



Rialto Energy Limited
1186 Hay St
West Perth 6005
Western Australia

ACN 117 227 086

Report for Quarter ended 30 September 2008

Highlights

- **Rialto raised \$7.3 million (before costs) by issuing 22,121,212 ordinary fully paid shares at \$0.33 each.**
- **WA-291-P - Leads being evaluated as potential drilling targets.**
- **WA-399-P – Developing a risked Prospects & Leads portfolio.**
- **International New Ventures – Negotiations for new assets ongoing.**

Operations Summary

WA-291-P (Rialto 30%)

At the end of the Quarter, structural Leads are being evaluated as potential drilling targets.

WA-399-P (Rialto 50%)

Rialto and the Operator (Carnarvon Petroleum) are jointly integrating and interpreting the newly reprocessed 2D seismic dataset to define a risked and ranked Prospects and Leads portfolio.

New Ventures

Rialto is continuing to investigate international growth opportunities.

Some of these opportunities are at an advanced stage of negotiation but are still currently confidential. If Rialto elects to participate in successfully concluded contracts then an announcement will be immediately made to the ASX.

Corporate/Financial

In July 2008, Rialto raised \$7.3 million (before costs) by placing 22,121,212 fully paid ordinary shares with clients of Patersons Securities Ltd and directors and management of Rialto. These funds will be used principally to attract and negotiate international growth opportunities, particularly in relation to Rialto's International Joint Venture Agreement with Challenger Minerals Inc. ("CMI"). CMI is the wholly owned subsidiary of Transocean Inc., the world's largest offshore drilling contractor

At a General Meeting of shareholders conducted on 27 August 2008, Mr Rob Hall (Executive Director) was granted the following options:

- 600,000 options with an exercise price of \$0.45 each on or before 31 January 2012 (vesting immediately); and
- 650,000 options with an exercise price of \$0.60 each on or before 31 January 2013 (vesting on 15 January 2009).

The Annual General Meeting for Rialto will be conducted at 9.30 am (WST) on 28 November 2008 at the Melbourne Hotel Conference Centre, cnr Hay and Milligan Streets, Perth, Western Australia. The key resolutions at the Annual General Meeting will be the approval of:

- 3,680,000 options with an exercise price of \$0.40 each on or before 30 June 2012, to the executive directors and management of Rialto; and
- 750,000 options to be issued to Mr Simon Potter who was appointed as a Non-Executive Director in July 2008. Mr Potter may receive 250,000 options exercisable at \$0.45 on or before 30 September 2011; 250,000 exercisable at \$0.55 on or before 30 September 2012; and 250,000 exercisable at \$0.70 on or before 30 September 2013 subject to the terms of the issue.

Cash on hand at the end of the Quarter was \$6.3 million.

As at 30 September 2008, Rialto had 44,431,212 quoted fully paid ordinary shares on issue and 12,525,000 quoted options exercisable at \$0.60 each on or before 30 June 2011. The Company also has 6,500,002 unlisted options on issue with various exercise prices and expiry dates.

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