

TWOCO PETROLEUMS LTD. ANNOUNCES EQUITY FINANCING, DEBENTURE EXCHANGE PLAN AND CREDIT FACILITY UPDATE

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July 29, 2010

Calgary, Alberta – Twoco Petroleum Ltd. (“**Twoco**” or the “**Company**”) (TSX Venture – TWO) announces an equity financing of up to \$6,000,000 and that it will take steps to enter into agreements with the holders of its outstanding unsecured 17% debentures to exchange such debentures for common shares of the Company (the “**Debenture Exchange**”). In connection with the proposed equity financing and Debenture Exchange, Twoco has also entered into an amending agreement to its credit facility with the Alberta Treasury Branches (the “**Bank**”).

Equity Financing

Twoco is pleased to announce that it has filed a preliminary prospectus in connection with a short form prospectus offering in British Columbia, Alberta and Ontario (the “**Offering**”) of up to \$2,000,000 of units of the Company (“**Units**”) at a price of \$0.23 per Unit and up to \$4,000,000 of flow-through units of the Company (“**Flow-Through Units**”) at a price of \$0.25 per Flow-Through Unit to raise minimum gross proceeds of \$3,000,000 (the “**Minimum Offering**”) and maximum gross proceeds of \$6,000,000. Each Unit will be comprised of one common share of the Company (“**Common Share**”) and one Common Share purchase warrant (“**Warrant**”). Each Flow-Through Unit will be comprised of one Common Share to be issued as a “flow-through share” (“**Flow-Through Shares**”) within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”) and one-half of one Warrant. Each whole Warrant shall be exercisable into one Common Share at a price of \$0.30 per Common Share for a period of 24 months from the closing date (“**Closing Date**”) of the Offering. Pursuant to the terms of an agency agreement between Twoco and Macquarie Private Wealth Inc. (the “**Agent**”) dated effective July 13, 2010 (the “**Agency Agreement**”), the Offering will be conducted on a commercially reasonable efforts agency basis.

Due to continuing depressed prices for natural gas, the Corporation has determined to strategically diversify its commodity mix by targeting exploration towards oil prospects it has identified on its existing lands. Assuming completion of the Offering, the Corporation intends to increase its capital budget to drill up to 4 horizontal oil wells on four sections of land on the Corporation’s Sparky oil prospect in the Warspite area of Alberta and one horizontal oil well on the Corporation’s Viking prospect in the Bellshill Lake area of Alberta. The net proceeds of the Offering will also be used to drill up to 6 vertical natural gas wells in the in the Corporation’s Warspite, Colinton, Sunland and Plain operating areas of Alberta and a modest amount of the net proceeds of the Offering may be used for general corporate purposes. The gross proceeds from the issuance of Flow-Through Shares in an amount equal to the portion of the aggregate purchase price for Flow-Through Units which is allocated to the Flow-Through Shares, will be used to incur Canadian Exploration Expenses (as such term is defined in the Tax Act) prior to December 31, 2011 (the “**Flow-Through Commitment**”). The Company will renounce such Canadian Exploration Expenses to the subscribers of the Flow-Through Units effective on or before December 31, 2010.

All capital expenditures are discretionary. In the event that less than \$6,000,000 is raised pursuant to the Offering, there will be fewer dollars immediately available to the Company and therefore fewer wells will be drilled using proceeds from the Offering. Subject to satisfying the Flow-Through Commitment and in compliance with the terms of the Amending Agreement (as defined herein), Twoco will review all capital expenditures on a regular basis throughout 2010 and 2011 and adjust spending based on factors such as changes in commodity prices and drilling and production results.

In consideration for its services in connection with the Offering, the Agent will be paid a fee equal to 7% of the gross proceeds of the Offering, payable at the sole option of the Agent, by way of cash and/or Common Shares at a price of \$0.23 per Common Share (except with respect to proceeds from the sale of Units and Flow-Through Units issued pursuant to a president’s list for which the Agent will receive a fee of 3.5% of such proceeds). In

addition, the Agent will receive options (“**Agent Options**”) equal to 6% of the number of Units and Flow-Through Units sold under the Offering (except for sales of Units and Flow-Through Units issued pursuant to a president’s list for which the Agent will receive Agent Options equal to 3.5% of the number of such Units and Flow-Through Units). Each Agent Option will entitle the Agent to purchase a Unit exercisable for twenty-four months at a price of \$0.23 per Unit.

Closing of the Offering is expected to occur on or about August 27, 2010 and is subject to customary conditions, the Agent’s due diligence review and regulatory approvals, including the approval of the TSX Venture Exchange (“**TSXV**”).

The closing of the Offering and the Debenture Exchange are expected to occur contemporaneously on or about August 27, 2010, each of which are subject to certain conditions including the approval of the TSXV and the receipt of necessary regulatory approvals. The Offering is subject to the completion of the Debenture Exchange and the Debenture Exchange is subject to the completion of the Offering.

Debenture Exchange

On March 31, 2009, Twoco completed a private placement of \$8,300,000 of 17% unsecured debentures (the “**Debentures**”) and warrants to purchase up to 4,150,000 Common Shares at a price of \$1.20 per Common Share which expire on March 31, 2011. The Debentures bear interest at a rate of 17% per annum, payable commencing June 30, 2009 and quarterly thereafter and will mature on March 31, 2011.

Pursuant to the terms of the Agency Agreement, at least 50% of the aggregate principal amount of the Debentures are required to be exchanged for Common Shares at a price equal to the offering price of the Units on or before the Closing Date. Therefore, a minimum of \$4,150,000 of the Debentures are required to be exchanged for Common Shares at a price of \$0.23 per Common Share for an aggregate of 18,043,478 Common Shares. However, the Company will take steps to enter into agreements with the holders of the Debentures to exchange all of the outstanding Debentures, including all interest accrued on the Debentures from July 1, 2010 (the most recent interest payment date) to the Closing Date, for Common Shares at a price of \$0.23 per Common Share. If the full \$8,300,000 of Debentures plus accrued interest thereon up to Closing Date are exchanged for Common Shares, approximately 37,061,798 Common Shares may be issued pursuant to such exchange of the Debentures. Up to \$1,770,000 principal amount of Debentures plus all interest accrued thereon up to the Closing Date held by certain insiders of Twoco are also intended to be exchanged for an aggregate of 7,903,540 Common Shares on the same terms as described above.

Credit Facility Update

On July 29, 2010, the Company and the Bank entered into an amending agreement (the “**Amending Agreement**”) further amending the terms of the Company’s \$18 million revolving credit facility (the “**Revolving Credit Facility**”). In particular, among other things, the repayments of the Revolving Credit Facility are to be made from net proceeds of any additional borrowings, proceeds on sale of property, proceeds from insurance and proceeds from equity issuances other than the Offering. In addition, the Company is required to complete an equity issuance for a minimum of \$3,000,000 in gross proceeds on or before September 15, 2010, which includes the Offering. The next review date of the credit facilities was also extended in connection with the Amending Agreement, to March 31, 2011 but may be changed at any time at the sole discretion of the Bank.

In connection with the Amending Agreement, the Company paid the Bank \$50,000 at the date thereof and is required to pay an additional \$450,000 to the Bank no later than September 1, 2010. The Bank requires that a minimum of \$300,000 of the \$450,000 fee payable be paid in the form of Common Share purchase warrants (the “**Loan Warrants**”) at a deemed price of \$0.30 per Loan Warrant, each Loan Warrant being exercisable into one Common Share for a period of twenty-four months at a price of \$0.30 per Loan Warrant. The Company has the option to pay the remainder of the \$450,000 fee in the form of Loan Warrants. Therefore, a minimum of 1,000,000 Loan Warrants and a maximum of 1,500,000 Loan Warrants may be issued pursuant to the Amending Agreement.

The Offering is also subject to the Company meeting all of the terms of the Amending Agreement.

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.

Forward Looking Statements:

Certain information set forth in this news release contains forward-looking statements or information ("**forward-looking statements**"), including the closing of the Offering, the receipt of applicable regulatory approvals, the anticipated use of the net proceeds of the Offering, proposed changes to the Corporation's capital budget, the Debenture Exchange and the terms of the Amending Agreement. The closing of the Offering and the Debenture Exchange could be delayed if the Company is not able to obtain the requisite regulatory and TSX Venture Exchange approvals on the timelines it has planned. The Offering and the Debenture Exchange will not be completed at all if these approvals are not obtained or some other condition to closing the Offering is not satisfied, including obtaining the Minimum Offering and meeting the requirements of the Amending Agreement. Accordingly, there is a risk that the Offering and the Debenture Exchange will not be completed within the expected timeframe or at all. The intended use of the net proceeds of the Offering by the Company might change if the board of directors of the Company determines that it would be in the best interests of the Company to deploy the proceeds for some other purpose. 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. 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 is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States or to or for the account or benefit of US persons (as such terms are defined in Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")), absent registration or an exemption from registration. The securities offered have not been and will not be registered under the U.S. Securities Act or any state securities laws and, therefore, may not be offered for sale in the United States, except in transactions exempt from registration under the U.S. Securities Act and applicable state securities laws.

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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.