

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**ITEM 1            Name and Address of Company**

Emerald Bay Energy Inc. (the "Corporation")  
1A – 4015 1 Street SE  
Calgary, AB T2G 4X7

**ITEM 2            Date of Material Change:**

October 25, 2012

**ITEM 3            News Release:**

A press release was issued in respect of the material change on October 25, 2012.

**ITEM 4            Summary of Material Change:**

**October 25, 2012** – Emerald Bay Energy Inc. (TSX Venture: EBY) (the "**Corporation**" or "**Emerald Bay**") today reported that the Corporation has closed its previously announced private placement. Pursuant to the private placement 29,680,000 units ("**Units**") were issued at a price of \$0.05 per Unit, for aggregate consideration of \$1,484,000. 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 12 months from the issuance of the Units at a price of \$0.10) (the "**Offering**". The Warrants are subject to an acceleration clause whereby if after four months and one day following the date the Warrants are issued, the closing price of the Common Shares of the Corporation on the principal market on which such shares trade is equal to or exceeds \$0.15 for 30 consecutive trading days (with the 30<sup>th</sup> such trading date hereafter referred to as the "**Eligible Acceleration Date**"), the Warrant expiry date shall accelerate to the date which is 30 calendar days following the date a press release is issued by the Corporation announcing the reduced warrant term, provided, no more than five business days following the Eligible Acceleration Date: (i) the press release is issued; and (ii) notices are sent to all warrant holders.

Finder's fees totaled an aggregate of \$123,150 and an aggregate of 2,463,000 finder's options were issued to three (3) finders for their assistance on this closing. Each finder's option is exercisable into one Unit of the Corporation (on the same terms and conditions as those received by the subscribers under this Offering) for a period of 12 months from the issuance at a price of \$0.05.

The net proceeds will be used for exploration and expansion of the Corporation's South Texas property and general working capital needs.

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.

**ITEM 5            Full Description of Material Change:**

Reference is made to the press releases attached hereto.

**ITEM 6            Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:**

Not applicable.

**ITEM 7 Omitted Information:**

No material information has been omitted from this Report.

**ITEM 8 Executive Officer:**

For further information, please contact Shelby D. Beattie, President at (403) 262-6000 or by facsimile at (403) 263-6001.

**ITEM 9 Date of Report:**

Dated as of October 25, 2012.

The foregoing accurately discloses the material change referred to in this report.



## Emerald Bay Energy

For Immediate Release: October 25, 2012

### EMERALD BAY ANNOUNCES CLOSING OF PRIVATE PLACEMENT

Calgary, Alberta, October 25, 2012 – Emerald Bay Energy Inc. (TSX Venture: EBY) (the "**Corporation**" or "**Emerald Bay**") today reported that the Corporation has closed its previously announced private placement. Pursuant to the private placement 29,680,000 units ("**Units**") were issued at a price of \$0.05 per Unit, for aggregate consideration of \$1,484,000. 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 12 months from the issuance of the Units at a price of \$0.10) (the "**Offering**". The Warrants are subject to an acceleration clause whereby if after four months and one day following the date the Warrants are issued, the closing price of the Common Shares of the Corporation on the principal market on which such shares trade is equal to or exceeds \$0.15 for 30 consecutive trading days (with the 30<sup>th</sup> such trading date hereafter referred to as the "**Eligible Acceleration Date**"), the Warrant expiry date shall accelerate to the date which is 30 calendar days following the date a press release is issued by the Corporation announcing the reduced warrant term, provided, no more than five business days following the Eligible Acceleration Date: (i) the press release is issued; and (ii) notices are sent to all warrant holders.

Finder's fees totaled an aggregate of \$123,150 and an aggregate of 2,463,000 finder's options were issued to three (3) finders for their assistance on this closing. Each finder's option is exercisable into one Unit of the Corporation (on the same terms and conditions as those received by the subscribers under this Offering) for a period of 12 months from the issuance at a price of \$0.05.

The net proceeds will be used for exploration and expansion of the Corporation's South Texas property and general working capital needs.

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 our website at [www.emeraldbayenergy.com](http://www.emeraldbayenergy.com).

For further information, please contact:

*Emerald Bay Energy Inc.:* President, Shelby D. Beattie, by telephone at (403) 262-6000 or by email at [info@ebyinc.com](mailto:info@ebyinc.com).

OR

*CHF Investor Relations:* Robin Cook, Senior Account Manager, (416) 868-1079 x228, [robin@chfir.com](mailto:robin@chfir.com).  
*If you would like to receive press releases via email please contact [lauren@chfir.com](mailto: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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