

TWOCO PETROLEUMS LTD. OPERATIONAL UPDATE AND INCREASED CREDIT FACILITY

July 5, 2006

Calgary, Alberta – Twoco Petroleum Ltd. ("Twoco") (TSX Venture – TWO) is pleased to announce operating results for the year to date and an update of its 2006 activities.

Since the end of the First Quarter 2006 Twoco has participated in the drilling of 10 gross (8.3 net) wells. Of these wells, 7 gross (5.7 net) wells have been cased for potential gas production and 3 gross (2.6 net) wells were dry and abandoned.

Highlights of Twoco's operations for the year to date include:

- Current production of 1,200 boe per day with an estimated additional 600 boe per day behind pipe;
- Participation in the drilling of 12 gross (10.2 net) wells that have resulted in 9 gross (7.6 net) wells being cased for potential gas production and 3 gross (2.6 net) wells being dry and abandoned. Of the 9 gross (7.6 net) wells that were cased for potential gas production, 1 gross (0.9 net) well is currently on production. It is anticipated that the remaining 8 gross (6.7 net) wells will be on production late in the 3rd quarter/early 4th quarter of 2006.

Twoco is also pleased to announce that it has negotiated an increased secured credit facility with its bank. This facility includes a \$20 million demand revolving loan at prime without standby fees (increased from \$10 million) 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 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.

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