

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

August 24, 2006

**Calgary, Alberta** – Twoco Petroleum Ltd. ("Twoco") (TSX Venture – TWO) is pleased to announce financial and operating results for the interim period ended June 30, 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 interim period ended June 30, 2006, together with the notes thereto; and
2. Management discussion and analysis of financial condition and results of operations for the interim period ended June 30, 2006.

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

Highlights of the Second Quarter 2006 include:

- Participation in the drilling of 9 gross (8.0 net) wells;
- Petroleum and natural gas sales revenue growth to \$2,935,502 - a 23% increase from the Second Quarter of 2005;
- Cash flow from operations of \$1,902,405 - a 5% increase from the Second Quarter of 2005;
- Net Income of \$413,566;
- Capital expenditures of \$4,692,320;
- Increase in land position to 90,930 gross (69,323 net) acres;
- Operating costs of \$2.44 per boe;
- Operating netback of \$26.04 per boe;
- General and administrative expenses of \$2.94 per boe; and
- Working capital surplus of \$7,917,251 as of June 30, 2006.

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

- Participation, year to date, in the drilling of 18 gross (15.6 net) wells that have resulted in 13 gross (11.0 net) wells being cased for potential gas production and 5 gross (4.7 net) wells being dry and abandoned. Initial production from the majority of the cased wells is anticipated in the third and fourth quarters of 2006 and the first quarter of 2007;
- Participation in the balance of 2006 in the drilling of 18 additional wells; and
- Current production of approximately 1,200 boe per day with an additional estimated 500 boe per day behind pipe.

Twoco has revised its previously announced 2006 capital budget to reflect current natural gas prices. As a result of lower than anticipated natural gas prices, Twoco has amended its capital budget such that Twoco will participate in the drilling of 36 wells (48 wells previously budgeted). Funds for prospect identification and acquisition (geological, geophysical and land) will be maintained at \$10 million. The revised total 2006 capital budget is \$29 million. The majority of the budgeted wells will be drilled in Twoco's core areas of Andrew/Willingdon and Steele/Bolloque/Grassland, both of which are located Northeast of Edmonton, Alberta.

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.*