

Rialto Energy secures \$20 million investment for Block CI-202 drilling ops

Oilvoûce.com

Monday, January 16, 2012

- ▶ Block CI-202, offshore Côte d'Ivoire comprises an area of 675km² and contains four significant underappraised oil and gas discoveries; Gazelle, Hippo-1, Bubale, and Addax, all located in water depths of 50 to 100 metres.

Rialto Energy has reached in principle agreement with the International Finance Corporation (IFC), for a proposed investment of approx. US\$20 million, via a non-brokered private placement. The funding, which is subject to the requirements set out below, will be used to support the Company's impending drilling operations in Block CI-202, located offshore, Cote d'Ivoire scheduled to commence in February 2012.

The investment by IFC, which involves the issue of both ordinary shares and warrants is subject to final approval by the Board of IFC at the completion of a required 60 day public disclosure period, the execution of a final subscription agreement and approval of Rialto shareholders. Further details of the placement will be provided in the Notice of Meeting to be sent to shareholders for approval when the final terms of the placement pricing have been agreed. The proposed issue of warrants to IFC is in recognition of what is expected to be the long term nature of the investment by IFC, coupled with the strategic and financial relationships IFC brings within Cote d'Ivoire.

CI-202 Block Summary - Cote d'Ivoire

Block CI-202, offshore Côte d'Ivoire comprises an area of 675km² and contains four significant underappraised oil and gas discoveries; Gazelle, Hippo-1, Bubale, and Addax, all located in water depths of 50 to 100 metres. These discoveries are assessed to have mean contingent resources totalling 50 mmbbls of liquids and 396 Bcf of gas. Rialto is moving to develop and commercialise the Gazelle field later this year. In addition to the development opportunities which exist within CI-202, the Company has identified an exciting inventory of exploration prospects and leads which will be the subject of future drilling.

Gazelle Field Development Plan and Gas Sales MOU

The Company has received approval for its Field Development Plan over the Gazelle Field. The Gazelle Field is located in shallow water depths which lie in close proximity to existing onshore production infrastructure where production will be processed and transported to shore via bundled pipelines. The development will commence with the drilling of two development wells this Quarter. Initial production from the Gazelle Field is planned for the Fourth Quarter 2013 at 8,000 bpd of liquids and 100 mmcf/d for gas.

To facilitate commercialization of Gazelle's gas resources, the Company has recently executed a Gas Sales MOU with the Government of the Republic of Cote d'Ivoire. The MOU contains the essential terms for a final, binding gas sales agreement for deliveries of gas of up to 100 mmcf/d. The gas sales agreement is planned to be executed ahead of Final Investment Decision for the Gazelle Field in mid-2012.

CI-202 Exploration Potential and Prospective Resource

In addition to the Contingent Resource, CI-202 contains multiple low-risk, high impact exploration prospects. Work undertaken by Rialto on the extensive data set attached to CI-202, has led to the identification of large stratigraphic traps within the block.

Identified exploration targets have a combined total Mean Prospective Resource of 511MMbbls Oil and Condensate and 1,785Bcf of Gas. A key prospect to be drilled this quarter is the Chouette prospect, which is assessed to contain a Mean Prospective Resource of 84MMbbls. Chouette will satisfy drilling commitments for the current exploration phase of the CI-202 PSC, and will be drilled in conjunction with the two Gazelle development wells. The three well drilling programme is currently scheduled to commence in late February 2012 using the GSF Monitor jack-up rig.

Competent Person Report: CI-202

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.

Publication: Oilvoice.com (Online)