



PRESS RELEASE

Trading Symbol: TEX.A : TSX Venture Exchange

January 29, 2008
OPERATIONS UPDATE

TEXALTA PETROLEUM LTD. is pleased to report that seismic work at both the Wordsworth and West Wildwood areas has been completed and the company is now in a position to recommend drilling of one horizontal development well on each project to its partners. It is anticipated that drilling will commence as soon as the necessary land negotiations are completed.

The current market for deep, higher risk, exploratory plays in Saskatchewan is improving in large part to an increased royalty burden in Alberta, and Texalta and partners are planning on being in a position to farmout its deep prospect at East Carlyle amongst others. The main target zones in the regional deep play are the Winnipeg Sand, Ordovician Red River and the Winnipegosis Reefs. Further land acquisition in several areas is planned in the months ahead.

Interpretation of the existing seismic on the Georgina Basin prospect in the Northern Territory of Australia is ongoing and, based on encouraging results to date, Texalta expects to issue a press release shortly identifying targets of significant interest.

TEX.A is engaged in the exploration, acquisition and development of prospective oil & gas properties in Saskatchewan and Alberta, Canada. The company currently has cash flow from 13 wells in Saskatchewan with plans for several new wells in 2008. In addition, Texalta holds a 100 percent working interest in two exploration permits covering in excess of 5.5 million acres of prospective land in the Georgina Basin, Northern Territory, Australia.

This press release may include 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.

Contact Information:

Mr. William H. Nixon, President

Telephone: (403) 255-8380

Fax: (403) 255-8007

Email: texalta@texalta.com

Web: www.texalta.com

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