



AMG Oil announces execution of securities exchange agreements for business combination with Adira Energy Corp.

OTCBB: AMGO

VANCOUVER, Aug. 13 /CNW/ - AMG OIL LTD. (OTCBB: AMGO) (the "Company") is pleased to announce that it has entered into securities exchange agreements with the shareholders of Adira Energy Corp. ("Adira Energy"), a company incorporated in the province of Ontario, (together, the "Securities Exchange Agreements"). The Securities Exchange Agreements have been entered into further to the letter of intent originally executed between the parties and announced on April 24, 2009.

Adira Energy is a natural gas exploration and development company which has been granted a Petroleum License covering 31,000 acres (125,700 dunam) in the Hula Valley located in Northern Israel, an area which has indications of natural gas. Adira Energy aims to prove up and develop the natural gas & coal bed methane (CBM) gas field, generate gas-powered electricity, and acquire additional exploration/development licenses in the region.

About the Transaction

The Company has agreed to acquire Adira Energy by way of share exchange transactions whereby the Company will issue an aggregate of 31,200,000 common shares to the shareholders of Adira Energy in exchange for all of the issued and outstanding common shares of Adira Energy (the "Business Combination"). Outstanding options and warrants of Adira Energy will be exchanged for options and warrants of the Company on an equivalent basis.

Upon completion of the Business Combination, the board of the Company will be comprised of four appointees of Adira Energy. It is further contemplated that the Company will change its name to "Adira Energy Corp." following completion of the Business Combination, subject to shareholder approval.

The Business Combination is subject to Adira Energy completing a private placement of units at a price of \$0.25 per unit. Each unit will be comprised of one common share of Adira Energy and one-half of one share purchase warrant. The common shares and share purchase warrants issued by Adira Energy will be exchanged concurrent with the closing of the Business Combination for an equivalent number of common shares and share purchase warrants of the Company. Each resulting share purchase warrant will entitle the holder to purchase one additional common shares of the Company at an exercise price of \$0.50 per share for a two year period following closing. The private placement transaction is anticipated to close immediately prior to the closing of the Business Combination.

The Business Combination is subject to completion of the private placement, delivery of audited financial statements of Adira Energy and other customary conditions of closing for a transaction of this nature. The Securities Exchange Agreements include confidentiality provisions and a standstill agreement. Shares in the Company issued to the shareholders of Adira Energy will be subject to escrow restrictions.

Forward-Looking Statement Disclaimer

This press release includes certain statements that may be deemed "forward-looking statements". All statements in this press release, other than statements of historical facts, including those that announce proposed financings that the Company expects to complete, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance, and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include the failure of investors who are believed to have committed to the financings to complete them as a result of general market conditions, adverse developments unique to such investors, or otherwise. Accordingly, the actual amounts raised may differ materially from those projected in the forward-looking statements. For more information on the Company, investors should review the Company's filings, available at www.sedar.com and www.sec.gov. This announcement does not constitute an offering of securities nor a solicitation to purchase securities. An offer of securities will only be made by subscription agreement and subject to applicable law.

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