

## TWOCO PETROLEUMS LTD. ANNOUNCES STRATEGIC ASSET ACQUISITION

September 2, 2008

**Calgary, Alberta** – Twoco Petroleum Ltd. ("Twoco") (TSX Venture – TWO) is pleased to announce that it has entered into a purchase and sale agreement to acquire natural gas assets (the "Tofield Property") in the Tofield area of Alberta for total cash consideration of \$12.5 million before closing adjustments and related costs (the "Acquisition"). The Tofield Property comprises approximately 5,128 gross (4,445 net) acres of developed and 5,760 gross (5,760 net) acres of undeveloped lands and is currently producing approximately 500 boe per day. The Acquisition will be financed from cash flow and Twoco's existing bank line of credit. The Acquisition is effective July 1, 2008 and is expected to close on September 19, 2008.

### Acquisition Highlights

- The Tofield Property is located approximately 30 miles east of Edmonton, which is in close proximity to Twoco's existing core area;
- Current production from the Tofield Property is approximately 500 boe per day - 100% natural gas;
- The Tofield Property is characterized by a contiguous block of mainly 100% working interest lands;
- Following closing, the majority of the production will be operated by Twoco and includes strategic, plant, facility and pipeline interests;
- The Acquisition includes approximately 70 km<sup>2</sup> of proprietary 3-D seismic data on and near the lands;
- Twoco anticipates that several drilling locations will be identified on the lands;
- The Tofield Property has low operating costs (\$3.60 per boe in 2007) – consistent with Twoco's existing operations;
- The purchase price of \$12.5 million includes undeveloped land value of \$864,000 (based on \$150 per acre) and \$1,000,000 of seismic value; and
- Proved plus probable reserves acquired equal 985 mboe as established by Netherland, Sewell & Associates effective June 30, 2008 – equates to an acquisition cost of \$10.80 per boe on a proved plus probable basis.

### Revised Outlook

As a result of the Acquisition, Twoco will be increasing its capital expenditure program in 2008 to \$23.7 million. Following the Acquisition, Twoco's estimated production will be approximately 1,700 boe per day with estimated current additional production capability of 500 boe per day. Including the Acquisition, on a pro forma basis, Twoco's current bank debt will be approximately \$15.5 million. Twoco has an existing bank line of credit of \$20.0 million and Twoco is in discussions with its bank to increase its borrowing facility.

After the Acquisition, Twoco will have a land position of 141,324 gross (104,823 net) acres.

Twoco anticipates that it will participate in the drilling of 8 additional wells for the remainder of 2008, all targeting natural gas.

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 has 15,410,106 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 six thousand 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. More particularly, this news release contains statements concerning completion of the proposed Acquisition, drilling plans, capital programs, debt and funds flow from operations. 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, except as required by securities laws.

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

For further information, please visit our website at [www.twoco.ca](http://www.twoco.ca) or contact Wayne A. Malinowski, President and Chief Executive Officer.

Telephone: (403) 231-8653

Fax: (403) 237-6048

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