

TWOCO PETROLEUMS LTD. ANNOUNCES INCREASED OIL PRODUCTION

January 4, 2012

Calgary, Alberta – Twoco Petroleum Ltd. (“**Twoco**” or the “**Company**”) (TSX Venture – TWO) is pleased to announce that it has placed on production its previously announced 1 gross (0.97 net) quad-leg horizontal oil well on the Company’s Sparky heavy oil property in the Warspite area of Alberta.

Based on the initial 30 days of production, the Twoco HZ Bellis 14-36-58-17W4 well was pumping at an average rate of 175 barrels of oil per day. This well is the fifth horizontal oil well drilled on the Company’s Sparky heavy oil property and represents a continuation of the Company’s plan to strategically diversify its commodity mix by targeting exploration towards oil prospects it has identified on its existing lands. The first two wells on the Sparky heavy oil property were single leg horizontal wells that were placed on production in December 2010. The third and fourth wells were tri-leg horizontal wells that were placed on production in August 2011.

Twoco’s total current oil production from the Company’s Sparky heavy oil property is now estimated at 325 barrels of oil per day.

Twoco currently controls 3,267 net prospective acres on its Sparky heavy oil property. As previously announced, Twoco received approval from the ERCB which amended the drilling spacing on the Company’s Sparky heavy oil property to allow for the drilling of up to 8 horizontal lateral legs per pool per quarter section. In view of the results of the latest well it is Twoco’s intention to further amend the drilling spacing to allow for the drilling of quad-leg horizontal oil wells on all of Twoco’s lands within the Company’s Sparky heavy oil property. Based on the same drilling configuration as the Twoco HZ Bellis 14-36-58-17W4 well, Twoco has identified drilling locations for up to an additional 52 quad-leg horizontal wells (208 laterals) on the Company’s Sparky heavy oil property.

The average cost per well of drilling, completing and equipping quad-leg horizontal oil wells in a multi-well program is estimated at \$1,250,000.

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 72,167,294 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 statements regarding the number of potential quad-leg horizontal oil wells, the estimated cost per oil well, plans to strategically diversify the Company’s commodity mix, amendment of drilling spacing, potential drilling locations and the area of the heavy oil pool. 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 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.