2010. As a result of this conclusion, the consolidated financial statements for the period covered by this report were prepared with particular attention to the material weaknesses previously disclosed. Accordingly, management believes that the consolidated financial statements included in this Quarterly Report fairly present, in all material respects, our financial condition, results of operations and cash flows as of and for the periods presented.

Internal Control over Financial Reporting

In connection with our evaluation of our disclosure controls and procedures that occurred during our last fiscal quarter, we identified no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II Other Information

Item 1. Legal Proceedings

We are not a party to any material legal proceedings nor are we aware of any legal proceedings pending or threatened against us or our properties.

Item 1A. Risk Factors

For information regarding our risk factors see the risk factors disclosed in Item 1A of our Annual Report on Form 10-K filed on November 15, 2010. There have been no material changes from the risk factors previously disclosed in such Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During our quarter ended October 31, 2010, we issued the following unregistered equity securities:

Effective September 2, 2010, we issued 100,000 shares of restricted common stock at a deemed price of \$0.35 per share to one shareholder pursuant to the terms of a services agreement. We relied on an exemption from registration for accredited investors under Rule 506 of Regulation D of the Securities Act and/or Section 4(2) of the Securities Act.

Effective September 20, 2010, we issued 150,000 shares of restricted common stock at a deemed price of \$0.1933 per share to one shareholder pursuant to the terms of a services agreement. We relied on an exemption from registration for accredited investors under Rule 506 of Regulation D of the Securities Act.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit 31.1 - Certification of Chief Executive Officer of Strategic American Oil Corporation required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 - Certification of Chief Financial Officer of Strategic American Oil Corporation required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1 - Certification of Chief Executive Officer of Strategic American Oil Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of 18 U.S.C. 63.

Exhibit 32.2 - Certification of Chief Financial Officer of Strategic American Oil Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of 18 U.S.C. 63.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

STRATEGIC AMERICAN OIL CORPORATION

/s/ "Jeremy Glenn Driver"

Jeremy Glenn Driver

President, Chief Executive Officer, Principal Executive Officer
and a director

Date: March 21, 2011

/s/ "Johnathan Lindsay"

Johnathan Lindsay

Secretary, Treasurer, Chief Financial Officer, Principal
Accounting Officer and a director

Date: March 21, 2011

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeremy Glenn Driver, certify that:

1. I have reviewed this 10-Q/A of Strategic American Oil Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 21, 2011

By: /s/ Jeremy Glenn Driver
Jeremy Glenn Driver
Chief Executive Officer
Principal Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Johnathan Lindsay, certify that:

1. I have reviewed this 10-Q/A of Strategic American Oil Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 21, 2011

By: /s/ Johnathan Lindsay
Johnathan Lindsay
Chief Financial Officer
Principal Accounting Officer

**CERTIFICATIONS PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the Quarterly Report of Strategic American Oil Corporation on Form 10-Q/A for the quarter ended October 31, 2010, as filed with the Securities and Exchange Commission (the "Report"), Jeremy Glenn Driver, Chief Executive Officer of Strategic American Oil Corporation, does hereby certify, pursuant to 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), that to his knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 21, 2011

By: /s/ Jeremy Glenn Driver

Jeremy Glenn Driver
Chief Executive Officer
Principal Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATIONS PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the Quarterly Report of Strategic American Oil Corporation on Form 10-Q/A for the quarter ended October 31, 2010, as filed with the Securities and Exchange Commission (the "Report"), Johnathan Lindsay, Chief Financial Officer of Strategic American Oil Corporation, does hereby certify, pursuant to 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), that to his knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 21, 2011

By: /s/ Johnathan Lindsay

Johnathan Lindsay
Chief Financial Officer
Principal Accounting Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
