



PRESS RELEASE

Trading Symbol: TEX.A : TSX Venture Exchange

October 2, 2006

OPTIONS GRANTED

Texalta Petroleum Ltd. (“**TEX.A**”) has granted, pursuant to its 10% Rolling Stock Option Plan, incentive stock options to its directors, officers and one consultant allowing for the purchase of 1,214,604 common shares at a price of \$0.45 per share effective October 1, 2006 with a 4 year term.

TEX.A is engaged in the exploration, acquisition and development of prospective oil & gas properties in Saskatchewan and Alberta, Canada. The company holds a 50 percent working interest in two exploration permit applications covering in excess of 5.5 million acres of prospective land in the Georgina Basin, Northern Territory, Australia.

This press release includes certain forward-looking statements. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated.

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