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ASX Code and AIM Code: RIA

Rialto Energy Ltd ("Rialto" or the "Company")

Spudding of Gazelle-P4 Development Well

Rialto (ASX: RIA and AIM: RIA) is pleased to announce that the Gazelle-P4 development well was spudded on 25 July 2012 using the Transocean GSF Monitor drilling rig.

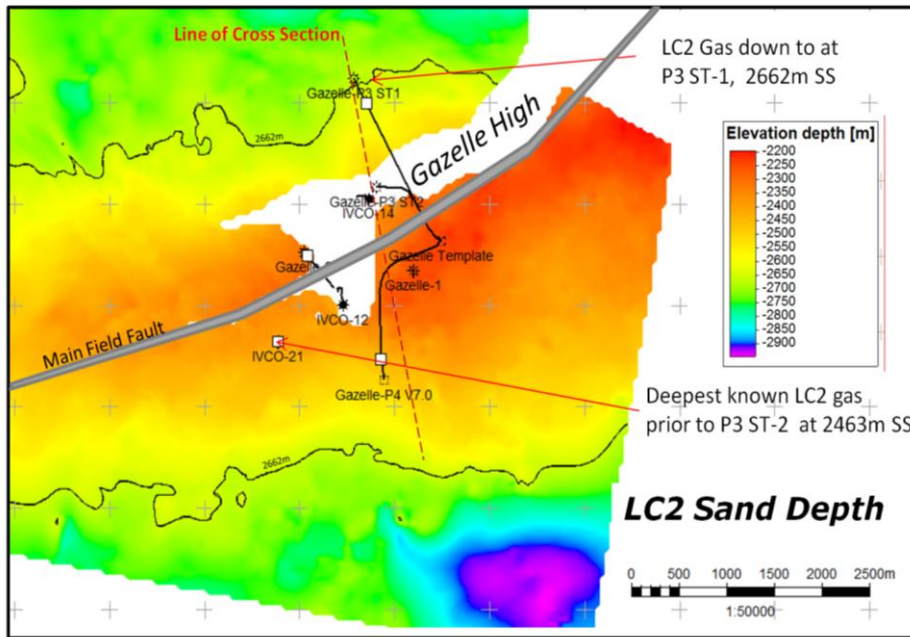
Gazelle-P4 is testing the oil potential of the UC-2 and UC-4 oil reservoirs as well as the gas potential of the UC-3, UC-5, LC-1 and LC-2 gas reservoirs discovered by the IVCO-12 and IVCO-21 wells.

The Gazelle-P4 well is expected to take approximately 45 days and is budgeted to cost US\$28 million to drill and test, which Rialto is fully funded for from existing cash reserves.

The Gazelle-P4 well follows the drilling and testing of the Gazelle-P3 ST1 and Gazelle-P3 ST2 wells. Gazelle-P3 ST2 successfully flowed hydrocarbons from separate sands in the Upper Cenomanian reservoir (UC-1) and Gazelle-P3 ST1 which increased the Lower Cenomanian gas reservoir (LC-2), and significantly de-risked the greater Condor gas prospect.

Well Location

The Gazelle-P4 well is located on the southern side of the major field-dividing fault relative to the Gazelle-P3 ST1/2 and Gazelle-2 wells and is a step out well relative to the IVCO-12, IVCO-21 and Gazelle-1 wells drilled in 1977, 1981 and 1998 respectively. All three of these wells are on the southern side of the fault and successfully flowed hydrocarbons from the Upper and Lower Cenomanian sands.



LC-2 Depth Map Showing Historical Wells and Gazelle-P4 Well Location

Well Objectives

The Gazelle-P4 well will be drilled from the recently installed Gazelle template to a total depth (TD) of approximately 3,200 mMDRT (-2,709 mTVDSS). The well is a deviated well that will appraise six oil and gas reservoirs in the Upper and Lower Cenomanian sands. With the exception of the LC-2 sand, all targeted reservoirs are additional to those reservoirs appraised by the Gazelle-P3 ST1/2 wells.

The key objectives of the Gazelle-P4 well are to:

1. appraise two additional oil reservoirs (UC-2 and UC-4);
2. appraise three additional gas reservoirs (UC-3, UC-5 and LC-1); and
3. obtain an additional penetration of the LC-2 gas reservoir.

Below is a summary of the reservoir objectives to be tested through the drilling of the Gazelle-P4 well.

Upper Cenomanian Reservoirs

The Upper Cenomanian reservoirs are a sequence of stacked sands which have been penetrated by previous wells across the Gazelle Field. The UC-5 is the youngest and the UC-2 is the oldest (see cross-section) and several of these sands are hydrocarbon bearing as summarized below..

Gazelle UC-2

UC-2 is an oil reservoir, previously penetrated by three wells (Gazelle-1 and 2 and IVCO-12). UC-2 was tested in IVCO-12 at 1,822 bopd.

Gazelle UC-3

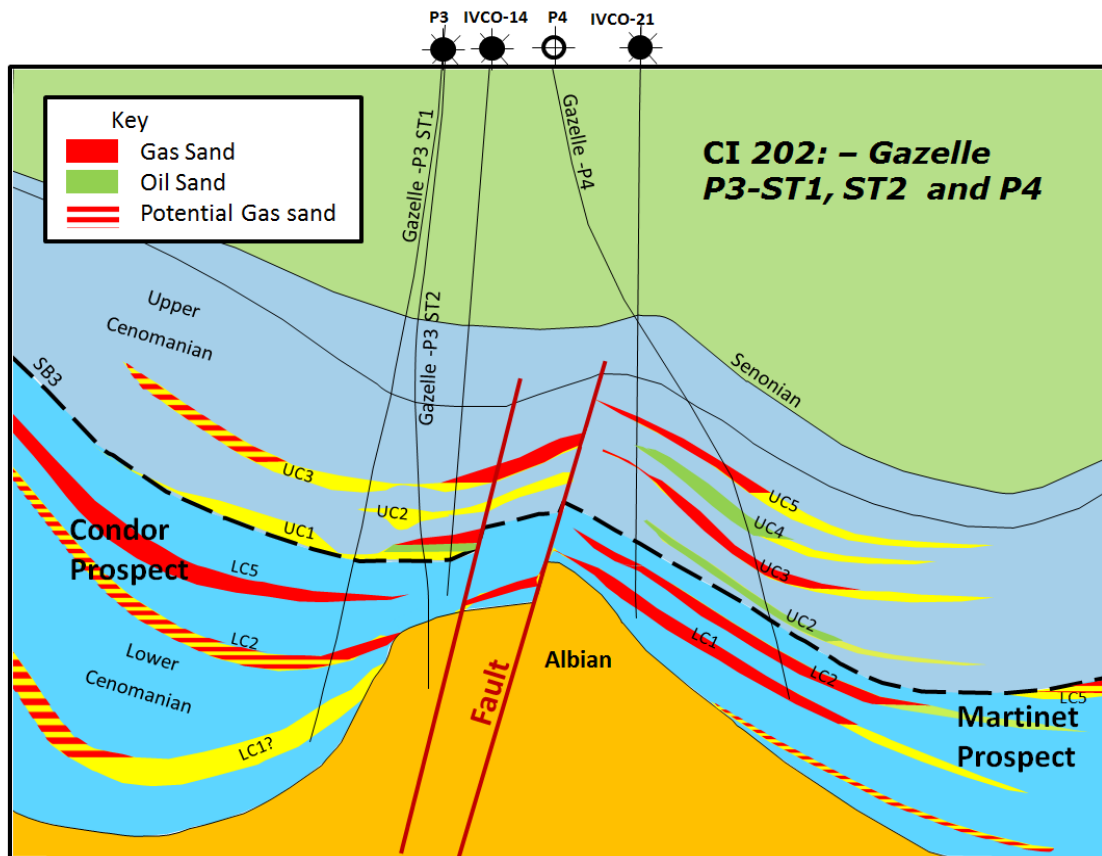
Five wells have penetrated the UC-3 gas and associated liquids reservoir, being IVCO-12, 14 and 21 and Gazelle 1 and 2 wells. UC-3 was tested by Gazelle-1, which flowed at 31.3 mmscfd and IVCO-12 at 36.5 mmscfd.

Gazelle UC-4

IVCO-12 and Gazelle-2 both penetrated the UC-4 oil reservoir. UC-4 was tested at 1,596 bopd by IVCO-12.

Gazelle UC-5

Two wells penetrated the UC-5 gas and associated liquids reservoir, IVCO-12 and 21. IVCO-21 was tested at 10.2 mmscfd.



Gazelle-P4 Cross Section Highlighting Reservoir Targets

Lower Cenomanian Reservoirs

The Lower Cenomanian reservoirs are a sequence of over-pressured gas sands that lie beneath the Upper Cenomanian sequence with LC-1 being the oldest (see cross-section).

Gazelle LC-1

LC-1 is a gas sand with associated liquids intersected by the IVCO-21 well in 1980. This reservoir has the highest pressure encountered on Block CI-202 to date, with a pressure of 5,102 psia, and tested at 7.5 mmscfd and up to 127 bc/d.

Gazelle LC-2

LC-2 is a gas sand, also containing liquids, intersected by the Gazelle-2 and Gazelle-P3 ST1 wells on the northern side of the Gazelle fault and by Gazelle-1 and IVCO-12 on the southern side. The LC-2 appears to be in communication across all five existing penetrations on the northern and southern sides of the fault, with the Gazelle-P3 ST1 well extending the interpreted gas water contact down-dip relative to pre-drill assumptions (see structure map). LC-2 previously tested gas at 32.5 mmscfd and condensate liquids at 996 bc/d at Gazelle-2 and 10.3 mmscfd and 40 bc/d at IVCO-21.

Future Gazelle Production Well

Rialto plans to drill to TD, take oil and gas samples from the Upper and Lower Cenomanian sands, run wireline logs, and conduct vertical seismic profiling and sidewall coring operations. The well is intended to be cased for testing of appropriate reservoir(s), and suspended for future use in the Gazelle development.

Commenting on today's announcement, Jeff Schrull, Managing Director of Rialto said:

"We are very excited to commence drilling of the Gazelle-P4 well. We expect the successful drilling of the Gazelle-P4 well, together with the success achieved to date at Gazelle-P3 ST1/2, to result in the sanctioning of the Gazelle Development by the end of 2012.

"The well will appraise five additional reservoirs not appraised by the Gazelle-P3 ST1/2 well and will allow the progression of the Gazelle development, with the drilling of the second of four planned development wells."

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About Rialto Energy Ltd

Rialto Energy Limited (ASX:RIA, AIM:RIA) is an oil and gas exploration and production company with offices in Perth (Australia), London (UK) and Abidjan (Côte d'Ivoire).

Rialto is the Operator (85% working interest) of the CI-202 block offshore Côte d'Ivoire. The CI-202 block contains the Gazelle Field, which is the current focus of development, with first production expected by early 2014.

On 12 March, 2012, Rialto commenced a 3 well drilling programme in CI-202 using the Transocean GSF Monitor drilling rig.

A Competent Person's Report completed in September 2011 by RPS Energy Services in relation to CI-202 certified Total Mean Contingent Resources of 50 MMbbls of liquids and 396 Bcf of gas, in addition to Total Mean Prospective Resources of 511 MMbbls of liquids and 1,785 Bcf of gas.

The Company has received approval for a Field Development Plan and Exclusive Exploitation Area over the Gazelle Field and has executed a Gas Sales MOU, which will be superseded by a final binding agreement at Final Investment Decision, with the Government of the Republic of Côte d'Ivoire.

Rialto also has an interest in the Apache operated WA-399-P block in the Carnarvon Basin, Western Australia and is currently in the process of working with joint venture parties and Ghanaian governmental authorities to achieve approvals for an assignment of a 20% paying interest in the Accra Block, offshore Ghana.

Rialto listed on the Australian Securities Exchange in July 2006 and listed on the Alternative Investment Market in April 2012.