



**Rialto Energy Limited**

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## **INTERNATIONAL JOINT VENTURE AGREEMENT WITH CHALLENGER MINERALS INC.**

Rialto Energy Limited (ASX code: RIA) (“Rialto”) is pleased to announce that it has entered into an international joint venture agreement with Challenger Minerals Inc. (“CMI”), the oil and gas subsidiary of GlobalSantaFe Corporation (“GlobalSantaFe”), one of the world’s largest drilling contractors.

The agreement provides to Rialto:

- Access to a range of high quality exploration, development or production opportunities in areas of interest to Rialto, with a guaranteed right to participate; and
- Access to offshore drilling expertise and drilling management services, thus significantly enhancing the ability to deliver on projects in the current tightly constrained drilling services market.

Under the agreement, Rialto has the right and option for the next 3 years, but not the obligation, to acquire and participate as a co-venturer in global offshore oil and gas opportunities that become available to CMI through its extensive worldwide network. The deal excludes acreage in the U.S. Gulf of Mexico and the North Sea region. Rialto is assured of at least 10% of available equity and may acquire more by agreement on a case by case basis.

CMI is the upstream oil and gas arm of GlobalSantaFe and currently holds interests in over 70 oil and gas properties worldwide. GlobalSantaFe is listed on the New York Stock Exchange and currently has a market capitalisation of approximately US\$14.5 billion. It currently operates a fleet of 59 offshore drilling rigs and provides a full spectrum of drilling contract services to oil and gas companies around the world.

CMI obtains equity in projects where the provision of drilling services can facilitate entry. CMI has successfully deployed this strategy in recent years and now holds equity interests in a range of oil and gas fields globally. These fields are currently producing at a gross rate in excess of 40,000 barrels of oil per day and in excess of 70 million cubic feet of gas per day.

Commenting on the agreement, Rialto's incoming CEO, Mr Brett Woods, said:

*"This is an excellent achievement for a company of our size. By utilising our network of contacts, we have secured the framework for a flow of high quality international projects as well as access to critical drilling services.*

*The demand for drilling services is so strong worldwide that opportunities to secure equity positions in quality projects exist for, and are substantially enhanced by, companies that can deliver those services.*

*Using the strength and influence of GlobalSantaFe, CMI has a track record of delivering in these areas. In joining with this world class group, Rialto is providing a substantial platform for growth. This is a very significant step for Rialto."*

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