



BASE OIL & GAS LTD. ANNOUNCES CLOSING OF \$16.8 MILLION PRIVATE PLACEMENT

CALGARY, ALBERTA – (August 31, 2011) – Base Oil & Gas Ltd. (TSXV: BOG) ("Base" or the "Company") is pleased to announce that it has completed a brokered private placement of special warrants and flow-through shares for total gross proceeds of \$16,800,172.50. Including the full exercise of the agents' over-allotment option, Base issued 51,111,750 special warrants at a price of \$0.27 per special warrant (the "Special Warrants") and 9,375,000 common shares issued on a flow-through basis at a price of \$0.32 per share (the "Flow-Through Shares"). The financing syndicate was led by Dundee Securities Ltd. ("Dundee"), and included Casimir Capital Ltd., Macquarie Capital Markets Canada Ltd. and NCP Northland Capital Partners Ltd. (collectively the "Agents") The Agents were paid a cash commission equal to 6% of the total proceeds.

The Special Warrants were issued pursuant to a special warrant indenture dated August 31, 2011 among the Company, Dundee (on behalf of the Agents) and Computershare Trust Company of Canada (the "Warrant Agent"). Each Special Warrant will entitle the holder to acquire one underlying common share without payment of additional consideration and all unexercised Special Warrants will be deemed to be exercised at 4:00 p.m. (Calgary time) upon the earlier of (i) the first business day following the date of issuance of a receipt which evidences receipt, or deemed receipt, of the (final) prospectus to be filed by the Company with respect to the distribution of the underlying common shares (the "Prospectus") by the applicable securities regulator in each of the provinces of Canada where the Special Warrants are sold; and (ii) January 1, 2012. The Company will use its reasonable best efforts to obtain such receipt for the Prospectus by September 2, 2011. In the event the Company fails to obtain such receipt for the Prospectus by the deadline, each Special Warrant will entitle the holder to acquire for no additional cost to, and without further action on the part of, such holder, an additional 0.1 of a common share of the Company for each underlying common share to be issued to such holder pursuant to the Special Warrants held by such holder.

The Flow-Through Shares and Special Warrants issued pursuant to the private placement are subject to a hold period that expires January 1, 2012. If the Special Warrants are deemed to be exercised as a result of the Prospectus being filed prior to January 1, 2012, the underlying common shares which are issued pursuant to the deemed exercise of the Special Warrants will be freely trading common shares of the Company.

Following closing, but prior to the exercise or deemed exercise of the Special Warrants, Base has 44,951,880 common shares issued and outstanding.

Dundee Corporation (the "Subscriber") purchased 37,037,037 Special Warrants which, after giving effect to the exercise or deemed exercise of all Special Warrants, will constitute the Subscriber a "control person" within the meaning of applicable securities laws and the policies of the TSX Venture Exchange ("TSXV"). The Subscriber also purchased 6,250,000 Flow-Through Shares. Pursuant to the policies of the TSXV, the Company was required to seek the approval of shareholders of the Company for the creation of the new control person. The Company received such approval prior to the closing of the private placement by obtaining the written consent of holders of a majority of the common shares as permitted pursuant to the policies of the TSXV.

Base intends to use \$7,800,000 of the net proceeds from the sale of the Special Warrants to acquire assets (the "Asset Acquisition") as announced in the Company's press release dated August 14, 2011, and as are further described in the Company's preliminary prospectus dated August 22, 2011. The Asset Acquisition is expected to close on or about September 15, 2011. The remaining proceeds are to be used for the Company's capital expenditure program and general corporate purposes. If the Asset Acquisition is not completed, the net proceeds from the issuance of the Special Warrants will be used for development of opportunities and capital

expenditures on the Company's existing properties, the acquisition of additional properties consistent with the Company's strategy and for general corporate purposes including expenses of the offering, general and administrative expenses and working capital. Gross proceeds from the sale of the flow-through shares will be used to incur eligible exploration expenditures that will be renounced to subscribers as Canadian exploration expenses effective on or before December 31, 2011.

The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About Base Oil & Gas Ltd.

Base is a Calgary-based emerging junior oil and gas company currently focused on high netback oil production in southern and east central Alberta.

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FORWARD-LOOKING STATEMENTS

Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Such forward-looking information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes, such as making investment decisions. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release may include, but is not limited to, information with respect to: the proposed name change and future assignment of a stock symbol. Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking information is reasonable, undue reliance should not be placed on forward-looking information because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this press release, assumptions have been made regarding and are implicit in, among other things: use of proceeds from the private placement, timing of filing of the Prospectus and the timing of the closing of the Asset Acquisition. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

Forward-looking information is based on current expectations that involve a number of uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking information.

The forward-looking information contained in this press release is made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward looking information contained in this press release is expressly qualified by this cautionary statement.

Neither the 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.