



Emerald Bay Energy

For Immediate Release: Friday, August 27, 2010

EMERALD BAY PROVIDES OPERATIONAL UPDATE

Calgary, Alberta, August 27 – Emerald Bay Energy Inc. (TSX Venture: EBY) (the “Company” or “Emerald Bay”) is pleased to provide an operational update on activities in Texas and Alberta.

SOUTH TEXAS

Medina County Texas:

(1) In-fill drilling:

Through its 25% ownership in Production Resources, Inc.(PRI), a 10 well drilling program is underway in the Taylor-Ina field of Medina County. Two wells have already been drilled, cased, and cemented through the Olmos formation. The Company is very encouraged by the drilling results as oil shows were observed throughout drilling the Olmos sandstone at the depths expected, based on reviewing the wells directly offsetting the drilling locations. 2 more wells will be drilled before fracture stimulation operations commence, which is expected to occur by the second week of September.

(2) Well optimization:

The service rig owned by PRI was recently re-built to handle the rigorous activity projected over the coming months. The upgrades will make us more efficient as we optimize another 50+ wellbores and drill the initial 10-well development program. In addition to the equipping of the older wells on the property, the Company is ready to begin a re-fracturing test program on three older wells in the Olmos formation. If successful, the program will be rolled out to over 150 well bores located on The Company’s Taylor-Ina properties.

Eagle Ford Shale and Serpentine Plugs:

Our land acquisition efforts continue on both Eagle Ford shale and Serpentine Plug lands in Uvalde, Zavala, Frio and Atascosa Counties. The Company anticipates providing an update in the coming weeks that will provide a more detailed picture of the targeted lands and a timeline for development.

CENTRAL ALBERTA

At Gilby, Alberta, the Company recently installed a casing gas compression system that will allow us to produce the condensate liquids more effectively by re-cycling a portion natural gas down the casing, allowing a more consistent flow of gas and liquids up the production tubing. Early indications are that the system trial has now made this well a viable producer for the first time in over 2 years. We will continue to monitor this well extensively during this 60 day trial period, but are very encouraged by the early results.

At Twining, Alberta, the Company plans to commingle the Pekisko and Ostracod zones at 16-18-31-23 W4 during the month of September. Poor weather affecting surface conditions have delayed this optimization workover until early September. Estimated net daily production to Emerald Bay is projected to be 40 boepd.

At Joffre and Lacombe, Alberta, notwithstanding poor weather conditions, pipeline operations are completed at two locations. Joffre 16-8-39-24 W4 and Lacombe 13-27-41-26 W4 are expected to be perforated and tested over the next 14 days.

At Lacombe, Alberta, transportation and processing negotiations are being finalized on 3 wells. Completion operations are expected to begin in June 2010. Estimated, net daily production to Emerald Bay is projected to be 11 boepd.

At Alliance, Alberta, a fracture-stimulation program has been delayed because of recent perforations and production testing. Early indications suggest the well is cleaning up very nicely as daily oil production increases. Similar results have been successful in the surrounding area and avoid the need for a costly stimulation.

Appointment of Director

In other news, the Company reports that Conrad K. Wagenaar has been appointed to the Company's Board of Directors. Conrad is currently Vice President of Acquisitions and Investments for The Hillcrest Group of Companies (HGC). Mr. Wagenaar has received a Bachelor of Business Administration and Bachelor of Computer Science with honors. Additionally, Mr. Wagenaar has received an MBA from Queen's University. While Conrad's experience has been primarily in the construction and land development sector, HGC has been a strategic partner with Emerald Bay in South Texas and Alberta over the past two years, and Mr. Wagenaar has been a key player in that relationship.

ABOUT EMERALD BAY

Emerald Bay Energy Inc., based in Calgary, is a junior oil and gas producer with production properties in Western Canada and South Texas. The common shares of Emerald Bay trade on the TSX Venture Exchange under the symbol "EBY". Please visit www.emeraldbayenergy.com.

-30-

For further information, please contact:

Emerald Bay President, Shelby D. Beattie, by telephone at (403) 262-6000 or by email at info@ebyinc.com,

or

CHF Investor Relations:

Chelsea Jones, Associate Account Manager, (416) 868-1079 x246, chelsea@chfir.com

Robin Cook, Senior Account Manager, (416) 868-1079 x228, robin@chfir.com.

If you would like to receive press releases via email please contact chelsea@chfir.com. Please specify "Emerald Bay press releases" in the subject line.

Neither 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.

Forward-Looking Statements

This press release includes statements that may constitute "forward-looking" statements, usually containing the words "believe," "estimate," "project," "expect", "plan", "intend", "anticipates", "projects", "potential" or similar expressions.. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Forward-looking statements are statements that are not historical facts.

Information inferred from the interpretation of drilling results may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when and if a well is actually developed. BOE's may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 Bbl is based on energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. The reader is cautioned that assumptions used in the preparation of such information, which are considered reasonable by Emerald Bay at the time of preparation, may prove to be incorrect. Actual results achieved will vary from the information provided and the variations may be material. There is no representation by Emerald Bay that actual results achieved will be the same in whole or part as those indicated in the forward-looking statements. Forward-looking statements in this document include statements regarding the Company's exploration, drilling and development plans, the Company's expectations regarding the timing and success of such programs. In particular, forward-looking information in this news release includes, but is not limited to, statements with respect to: pipeline acquisitions and leasing; pipeline permits, pipeline construction, production estimates, drilling operations, completion operations, funding and development goals. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, level of activity, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information. Factors that could cause or contribute to such differences include, but are not limited to, fluctuations in the prices of oil and gas, uncertainties inherent in estimating quantities of oil and gas reserves and projecting future rates of production and timing of development activities, competition, operating risks, acquisition risks, liquidity and capital requirements, the effects of governmental regulation, adverse changes in the market for the Company's oil and gas production, dependence upon third-party vendors, and other risks detailed in the Company's periodic report filings with the applicable securities regulators.