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Australian Securities Exchange Limited
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RIALTO SIGNS AGREEMENT TO FARMOUT WA-399-P

Rialto Energy Ltd ("Rialto") is pleased to announce that it has entered into a Farmout Agreement with Jacka Resources Ltd ("Jacka") to divest a 20% participating interest in WA-399-P.

The terms of the farmout include Jacka paying Rialto's backcosts and a promoted carry on the upcoming seismic acquisition to fulfill the minimum work obligation. The farmout is subject to approval by the WA-399-P Joint Venture and the Designated Authority.

WA-399-P covers an area of 52 km² and is located in the Exmouth Sub-basin. WA-399-P is adjacent to the Pyrenees development, a joint venture between BHP Billiton and Apache Energy Ltd, which is now producing oil from the Crosby, Stickle and Ravensworth fields (Figure 1).

Rialto and Carnarvon Petroleum Ltd ("Carnarvon"), the operator, were awarded WA-399-P in 2007. In 2008, the Joint Venture reprocessed over 500 km of existing 2D seismic data. During 2009, detailed re-interpretation and integration of existing 2D seismic and well data has provided a critical new insight into a possible extension of the producing Macedon play into WA-399-P.

A prospect has been mapped within the WA-399-P which shares many of the key anomalous seismic attribute indicators for hydrocarbon presence that were recognised pre-drill at other Macedon Trend discoveries to the west of the WA-399-P. Further seismic acquisition is now being planned by the Joint Venture to fully assess and de-risk the prospect portfolio.

The Exmouth Sub-basin has been explored for over 30 years, and the discovery of oil at Vincent and Enfield by Woodside Petroleum in 1999 and oil at Ravensworth and Crosby by BHP in 2003 was critical in re-invigorating the Exmouth Sub-Basin into an oil province. These discoveries, which are all now in production, were initially defined through rigorous integration of new exploration ideas and new seismic technologies calibrated to pre-existing well and seismic data.

On completion the Joint Venture will comprise:

Participating Interest	
Carnarvon Petroleum Ltd (Operator)	50%
Rialto Energy Ltd	30%
Jacka Resources Ltd	20%

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Rialto’s Managing Director Mr Brett Woods said:

“We are pleased to have concluded a Farmout Agreement for WA-399-P with Jacka. The farmout by Rialto is clear acknowledgment of the technical work Rialto has undertaken to identify an exciting prospect and the willingness by a like-minded company to join Rialto and Carnarvon to undertake the work program to further define the existing prospect inventory of WA-399-P.”

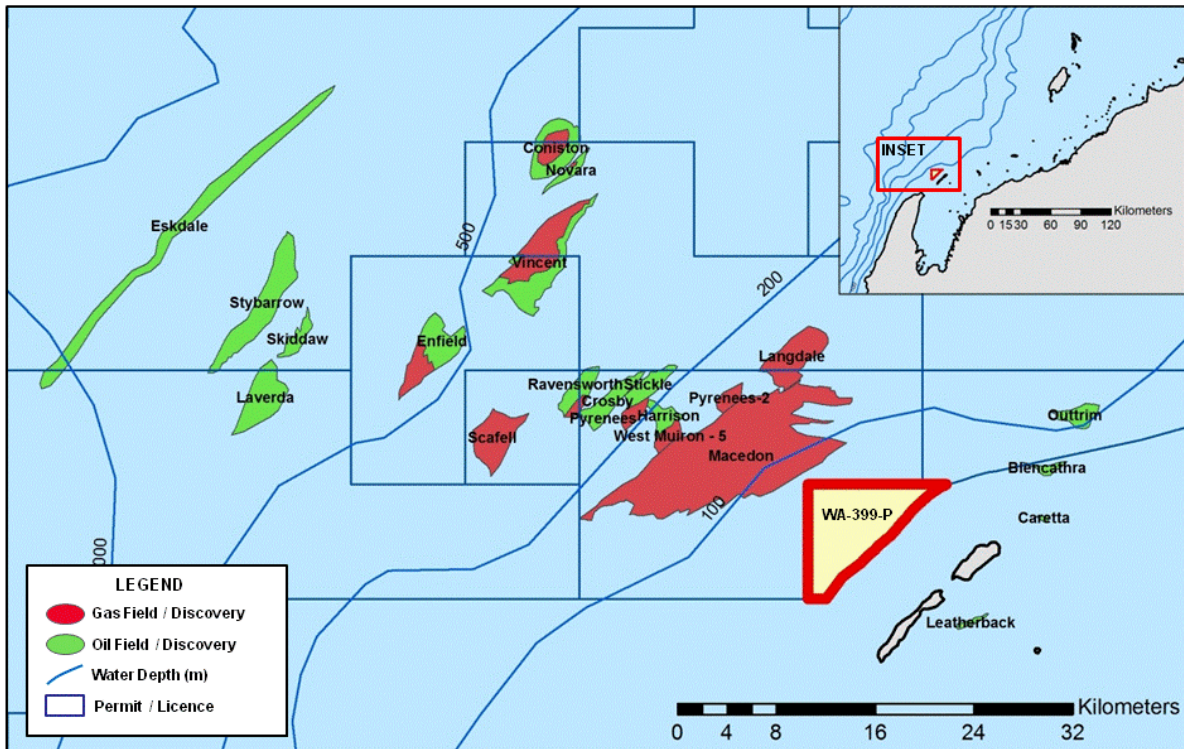


Figure 1. WA-399-P Location Map.

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