



Media Monitoring

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<http://www.wabusinessnews.com.au/en-story/1/52087/Alto-Energy-to-raise-5-6m-in-placement-entitlements-issue>

Alto Energy to raise \$5.6m in placement, entitlements issue

9-May-07 by Edited announcement

Perth-based oil and gas exploration company Alto Energy International Ltd has announced plans to raise \$5.6 million through a one-for-four entitlements issue and placement to fund exploration in Oklahoma and Louisiana.

Alto Energy International Limited (Alto - ASX:AOI) is pleased to announce a one-for-four non-renounceable Entitlements Issue and a Placement at \$0.05 per share to raise a total of \$5.6 million.

The non-renounceable Entitlements Issue will be underwritten by Argonaut Capital Limited and raise \$2,315,886 before costs. The Placement of up to 66,000,000 shares to raise \$3.3 million will be undertaken as a private placement.

The directors, who collectively hold approximately 25% of the Company prior to the Placement, intend to fully subscribe for their entitlements under the Entitlements Issue. Macquarie Bank, which owns 7.2% of the company, has confirmed that it will subscribe for a further \$800,000 under the Placement, subject to shareholder approval, and will take up its entitlements under the Entitlements Issue.

Funds raised from the Entitlements Issue together with the placement will be used by Alto to pursue its operations in Oklahoma and Louisiana, USA and for general working capital purposes.

Alto is focusing its operations in the conventional low risk proven trends of Oklahoma and Louisiana where it is seeking to build production through exploration success, targeting locations adjacent to and/or within producing fields close to existing infrastructure.

Alto has recently drilled three wells, two in Oklahoma (Reed #4-8 and Pate #5-18) and one in Louisiana (ConocoPhillips #4). The Reed #4-8 and ConocoPhillips #4 are being completed for production, while the Pate #5-18 is drilling ahead. Alto expects to drill up to a further 10 wells during 2007 in both Louisiana and Oklahoma.

Alto is currently interpreting 24 sq miles of 3D seismic over its leasehold areas in Oklahoma and expects to start drilling based on this data within the next three months. At the Napoleonville Salt Dome, its other main project, the acquisition of 52 sq miles of 3D seismic continues. The 3D seismic shoot should be completed by the middle of 2007.

The Placement will be completed in two tranches; 25,000,000 shares will be issued pursuant to

the Company's 15% placing limit under ASX Listing Rule 7.1, with the balance of 41,000,000 shares being issued conditional on shareholders approval at a General Meeting to be convened as soon as practicable.

An Appendix 3B for the non-renounceable Entitlements Issue is attached and a disclosure document and timetable for the Entitlements Issue will be released shortly.