

December 13, 2007

Director of Energy  
GPO Box 3000  
Darwin NT 0801

Dear Sir:

**RE: ANNUAL REPORT  
EXPLORATION PERMIT NO. 103  
GEORGINA BASIN, NORTHERN TERRITORY, AUSTRALIA**

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Allender Exploration Pty. Ltd. is the manager of Texalta's geophysical work on Exploration Permit No. 103.

In an attempt to gain maximum use of available data in the Georgina Basin, Allender Exploration began work in 2006. The first processing work was carried out by Kelman Seismic Processing in Calgary under the supervision of Petrel Robertson.

All of the available seismic were the surveys conducted by Pacific Oil and Gas Ltd., a wholly owned subsidiary of CRA. Their surveys were modern multi fold 2D high effect lines which comprise a total of more than 700 km in length throughout the N.T. part of the Georgina Basin.

These surveys lie in Permit 103 as well as outside the Permit boundaries and for the purposes of initial experimentation with the processing lines from outside the Permit area were reprocess as well as those in EP 103.

In March 2007, Jim Allender engaged A.R. Hosking of AGS Geophysical Services Inc. to undertake a complete reprocessing of all the data in the Permit areas.

This work is not totally complete at year end, and is continuing. There have been some delays in obtaining support information such as observer reports and survey information which have proved difficult to locate. It may be necessary to estimate survey parameters from topographic maps and or satellite survey data.

The interim efforts of AGS reprocessing are attached hereto.

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The results of the Kelman (Petrel Robertson) reprocessing are summarized in the attached report and displayed in the work in the attached WinPics CD. The reprocessed key lines 88-107 and 88-104 as well as a preliminary structure map are attached.

The only complete structural interpretation of all the seismic data in the work recently completed by Jim Allender which is made up of two structure maps; Structure on the Thornton Limestone and Structure on the Upper Arthur Creek Reflector. These maps are attached herewith.

## **Further Work:**

Allender Exploration is presently negotiating on our behalf with seismic contractor Terrex of Perth, to conduct a 2D regional survey in the Georgina area in April – May of 2008.

During the first part of the calendar year 2008, AGS will finish reprocessing work on the remaining lines and prepare a final report.

Yours faithfully,

**TEXALTA PETROLEUM LTD.**



William H. Nixon  
President & CEO

**Listing of Attachments:**

- 1. Summary Processing Report  
Petrel Roberson (on Kelman processed data)
- 2. Seismic Reflection Data Evaluation Report  
AGS Geophysical Services Inc., Alvin Hosking, April 2007
- 3. Seismic Data Processing Report, Georgina Basin, N.T., Australia  
(Interim Report)  
AGS Geophysical Services Inc., Alvin Hosking, November 2007
- 4. Structural Interpretation Maps  
Thorntonia (1) and Arthur Creek (2)  
Allender Exploration Pty. Ltd., Jim Allender
- 5. Kelman Seismic Processing Records  
Kelman Seismic Processing, Calgary, Alberta
- 6. C-C Systems Processing Records Presentation  
AGS Geophysical Services Inc., Alvin Hosking
- 7. Base Map  
Allender Exploration Pty. Ltd., Jim Allender

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