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Azonto Quarterly Activities Report

Recent Highlights

1. Completed assignment of London Office Lease and cost-cutting measures implemented including transfer of operations to Australia.
 2. Negotiating to sell the residual equipment stored in Abidjan, Ivory Coast, which is the last of the oil and gas assets remaining.
 3. Cash balance as at 31 December 2015 A\$7.6 million equivalent principally held in US dollars, with minimal payables.
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ASX

APY

The Company wishes to advise that it has completed the assignment of its London office lease, effective 1 November 2015 and together with selling all the office and IT equipment in the London office. This removes a significant lease obligation from the Company and releases funds held as rental guarantee.

The Company has worked over the past few months to tidy up legacy issues relating to the disposal of the companies oil and gas activities in West Africa.

Following the disposal, a number of corporate matters have been progressed that are necessary to compete prior to the company embarking on a new venture so as to provide clarity and certainty in respect of the companies financial statements. These activities have involved:

- The liquidation of Azonto Petroleum (Ghana) Limited which is expected to be completed imminently.
- The Liquidation of Azonto Petroleum (UK) Limited which is in progress.
- The early completion of Azonto Petroleum Limited December 2015 year-end audit (commenced).
- The removal of Azonto Petroleum Limited from UK tax reporting requirements, which is in progress.
- Sub-lease of the London office and sale of office and IT equipment completed in December 2015.

The Company is still negotiating the sale of residual oil field equipment held in Abidjan. It is hoped that this sale will be completed in the near future. Sale proceeds will not materially impact cash balances of the Company.

With the completion of the above matters, the Company is well positioned to move forward with new opportunities and ventures.

At 31 December 2015 the Company had A\$7.6 million, of which was comprised of US\$4.5 million (A\$6.2 million equivalent) using an exchange rate of AUD \$1 equals USD \$0.7298 and the balance in AUD, GBP and EUR. The Company press release dated 14 January 2016 stated a cash balance of A\$7.9 million including US\$4.5 million (A\$6.5 million) using an exchange rate

of AUD \$1 equals USD \$0.6984. The increased cash balance was a consequence of the change in exchange rate.

The Company continues to actively evaluate new opportunities and ventures and hopes to finalize a new direction in the coming period. The Company is highly likely, as a condition of any future investment, to be required by the ASX to obtain shareholder approval for any new investment. The ASX may also exercise its discretion to require the company to re-comply with ASX listing requirements. The ASX will generally allow a company to remain as a cash box for up to 6 months after disposing of its main undertaking to give it time to identify, and make an announcement of its intention to acquire, another business, failing which ASX usually suspends the Company until such time as an announcement is made.

The Company is working together with its auditors to finalize the 31 December 2015 full year audit in a timely fashion, at which time the Company will then have all activities in Perth.

Financial

Equity Issues

There were no equity issues in the quarter.

Capital Structure at 31 December 2015

| | Number |
|--------------------|---------------|
| Shares | 1,159,375,100 |
| Performance rights | 140,569,489 |

Cash

Cash on hand at 31 December 2015 was A\$7.632 million (unaudited).