

# Second Wave Petroleum Inc. Announces Completion of Debenture Financing

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CALGARY, May 13, 2013 /CNW/ - [Second Wave Petroleum Inc.](#) (TSX:SCS) ("Second Wave" or the "Company") announces completion of its previously announced debenture financing, pursuant to which it has issued to Brookfield Bridge Lending Fund Inc. ("Brookfield"), the Company's controlling shareholder, a \$17.5 million principal amount 7.5% secured convertible debenture (the "Debenture") for net proceeds of \$17,325,000 after payment of the 1% commitment fee. The Debenture has a maturity date of May 13, 2016 and is convertible by the holder into common shares of Second Wave at a conversion price of \$0.25 per share, subject to customary anti-dilution adjustments.

In connection with the Debenture financing and immediate repayment of \$5.0 million from the net proceeds, the Company's senior lender agreed to temporarily forbear from exercising enforcement rights in respect of its \$90 million operating loan for a two-month period. The forbearance arrangements require further efforts by Second Wave to address its continuing borrowing base shortfall. Brookfield has similarly agreed to forbear in respect of its existing \$15 million secured term loan to the Company due June 14, 2013, for so long as the senior lender forbearance remains in effect.

In connection with its ongoing consideration of the previously announced non-binding proposal from Brookfield to privatize the Company at a cash price of \$0.30 per share, a special committee of independent directors of Second Wave (the "Special Committee") is supervising the preparation of a formal valuation of Second Wave by Peters & Co. Limited, as independent valuator, pursuant to applicable securities laws. If the proposal proceeds, it is expected that the going private transaction would be effected through an arrangement under the Business Corporations Act (Alberta) requiring shareholder approval. Although the Special Committee's evaluation of the Brookfield proposal continues and no definitive agreement has been entered into regarding a going private transaction as contemplated thereby, in light of lender forbearance arrangements and in order to accommodate the possibility of a special meeting of shareholders during the forbearance period should a definitive agreement be reached, the Company will not proceed with its annual meeting as originally planned and has instead initiated procedures necessary to hold a special meeting of shareholders at the end of June. At this meeting, Second Wave's shareholders will consider any necessary items of annual business and, if the Brookfield privatization proposal proceeds, the going private transaction.

There can be no assurance that the Brookfield going private proposal will become binding, or that the transaction contemplated thereby or any other transaction will proceed or be recommended by the Special Committee or board of directors, or that the temporary forbearance arrangements can be extended past July 2, 2013 if a going private transaction, recapitalization or other transaction is not completed by that time.

Second Wave will make a further announcement if and at such time as the Brookfield proposal becomes binding. In the meantime, the Special Committee will continue to evaluate the proposal with the assistance of its independent financial and legal advisers, and provide direction to the Company's management and advisers.

## READER ADVISORIES

*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", "budget", "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](http://www.sedar.com) and at [www.secondwavepetroleum.com](http://www.secondwavepetroleum.com).*

*Specific forward-looking statements contained in this news release include statements regarding: forbearance arrangements with the Company's lenders; potential completion of a going private transaction with Brookfield; and the holding of a special meeting of shareholders at the end of June 2013. In making such forward-looking statements, Second Wave has made various assumptions regarding, among other things: the satisfaction of its lenders with recapitalization efforts; and the ability to enter into a definitive agreement with Brookfield regarding a going private transaction.*

*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.*

**For further information:**

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