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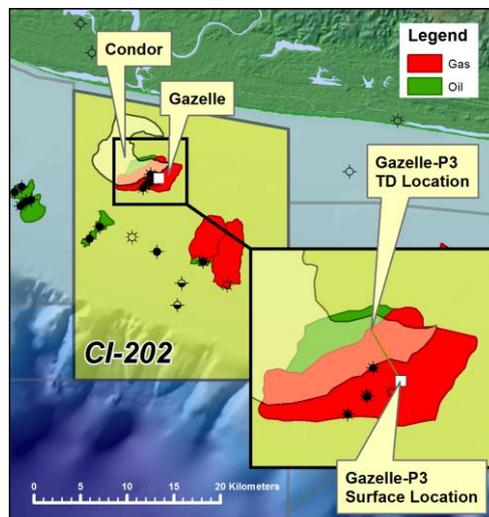
**Rialto Energy Ltd
("Rialto" or the "Company")**

Spudding of Gazelle-P3 well

Rialto Energy Limited (ASX: RIA), the exploration, appraisal and development company with operated assets offshore Cote D'Ivoire, West Africa, is pleased to announce the commencement of drilling of the Gazelle-P3 production well on the CI-202 block. Rialto is Operator of the Block with an 85% working interest.

The Gazelle-P3 well was spudded on 12th March 2012 using the Transocean GSF Monitor jack-up drilling rig. The well is planned to be drilled to a total depth (TD) of approximately 3400 mMDRT (-2926 mTVDSS) and is expected to take around 60-70 days to drill and test. The well is the first of an overall three well drilling programme on CI-202 that is anticipated to take six months to complete, together with testing.

The Gazelle-P3 well, which will be drilled from the Gazelle subsea template, is designed to be drilled as a deviated hole and will target already tested sands over the Upper Cenomanian reservoirs and will be deepened to test a combination structural / stratigraphic trap in the Lower Cenomanian that have never been drilled before. The well is situated on the northern flank of the Gazelle structure (Figure 1). The Gazelle field is located approximately 43 km south-west of Abidjan.



Gazelle-P3 Location Map

Figure 1: CI-202 Permit

A Competent Person's Report completed in September 2011 by RPS Energy Services Pty Ltd 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 first two wells in the current drilling programme, starting with the Gazelle-P3 well, will appraise the down dip potential of the reservoirs in the Gazelle Field and also target the deeper gas prospect "Condor". Successful appraisal and/or a Condor discovery will be a key step in converting the Contingent and Prospective Resources into Reserves. The third well in the programme will target the Chouette exploration prospect, some 13km from the Gazelle template.

Overview of the Gazelle Field Development Plan

Rialto has an approved Field Development Plan (FDP) for the Gazelle Field and has entered into a Gas Memorandum of Understanding (MOU) with the Government of Côte d'Ivoire, with the result that successful appraisal drilling will allow the Company to move to development at the Gazelle Field without delay. Rialto anticipates that production start up will commence by the end of 2013. Gross initial production rates from the Gazelle Field are anticipated at 8,000 bopd and 100mmscf/d of gas.

The results of the first phase drilling programme will be incorporated into the Field Development Plan. The Company aims to move to Final Investment Decision (FID) over the Gazelle Field in the third or fourth quarter of 2012.

Commenting on the commencement of drilling, Jeff Schrull, MD of Rialto said:

"We are pleased to report that the drilling of the Gazelle-P3 well has commenced as scheduled. This is the first well of our fully funded, three well programme on the CI-202 Block, offshore Cote d'Ivoire. This well aims to appraise the high graded, proven-productive oil zones in the Upper Cenomanian reservoirs on the Gazelle field, as well as testing a deeper target in the Lower Cenomanian.

Throughout this drilling programme we aim to convert our contingent and prospective resources in the Gazelle area to Proven plus Probable reserves and, by means of well testing, prove the commercial viability of the Gazelle field which we believe is capable of producing approximately 8,000bopd and 100mmscf/d of gas by the end of 2013.

We look forward to updating our shareholders on the progress of the Gazelle-P3 well in due course as drilling operations continue."

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About Rialto Energy Ltd

Rialto Energy Limited (ASX: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 the end of 2013.

In March 2012, Rialto will commence a fully funded, 3 well drilling programme in CI-202 using the Transocean GSF Monitor drilling rig.

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The Company has received approval for its Field Development Plan ("FDP") over the Gazelle Field and has recently executed a Gas Sales MOU, which will be superseded by a final binding agreement at Final Investment Decision ("FID"), 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 intends to seek a London Listing on the Alternative Investment Market ("AIM") in 2012.

