



Emerald Bay Energy

For Immediate Release: August 25, 2011

EMERALD BAY CLOSURES OF FIRST TRANCHE OF PRIVATE PLACEMENT

Calgary, Alberta, Thursday, August 25, 2011 – Emerald Bay Energy Inc. (TSX Venture: EBY) (the "**Corporation**") today reported that the Corporation has closed the first tranche of its previously announced private placement. Pursuant to the private placement, 4,600,000 units ("**Units**") were issued at a price of \$0.05 per Unit, for aggregate consideration of \$230,000, to a current shareholder of the Corporation that controls (after this issuance), directly or indirectly, just over 11% of the common shares of the Corporation. Each Unit consisted 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. A finder's fee of \$23,000 was paid to Mackie Research Capital in connection with the private placement.

All of the Common Shares and Warrants issued pursuant to the private placement are subject to a four-month hold period. Completion of the private placement is subject to the final approval of the TSX Venture Exchange.

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 our website at 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.

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