



Emerald Bay Energy

For Immediate Release: Tuesday, August 16, 2011

**EMERALD BAY ENERGY INC. ANNOUNCES
CROSS OF COMMON SHARES**

Calgary, Alberta, August 16, 2011 – Emerald Bay Energy Inc. (TSX Venture: EBY) (the "**Corporation**") today reported that a shareholder of the Corporation that controls, directly or indirectly, 11.67% of the common shares of the Corporation (the "**Selling Shareholder**") sold an aggregate of 4,600,000 common shares of the Corporation ("**Common Shares**") at a price of \$0.05 per Common Share to members of the public through the assistance of Mackie Research Capital. None of the Common Shares sold by the Selling Shareholder are subject to any hold period restrictions.

Subsequent to the above sale of Common Shares, the Selling Shareholder will, subject to the final approval of the TSX Venture Exchange, acquire at least 4,600,000 Common Shares pursuant to a private placement announced on August 12, 2011. The terms of the proposed private placement are as follows: Up to maximum of 10,000,000 Common Shares are to be issued. The Common Shares are to be issued under a unit offering whereby up to a maximum of 10,000,000 units ("**Units**") at a subscription price of \$0.05 per Unit are to be offered. Each Unit shall consist of one (1) Common Share of the Corporation and one (1) share purchase warrant (the "**Warrant**") (each full Warrant shall entitle the holder thereof to purchase one (1) additional Common Share of the Corporation for a period of 18 months from the issuance of the Units at a price of \$0.10) (the "**Offering**"). The proceeds will be used for drilling wells, seismic activities, contributing to the Corporation debt facilities and increasing working capital. All of the Common Shares and Warrants issued pursuant to the private placement are subject to a 4-month hold period. Completion of the private placement is subject to the final approval of the TSX Venture Exchange.

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.

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If you would like to receive press releases via email please contact lauren@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.

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