



Second Wave Petroleum Ltd.

News Release

For Immediate Release
Calgary, Alberta

Monday, March 31, 2008
TSX Venture Exchange: SCS.A & SCS.B
255,180,838 Class A Shares
935,616 Class B Shares

Second Wave Petroleum Announces Mailing of Offer to Shareholders of Milagro

CALGARY, ALBERTA – March 31, 2008. Second Wave Petroleum Ltd. (“Second Wave” or the “Company”) announces that the Offer to Purchase and related Circular (the “Offer”) for all of the common shares of Milagro Energy Inc. (“Milagro”: TSX-MIG) by Second Wave Holdings Ltd. (“Holdings”), a wholly-owned subsidiary of Second Wave, was mailed on March 28, 2008 to the shareholders of record of Milagro (the “Milagro Shareholders”). Pursuant to the Offer, Holdings will purchase all of the issued and outstanding common shares of Milagro through the issuance of up to 5,000,000 Units comprised of 0.0298 of a Class A Share of Second Wave and 0.0298 of a share purchase warrant to acquire one Class A Share of Second Wave. Each whole warrant shall entitle the holder to purchase one Class A Share of Second Wave at a price of \$0.40 for one year from the closing date of the Offer. Upon closing of the Offer, Second Wave will be assuming all of Milagro’s estimated net debt of approximately \$22 million.

In order to facilitate the Offer, Second Wave will be proceeding with a \$23 million financing in which Brookfield Bridge Lending Fund Inc. (“Brookfield”) has agreed to back stop a private placement of up to \$10 million of equity at a price of \$0.25 per share and a floating rate convertible junior secured debenture financing (the “Debenture”) of \$13 million principal amount of Second Wave. The Debenture will be exercisable into Class A Shares of the Company at \$0.3125 per share until two years after the closing date of the Offer. The private placement and Debenture financings will enable Second Wave to eliminate all of the estimated net debt of Milagro on the completion of the Offer. On the closing date of the Offer, Brookfield will own approximately 57% of the issued Class A Shares of Second Wave and upon conversion of the Debenture, Brookfield will own or control approximately 63% of the issued and outstanding Class A Shares of Second Wave.

The directors of Milagro have determined that the Offer is in the best interests of the Milagro Shareholders and sent a Directors’ Circular to all the Milagro Shareholders whereby it advises that the directors of Milagro have unanimously determined that the Offer is fair, from a financial point of view, to the Milagro Shareholders and is in the best interests of Milagro and the Milagro Shareholders and unanimously recommends that the Milagro Shareholders accept the Offer. Thomas Weisel Partners Canada Inc. has acted as financial advisor to Milagro in connection with the Offer and has provided a written opinion that the consideration to be received by the Milagro Shareholders under the Offer is fair, from a financial point of view, to the Milagro Shareholders.

The Offer is subject to certain conditions, including the deposit of not less than 66 2/3% of the outstanding common shares of Milagro being validly tendered and not withdrawn under the Offer. Second Wave's Offer should be received by the Milagro Shareholders this week and shareholders may tender their shares to the Offer up to 4:30 p.m. (Calgary time) on May 5, 2008.

The Milagro Shares are listed and posted for trading on the TSX under the symbol "MIG". Milagro was notified by the TSX on February 5, 2008 that its shares would be delisted on March 5, 2008. Following the announcement of the Offer, Milagro was notified by the TSX that the date for delisting would be extended to the later of the closing date of the Offer or April 30, 2008. As of December 31, 2007, Milagro was in default and continues to be in default on its approximate \$18 million credit facilities.

Milagro Shareholders who tender to the Offer and upon the proposed transaction proceeding, will be provided with continued participation in the upside of the existing Milagro asset base while providing exposure to Second Wave's emerging light oil play in Tableland, Saskatchewan. Milagro's core areas are complementary to Second Wave's existing acreage and as such, Second Wave expects that the combined entity will realize significant operational and administrative savings through the combination of the two companies and the restructuring of Milagro's debt facilities. Upon closing of the proposed transaction, the combined entity will have a solid production base consisting of 820 boe/d (62% oil and 38% natural gas) and approximately 74,000 undeveloped acres.

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. Second Wave remains focused on organic growth through the drill bit on its existing acreage while continuing a process of adding accretive acquisitions in 2008.

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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.