

## TWOCO PETROLEUMS LTD. SECOND QUARTER HIGHLIGHTS AND 2005 UPDATE

August 29, 2005

**Calgary, Alberta** – Twoco Petroleum Ltd. ("Twoco" or the "Corporation") (TSX Venture – TWO) is pleased to announce financial and operating results for the six month period ended June 30, 2005 and an update of its 2005 activities.

Twoco has filed the following documents on the System for Electronic Document Analysis and Retrieval (SEDAR):

1. Unaudited consolidated financial statements for the period ended June 30, 2005, together with the notes thereto; and
2. Management discussion and analysis for the period ended June 30, 2005.

Copies of these documents may be obtained via SEDAR at [www.sedar.com](http://www.sedar.com).

Highlights of the Second Quarter 2005 include:

- Initiation of a 21 well drilling program;
- Participation in the drilling of 2 gross (0.7 net) wells;
- Petroleum and Natural Gas Sales Revenue growth to \$2,395,315 - an 80% increase from the Second Quarter 2004;
- Cash flow from operations of \$1,808,383 - a 135% increase from the Second Quarter 2004;
- Cash flow from operations of \$33.75 per boe;
- Capital expenditures of \$2,936,327;
- Increase in land position to 56,788 gross (40,326 net) acres;
- Operating costs of \$3.64 per boe;
- General and administrative expenses of \$0.55 per boe;
- Working capital of \$3,800,037 as of June 30, 2005.

Highlights of Twoco's operations for the year to date and anticipated work program for the balance of 2005 include:

- Current production of 1,020 boe per day;
- Participation in the drilling of 24 gross (17.9 net) wells that have resulted in 20 gross (14.9 net) wells being cased for potential gas production and 4 gross (3.0 net) wells being dry and abandoned. Of the 20 gross (14.9 net) wells that were cased for gas production, 7 gross (5.6 net) wells will be dual zone gas wells;
- Commissioning and start up in August 2005 of a second 100% owned compressor station and associated facilities in its Andrew/Willingdon core area;

- Participation in the drilling of approximately 11 additional gross (9.7 net) wells in the remainder of 2005;
- Projected 2005 exit rate of 1,300 boe per day.

Twoco has negotiated an increased secured credit facility with HSBC Bank Canada. This facility includes a \$10,000,000 demand revolving loan at prime and a \$1,500,000 general lease line of credit.

Twoco is an oil and gas company engaged in the exploration for, and the acquisition, development and production of, oil and natural gas reserves primarily in the Province of Alberta. Twoco currently has 13,597,306 common shares issued and outstanding as at today's date.

In this news release the calculation of barrels of oil equivalent (boe) is calculated at a conversion rate of 6,000 cubic feet (Mcf) of natural gas for one barrel (Bbl) of oil based on an energy equivalency conversion method. Boes may be misleading particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1Bbl is based on an energy equivalency conversion method primarily applicable to the burner tip and does not represent a value equivalency at the wellhead.

### **Forward Looking Statements:**

Certain information set forth in this news release contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Twoco's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Twoco's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance 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 Twoco will derive therefrom. Twoco disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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*The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.*