

## TWOCO PETROLEUMS LTD. FIRST QUARTER HIGHLIGHTS AND 2006 UPDATE

May 26, 2006

**Calgary, Alberta** – Twoco Petroleum Ltd. ("Twoco") (TSX Venture – TWO) is pleased to announce financial and operating results for the quarter ended March 31, 2006 and an update of its 2006 activities.

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

1. Unaudited consolidated financial statements for the quarter ended March 31, 2006, together with the notes thereto; and
2. Management discussion and analysis of financial condition and results of operations for the quarter ended March 31, 2006.

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

Highlights of the First Quarter 2006 include:

- Participation in the drilling of 2 gross (1.9 net) wells;
- Petroleum and natural gas sales revenue growth to \$3,792,840 - a 78% increase from 2005;
- Cash flow from operations of \$2,392,976 - an 88% increase from 2005;
- Capital expenditures of \$5,025,017;
- Increase in land position to 88,370 gross (66,763 net) acres;
- Operating costs of \$6.29 per boe;
- Operating netback of \$24.37 per boe;
- General and administrative expenses of \$1.53 per boe;
- Working capital of \$5,838,536 as of March 31, 2006;
- Completion of a private placement financing through the issuance of \$12 million in redeemable, convertible, unsecured debentures which bear interest at the rate of 7.5% per annum.

Highlights of Twoco's anticipated 2006 work program and summary of operations for the year to date includes:

- Participation in the drilling of 4 gross (3.2 net) wells that have resulted in 3 gross (2.5 net) wells being cased for potential gas production and 1 gross (0.7 net) well being dry and abandoned. Initial production from the cased wells is anticipated in the third quarter of this year;
- Participation in the drilling of 45 additional net wells for the balance of 2006;
- Completion of a private placement financing of 486,500 common shares issued on a "flow-through" basis at a price of \$9.25 per share for gross proceeds of \$4,500,125;
- Current production of approximately 1,100 boe per day with an additional estimated 350 boe per day behind pipe.

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 15,259,806 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.

This news release shall not constitute an offer to sell or the solicitation of any offer to buy securities in any jurisdiction.

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