



Second Wave Petroleum Ltd.

News Release

For Immediate Release
Calgary, AB

Friday, January 18, 2008
TSX Venture Exchange: SCS.A & SCS.B
255,180,838 Class A Shares
935,616 Class B Shares

Second Wave Petroleum Completes \$20 million Recapitalization Plan and Announces New Members of Management Team

CALGARY, ALBERTA – January 18, 2008. Second Wave Petroleum Ltd. (“Second Wave” or the “Company”) is pleased to announce that it has completed its recently announced private placement to new members of management. Together with the recent exercise of all of the Share Purchase Warrants held by Brookfield Bridge Lending Fund Inc. (the “Fund”) and the conversion of the Fund’s Senior Secured Convertible Debenture, the Company has completed the final steps in its recapitalization plan through which it has raised approximately \$19.7 million since the beginning of September, 2007. Funds raised have been used to transform the Company through retirement of virtually all outstanding debt obligations, acquire producing oil and gas assets in east central Alberta and to meet the Company’s previously outstanding flow-through expenditure obligations. The Company is now well positioned with a clean balance sheet and a new senior management team to ensure the successful execution of the Company’s exciting growth opportunities in Alberta, its prospective Bakken acreage in south-eastern Saskatchewan and to take advantage of other distressed corporate opportunities in the junior E&P landscape. Management is currently in the process of evaluating its 2008 drilling opportunities and finalizing its capital budget for 2008, which the Company expects to announce in the next several weeks.

New Management Team

Robert F. Goods – Chief Executive Officer

Mr. Goods joined the Company in June, 2006 to assist the Board in the initial stages of restructuring the Company. He has over thirty years of diversified experience in Canadian and International petroleum companies during which he held various senior roles with Husky Oil Ltd. for 13 years, where he served as Chief Operating Officer, Exploration and Production for Western Canada in his final two years. Subsequently, Mr. Goods was President and Chief Operating Officer for three petroleum companies with operations in China, Myanmar, Peru and Colombia.

Colin B. Witwer – President and Chief Operating Officer

Mr. Witwer is a Professional Engineer with over 10 years of varied oil and gas experience in Western Canada and internationally. Mr. Witwer previously held senior roles at Ketch Resources Trust, Bear Creek Energy Ltd. and Talisman Energy Ltd. He also previously held the position of Vice President of Operations for Bear Ridge Resources Ltd.

Randy L. Denecky – Vice President, Finance and Chief Financial Officer

Mr. Denecky is a Chartered Accountant with over 20 years of experience. The majority of his oil and gas experience has been in senior roles with publicly traded junior oil and gas companies. He previously held the position as Chief Financial Officer of Canada Southern Petroleum Ltd.

Vincent A. Cuscheri – Vice President, Exploration

Mr. Cuscheri has over 30 years of technical and exploration management experience in Western Canada, the Canadian frontier and the Mediterranean Sea. He formerly held positions as Senior Geophysicist and Exploration Manager at Murphy Oil Ltd., Husky Oil Ltd. and Canterra Energy Ltd.

Conversion of Secured Convertible Debenture

The Company also announces that the Fund has exercised its option to convert its \$9.0 million variable rate secured convertible debenture (the “Debenture”) into 81,818,182 Class A Shares of the Company. Upon conversion of the Debenture, the Fund will own, together with shares it currently holds, approximately 60% of the issued and outstanding Class A Shares of the Company.

Completion of Private Placement

The Company also announces the closing of the previously announced non-brokered private placement to new and existing members of management and certain directors of the Company. In aggregate, the Company issued 6,004,889 Units, for aggregate proceeds of \$1,080,880. Each Unit is comprised of One Class A Share issued on a flow-through basis and one Share Purchase Warrant entitling the holder to acquire one Class A Share of the Company at \$0.20 per share for a period of up to two years. All securities issued pursuant to the private placement are subject to a four month hold pursuant to applicable securities regulations.

About Second Wave Petroleum

Second Wave Petroleum is a publicly traded, newly recapitalized junior oil and gas company focused on exploration and development of oil and natural gas in Alberta and south eastern Saskatchewan.

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READER ADVISORY

The TSXV has neither approved nor disapproved the contents of this news release and does not accept responsibility for the adequacy or accuracy of this release.

This news release may contain certain forward-looking statements, including management's assessment of future plans and operations, and capital expenditures and the timing thereof, that involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control. Such risks and uncertainties include, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the impact of general economic conditions in Canada, the United States and overseas, industry conditions, changes in laws and regulations (including the adoption of new environmental laws and regulations) and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

The term BOE or BOEs may be misleading, particularly if used in isolation. A BOE (barrel of oil equivalent) conversion rate of 6 Mcf per one (1) BOE is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.