

## TWOCO PETROLEUMS LTD. SECOND QUARTER HIGHLIGHTS AND 2009 UPDATE

August 26, 2009

**Calgary, Alberta** – Twoco Petroleum Ltd. ("Twoco") (TSX Venture – TWO) is pleased to announce financial and operating results for the quarter ended June 30, 2009 and an update of its 2009 activities.

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

1. Unaudited financial statements as at and for the quarter ended June 30, 2009, together with the notes thereto; and
2. Management's discussion and analysis of financial condition and results of operations as at and for the quarter ended June 30, 2009.

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

Highlights of the Second Quarter 2009 include:

- Average production of 1,269 boe per day – a 21% increase from the Second Quarter 2008;
- Petroleum and natural gas sales revenue of \$2,232,086 - a 59% decrease from the Second Quarter 2008 due to lower commodity prices;
- Cash flow from operations of \$526,292 (\$0.04 per share) – an 85% decrease from the Second Quarter 2008 due to lower commodity prices;
- Net loss of \$2,206,410 (\$0.15 per share);
- Capital expenditures of \$351,796;
- Current land position of 139,139 gross (104,906 net) acres;
- Operating costs of \$5.95 per boe;
- Operating netback of \$11.96 per boe; and
- General and administrative expenses of \$3.25 per boe.

Highlights of Twoco's anticipated 2009 work program and summary of operations for the year to date includes:

- To date, Twoco has participated in the drilling of 1 gross (0.2 net) well. The 1 gross (0.2 net) well was cased for potential natural gas production and has commenced production;
- Current production of approximately 1,100 boe per day;
- Twoco estimates current shut-in and behind pipe production capability of 300 boe per day; and
- On July 20, 2009 Twoco announced that it had closed an arm's length disposition of 3.5% of its petroleum and natural gas assets for cash consideration of \$1,925,000, subject to adjustment, to Poplar Creek Resources Inc. ("Poplar Creek") (TSX Venture - PCK). The initial sale of the assets was effective July 1, 2009. Poplar Creek has the right to acquire up to an additional 16% of Twoco's assets on similar terms and conditions. Twoco has also entered into a Farm-in Agreement with Poplar Creek whereby Twoco will drill 2 wells at Twoco's risk and expense to earn 50% of Poplar Creek's working interest in each section of land drilled.

- Subject to the completion of the sale of additional assets to Poplar Creek, Twoco is currently maintaining its \$5,700,000 capital budget for 2009 that includes the drilling of 14 additional wells. This represents a significant reduction versus previous years and reflects current natural gas prices. Also, in response to the current low natural gas prices, Twoco will review its capital budget on a regular basis and will make amendments as required.

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 14,941,406 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 or information, including statements regarding Twoco's capital budget, participation in the drilling of wells, the timing of production and behind pipe production capability. 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, operational risks in exploration and development, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and the ability to access sufficient capital from internal and external sources. Although Twoco believes that the expectations in our forward-looking statements are reasonable, our forward-looking statements have been based on factors and assumptions concerning future events which may prove to be inaccurate. Those factors and assumptions are based upon currently available information. Such statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward looking information. As such, readers are cautioned not to place undue reliance on the forward looking information, as no assurance can be provided as to future results, levels of activity or achievements. The risks, uncertainties, material assumptions and other factors that could affect actual results are discussed in our Annual Information Form and other documents available at [www.sedar.com](http://www.sedar.com). Furthermore, the forward-looking statements contained in this document are made as of the date of this document and, except as required by applicable law, Twoco does not undertake any obligation to publicly update or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

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 contact Wayne A. Malinowski, President and Chief Executive Officer.

Telephone: (403) 231-8653

Fax: (403) 237-6048

***Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.***