



Second Wave Petroleum Inc.

News Release

For Immediate Release
Calgary, Alberta

TSX Venture Exchange: SCS
82,867,628 Common Shares

Second Wave Petroleum Reports Financial and Operating Results For The Three Months Ended June 30, 2010

CALGARY, ALBERTA – August 27, 2010. Second Wave Petroleum Inc. ("Second Wave" or the "Company") is pleased to announce its financial and operating results for the three months ended June 30, 2010. Second Wave's interim financial statements for the three and six month periods ended June 30, 2010 and related management's discussion and analysis have been filed on SEDAR at www.sedar.com and are also available on the Company's website at www.secondwavepetroleum.com.

Highlights

- Second Wave increased production rates for the second quarter of 2010 by 44% year-over-year to an average of 1,417 boe/d over the quarter, with oil and natural gas liquids weighting increasing to 67% of production. Production increased 17% from the first quarter of 2010.
- Second Wave's production rates have continued to ramp upwards during the third quarter with a current production rate, based on field estimates, increasing to approximately 2,000 boe/d (65% oil and NGLs) from a June 2010 average rate of 1,462 boe/d (66% oil and NGLs).
- Netbacks increased by 119% from the second quarter in 2009 to \$24.14 per boe for the second quarter of 2010. Operating costs (including transportation charges) were reduced 42% year-over-year and 18% quarter-over-quarter to \$19.23 per boe.
- Cash flow from operating activities increased 279% year-over-year and 541% quarter-over-quarter to \$3.5 million.
- Completed multi-stage acid fracture stimulation on two long leg Pekisko horizontal oil wells with a third well completed in July 2010. To date permanent production equipment has been installed on the first two wells with current production rates per well exceeding 140 boe/d (62% oil and NGLs).
- Subsequent to the end of the second quarter Second Wave initiated drilling operations and pipeline construction on its southwest exploration land block in Judy Creek with up to nine additional Pekisko horizontal oil wells currently planned to be drilled, completed and tied in prior to year end 2010.

Selected Quarterly Financial Information

(\$000s, except share and per boe amounts)	Three months ended June 30, 2010			Three months ended March 31, 2010	
	2010	2009	% Change	2010	Change ⁽¹⁾
\$ Per boe					
Petroleum and natural gas sales	49.80	42.30	18	55.42	(10)
Royalties	(6.43)	(3.86)	67	(6.82)	(6)
Lease operating costs	(17.75)	(26.24)	(32)	(21.18)	(16)
Transportation	(1.48)	(1.18)	25	(1.44)	3
Operating netback	24.14	11.02	119	25.98	(7)
Net capital expenditures	15,548	1,992	681	18,946	(18)
Net debt (excluding ARO) ⁽²⁾	24,103	18,347	32	10,971	120
Cash flow from operating activities	3,472	916	279	542	541
Cash flow from operating activities per share	0.05	0.02	150	0.01	400
Net loss	(1,578)	(4,138)	(62)	(423)	273
Net loss per share	(0.02)	(0.11)	(82)	(0.01)	100
Production volumes					
Oil (bbl/d)	898	509	76	672	34
Natural gas liquids (bbl/d)	45	38	18	43	5
Natural gas (mcf/d)	2,845	2,638	8	2,952	(4)
Combined (6:1)	1,417	987	44	1,206	17
Crude oil and liquids weighting (%)	67	55	22	59	14

Notes:

- (1) % change represents the change from the second quarter of 2010 as compared with the first quarter of 2010
- (2) \$4.0 million of net debt is related to a \$4.0 million subordinated convertible debenture, the entire principal amount of which will be converted to 3,333,333 common shares of the Company on August 26, 2010.

Second Quarter Review

In the second quarter of 2010, the Company has remained focused on its Judy Creek Pekisko oil resource play. The Company drilled two (two net) horizontal oil wells in the Pekisko G pool during the quarter, one of which was completed prior to the quarter end with the second completed after quarter end. Both wells were completed using multi-stage acid fracturing technology. The Company also re-completed two (two net) producing horizontal Pekisko oil wells in a continued effort to optimize its base production and its ongoing completion programs on its Judy Creek oil resource play.

The two (two net) horizontal wells drilled during the second quarter were both put on production in the third quarter. The Company experienced significant operational delays in the second quarter on both its capital and maintenance projects due to wet weather conditions, which resulted in the planned on-stream

dates for a number of these projects being delayed to the third quarter. Despite these delays the Company achieved a quarterly average production rate of 1,417 boe/d (67% oil and NGLs), representing a 17% increase from the first quarter 2010, with the June monthly average reaching 1,464 boe/d or 21% higher than the first quarter average.

Revenues from production for the second quarter increased by 69% on a year-over-year basis and 7% on a quarter-over-quarter basis to \$6.4 million. Operating netbacks per boe increased by 119% on a year-over-year basis but decreased by 7% on a quarter-over-quarter basis to \$24.14 per boe. The reduction in netbacks on a quarter-over-quarter basis was principally a result of lower commodity prices as the product price received per boe dropped by 10% in the second quarter to \$49.80 per boe from \$55.42 per boe in the first quarter of 2010.

The Company continued to improve its operating cost structure in the second quarter, lowering operating costs per boe by 32% on a year-over-year basis and 16% on a quarter-over-quarter basis to \$19.23 per boe (including transportation charges). The Company expects to continue to improve its operating cost structure as additional production volumes are added in Judy Creek.

General and administrative ("G&A") costs, net of capitalized G&A, increased 59% in the second quarter to \$0.9 million from \$0.5 million in the same period last year. On a boe basis, G&A expenses, net of capitalized G&A, were 11% higher than the comparative quarter. The increased costs were principally a result of the 2009 bonus program and increased staffing levels in 2010. Non-capitalized G&A costs for the second quarter excluding the 2009 bonus program were \$0.5 million or \$4.13 per boe, representing a decrease on a per unit basis of 9% from the first quarter of 2010.

The Company spent approximately \$15.9 million of capital in the second quarter, including approximately \$7.0 million for drilling and completion activities, approximately \$2.9 million in facility and infrastructure expenditures, and approximately \$5.6 million spent on land, seismic and capitalized G&A. Most of the capital invested in the second quarter was directed to the Company's Judy Creek core area.

During the quarter the Company invested approximately \$1.0 million in survey, surface acquisition and design work associated with licensing its next 17 multi-well horizontal pad sites in Judy Creek. Each of these pads is designed for up to six Pekisko horizontal oil wells representing a license ready drilling inventory exceeding 100 wells in Judy Creek. The Company has surveyed an aggregate of 23 kilometers of pipeline to tie in each of these pad sites to its battery and designed and acquired certain long lead items to expand its processing facilities later in 2010. The Company has received all of the drilling and pipeline licenses for its next 23 Pekisko horizontal oil wells and associated pipelines.

The Company continues to move its Judy Creek Pekisko oil resource play to the developmental drilling stage with 13 (13 net) horizontal wells being drilled successfully since the play was discovered in May 2009. The Company expects that infrastructure and future development investments made in the first and second quarter of 2010 will contribute to shorter cycle times and improvements in execution certainty for its 2010 and 2011 capital programs.

Corporate Outlook

Second Wave has been active in the third quarter with six (six net) wells drilled at Judy Creek to date and five (five gross) out of the six having been successfully cased. Two out of the five cased wells have been completed, tested and are now on production. A third well, a horizontal water injection well drilled into the Wabamun formation, is currently awaiting tie-in. The fourth and fifth wells are currently being completed and, if successfully completed, are planned to be tied in during the third quarter. All of the wells drilled in the quarter were in the Company's Judy Creek core area.

Also during the third quarter the Company installed permanent production facilities at its previously announced 01-05-064-09W5 (100% working interest) Pekisko horizontal oil well with production commencing in late July 2010. After being on stream for 30 days the well is producing at an approximate rate of 150 boe/d (65% oil and NGLs). In addition, the 01-03-064-09W5 (100% working interest) Pekisko horizontal oil well was fracture stimulated in July 2010 with permanent production equipment installed at the end of July 2010. After being on stream for 30 days the current production rate from the 01-03 well is approximately 140 boe/d (62% oil and NGLs).

The Company drilled and completed its third long leg Pekisko horizontal oil well in the third quarter at 04-04-064-09W5 (100% working interest). This well was completed using multi-stage acid fracture technology at the end of July. In a seven-day flow test after stimulation the 04-04 well tested at rates of approximately 160 boe/d (63% oil and NGLs) with a final bottom hole flowing pressure of approximately 7,500 kpa. The Company has installed temporary production equipment on this well as it works on modifications to its down hole pumping design utilizing the production and operating information from the 01-05 and 01-03 wells noted above. The Company is scheduled to complete installation of permanent production facilities on the 04-04 well in September 2010. Based on results to date the Company expects the 04-04 well to produce at similar production rates to the 01-05 and 01-03 horizontal wells.

With continued drilling success in Judy Creek the Company achieved a corporate production rate at the end of August 2010 of approximately 2,000 boe/d (65% oil and NGLs) based on estimates from field production data. Drilling results together with completion of the Company's \$27 million dollar equity financing in July has facilitated an increase in the Company's go-forward capital budget and guidance.

The Company's approved budget contemplates \$55.0 million in capital spending between July 1, 2010 and March 31, 2011, with \$40.8 million budgeted for expenditure in the second half of 2010, as follows: Drilling and Completions – \$40.4 million (\$32.0 million prior to year end 2010); Facilities and Infrastructure – \$8.7 million (\$7.2 million prior to year end 2010); and Land, Seismic and G&A – \$5.9 million (\$1.6 million prior to year end 2010). The capital program will be fully funded from current bank lines and cash flow.

A total of 18 (18 net) wells are budgeted to be drilled between July 1, 2010 and March 31, 2011, including 14 (14 net) wells to year-end 2010 of which five wells have already been drilled with drilling operations commencing on the sixth and seventh wells. The Company is preparing to drill an aggregate of nine (nine net) wells on its southwest exploration block in Judy Creek by the end of the year and aims to have all nine wells drilled, completed and on production by year end. All of the wells in the capital budget are in Judy Creek and have been licensed.

To process incremental production volumes from its forecast capital program the Company is planning to invest \$8.7 million in infrastructure and facilities in Judy Creek. This includes a 23 kilometer pipeline system designed by the Company to transport produced fluids from its southwest exploration block to the Company's battery and to distribute fuel gas and injection water throughout the field and thereby facilitate the development of the exploration block. Construction on the first 7 kilometer segment of the pipeline has been initiated and Second Wave expects that this first segment will be completed in October. In addition to field infrastructure investments the Company plans to double the capacity at its oil battery to accommodate 24,000 bbl/d of emulsion and 8 mmcf/d of solution gas, after which the battery will have approximately 4,000 boe/d of production capacity to handle incremental volumes from the 2010 and 2011 drilling programs. With the completion of the previously mentioned Wabamun horizontal water injection well the Company's water injection capacity will match the capacity of the battery. All of the long lead items associated with the battery expansion have been ordered and construction is scheduled to start in late September.

The current budget also contemplates land, seismic and G&A costs of \$5.9 million for the period between July 1, 2010 and March 31, 2011. Since the end of the second quarter the Company has spent \$1.6 million on land in Judy Creek bringing its total undeveloped acreage to 92,000 net undeveloped acres of contiguous Pekisko mineral rights. The Company is currently planning to shoot an additional 71 square kilometers of 3-D seismic during the first quarter of 2011 on its southwest land base in Judy Creek to support its current mapping of the Pekisko resource in that area.

Assuming successful completion of the Company's capital program as budgeted and outlined above Second Wave expects to exit 2010 at production rates of approximately 2,800 boe/d (65% oil and NGLs) with producing volumes increasing to approximately 3,200 boe/d (65% oil and NGLs) at the end of the first quarter in 2011.

The Company currently has a number of hedging contracts in place to mitigate the short term risk associated with commodity price volatility, with approximately 1,190 GJs of gas contracted until October 31, 2010 at a price of approximately CDN \$5.44 per GJ and approximately 580 bbl/d of oil contracted until March 31, 2011 at a price of approximately CDN \$83.20 per bbl.

On August 26, 2010 the Company exercised its right to require early conversion of the entire \$4.0 million convertible debenture issued by the Company to Brookfield Bridge Lending Fund Inc. on June 30, 2009. The conversion will be completed in September and will eliminate \$4.0 million in debt in exchange for the issue of 3,333,333 common shares at the conversion price of \$1.20 per share. After giving effect to the conversion the Company will have 82,867,628 basic shares outstanding.

Over the past 18 months Second Wave has moved its Judy Creek Pekisko oil resource play forward from an exploration concept towards a full development project. With all necessary regulatory approvals in hand for its next 9 months of planned drilling activity the Company will be focused on the efficient and timely execution of its 2010 and 2011 capital programs. Based on internal data the Company estimates that the Pekisko G pool in Judy Creek covers in excess of 65 net sections of its land and could require as many as ten wells per section to fully develop. Using a two rig drilling program this drilling inventory would take 17 years to complete on an unrisks basis. The Company wishes to thank its shareholders for their support in 2010 and beyond.

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Barrels of Oil Equivalent (BOEs). *The term BOE refers to barrel of oil equivalent, with natural gas converted to crude oil equivalent at a ratio of six thousand cubic feet to one barrel. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of six mcf (six thousand cubic feet) to one bbl (one barrel) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

Forward-Looking Statements. *This news release contains forward-looking statements as to the Company's internal projections, expectations and beliefs relating to future events or circumstances. Forward-looking statements are typically (but not necessarily) identified by words such as "anticipate", "believe", "plan", "estimate", "expect", "plan", "intend", "potential", "may", "will", "should" or similar words suggesting future outcomes. Although the Company believes that these forward-looking statements are reasonable, undue reliance should not be placed on them as they are subject to known and unknown risks and uncertainties, many of which are beyond the Company's control. Forward-looking statements are not guarantees of future outcomes. There can be no assurance that the plans, intentions or expectations contained in the forward-looking statements or upon which they are based will in fact occur or be realized, and actual results may differ from those expressed or implied in the forward-looking statements. The difference may be material.*

Second Wave is subject to the inherent risks associated with the exploration, development, exploitation and production of oil and gas. More particularly, material risk factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements contained in this news release include: adverse changes in commodity prices, interest rates or currency exchange rates; accessibility of capital when required and on acceptable terms; lower than expected production of crude oil and natural gas; production delays; lower than expected reserve volumes on the Company's properties; increased operating costs; ability to attract and retain qualified personnel or to secure drilling rigs and other services on acceptable terms; competition for labour, equipment and materials necessary to advance the Company's projects; unforeseen engineering, environmental or geological problems; ability to obtain all required regulatory approvals on a timely basis and on satisfactory terms; and changes in laws and governmental regulations (including with respect to taxes and royalties). This list is not exhaustive. Readers should also review the risk factors described in other documents filed by the Company from time to time with securities regulatory authorities in Canada, including its most recent annual information form, copies of which are available electronically at www.sedar.com and at www.secondwavepetroleum.com.

Specific forward-looking statements contained in this news release include statements regarding: drilling plans generally for the remainder of 2010 and the first quarter of 2011; expected production rates and product mix at the end of 2010 and the end of the first quarter of 2011; target debt to cash flow ratio; expectations with respect to operating cost improvements and additional production volumes; expectations with respect to shorter cycle times and improvements in execution certainty for the Company's 2010 and 2011 capital programs; plans to tie in two previously drilled wells (if successfully completed) before the end of the third quarter of 2010; potential improvements in well economics from multi-stage fracture stimulations on the Pekisko formation; scheduled installation of permanent production facilities for the 04-04 well; expected production from the 04-04 well; amounts budgeted for expenditure between July 1, 2010 and March 31, 2011 and the budgeted allocation of such amounts; the number of wells expected to be drilled in the second half of 2010 and first quarter of 2011; timing for completion of the first segment of a 23-kilometer pipeline and the proposed oil battery expansion at Judy Creek; and plans to shoot additional 3-D seismic during the first quarter of 2011. In making such forward-looking statements, Second Wave has made various assumptions regarding, among other things: the accuracy of geological and geophysical data and interpretations of that data; future oil and natural gas prices; future capital requirements; future exchange rates; the accessibility and cost of capital (including credit); the Company's ability to economically produce oil and gas from its properties and the timing and cost to do so; and its ability to obtain qualified staff, equipment and supplies in a timely and cost-efficient manner.

The forward-looking statements included herein are made as of the date of this news release and Second Wave undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by securities laws.