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To: Company Announcements Office
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ASX Code: RIA

**CI-202 - COMPETENT PERSONS REPORT BY RPS
and CLNR ACQUISITION UPDATE**

Rialto Energy Limited (ASX:RIA) engaged RPS Energy Pty Ltd (RPS) to prepare a Competent Persons Report (CPR), in respect of Block CI-202, to review and appraise the existing discoveries and two newly identified Prospects within the existing 3D seismic data coverage.

The report concludes the following key highlights in respect of Block CI-202:

- Contingent Total Mean in-place Oil volumes is **250 MMBLS** & Contingent Total Mean Contingent Oil Resources of **80 MMBLS**
- Contingent Total Mean in-place Gas volumes is **218 BCF** & Contingent Total Mean Gas Resources of **224 BCF** (includes associated gas)
- Prospective Total Mean in-place Oil volumes is **409 MMBLS** & Prospective Total Mean Resources Oil of **140 MMBLS**
- Prospective Total Mean in-place Gas volumes is **760 BCF** & Prospective Total Mean Gas Resources of **669 BCF** (includes associated gas)
- Four significant under-appraised or un-appraised oil and gas discoveries are present.
- Five low risk exploration prospects are present.
- The portfolio has the potential to grow substantially on the basis of the results of integrating new seismic mapping within newly reprocessed 3D seismic and inversion datasets.



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- Development of Block CI-202 can be cost effective due to the close proximity of each of the existing discoveries and adjacent prospects which will allow tie-back to nearby facilities rather than each discovery requiring standalone development.

RPS notes that these are complex reservoirs and that in the context of the existing time frame and the available data, preparation of this report represents an initial estimate of resources. These estimates may be reviewed following current and planned technical work. A drilling campaign is anticipated for 2011.

These resource estimates are consistent with Rialto's interpretation and support the future work programme under the PSC contemplated to properly evaluate the Block.

C & L Natural Resources Limited ("C&L") holds an 85% participating interest in the PSC, with the balance held by Petroci, the Cote D'Ivoire State owned oil company. Rialto owns a 75% shareholding in C&L, which provides an effective 63.75% working interest in Block CI-202.

CI-202 covers an area of 675 km² and is located 30 km to the southeast of Abidjan, the primary commercial centre of Cote d'Ivoire, extending from the coastline to water depths of almost 1,000 meters.

CI-202 is located within the Ivorian Basin, which encompasses offshore eastern Cote d'Ivoire and offshore western Ghana. CI-202 contains four un-appraised discoveries (Figure 1) all of which are covered with good quality 3D seismic data and which are all interpreted as Stratigraphic traps.

To further define the resource potential and as part of its work obligations, C&L, with the technical support of Rialto, are undertaking detailed seismic reprocessing and inversion studies over the existing discoveries. C&L has engaged leading regional firms, Tricon Geophysics (seismic reprocessing) and Rock Solid Images (inversion), leveraging from the successes achieved from utilizing advanced seismic and inversion studies in Ghana. These studies led to the unlocking of the stratigraphic play system along the margin resulting in the giant oil discoveries of Jubilee, Tweneboa and Odum.

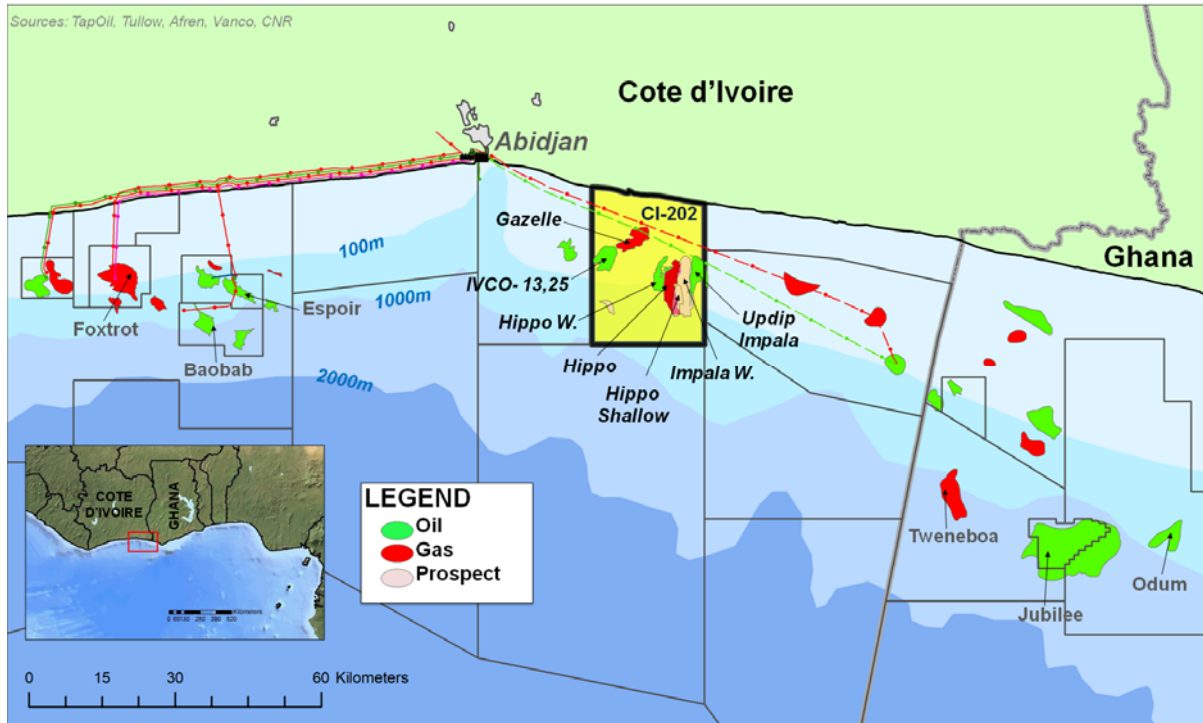


Figure 1 – Summary of discoveries and Appraisal Prospects in CI-202 located offshore Cote d'Ivoire.

Rialto greatly appreciates the support it has received to date from the Government of Cote d'Ivoire (see the ASX announcement of 18 June 2010 concerning the change of control) and will continue to evaluate the Block in accordance with the terms of the PSC and the JVOA.

A shareholders meeting to approve the acquisition shall take place on 7 July 2010 with completion expected to occur in mid July 2010, post capital raising. It is a condition precedent to the acquisition of a majority interest in Block CI-202 that the Company obtains confirmation from the Government of Cote d'Ivoire that the minimum work obligation under the PSC is one well. To the extent, if at all, that the minimum work obligation under the PSC for the first exploration period including the extension (until May 2012) could be construed as consisting of two wells, reprocessing and inversion of existing 3D seismic data and a new 3D seismic survey, then the directors advise that they intend to waive the condition precedent that the minimum work obligation under the PSC is only one well. The directors will take this decision based upon the significant opportunity presented by Block CI-202 and its hydrocarbon potential as evidenced by the CPR and the technical justification for drilling multiple wells whilst bearing in mind the costs and risks associated with exploitation.

In the event that only one well is required to be drilled, the approximate cost to the Joint Venture of this well together with necessary reprocessing and inversion of existing 3D seismic data is in the vicinity of \$25 million. Should two wells be required to be drilled in



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addition to reprocessing and inversion of existing 3D seismic data and a new 3D seismic survey, the approximate total cost may be in the vicinity of \$50 million.

Brett Woods commented that “The CPR prepared by RPS supports Rialto’s internal estimates of the appraisal potential within the existing discoveries of CI-202. Our work program will also uncover the additional exploration prospectivity utilising the newly reprocessed 3D seismic data. The application of the latest geophysical techniques has been the key driver in unlocking the recent billion barrel oil discoveries within Ivorian Basin. Rialto is nearing completion of the 3D seismic reprocessing and will soon start the seismic inversion work program. This work programme is necessary to unlock the block’s potential in preparation for drilling a multi well appraisal drilling campaign in 2011”.

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