

Contact

Azonto Petroleum Ltd
Suite 5, 531 Hay Street
Subiaco WA 6008
Australia

T: +61 (0) 8 9380 8333
E: IR@azpetro.com

SEPTEMBER 2016

Azonto Quarterly Activities Report

Recent Highlights

1. In relation to the company's oil and gas activities, significant drilling equipment (casing, tubing and ancillary equipment) is currently held in yards in Abidjan, Ivory Coast. The Company is concurrently evaluating offers for such equipment and considering deployment into the field.
 2. UK operations and legacy issues predominantly concluded during quarter.
 3. Due diligence continuing on new business development opportunities.
 4. Cash balance as at 30 June 2016 A\$6.2 million equivalent, principally held in US dollars, with minimal payables following closure of UK activities and offices during the quarter. Unrealized currency loss of \$154,897 during quarter.
-

ASX

APY

In relation to the Company's oil and gas activities, significant drilling equipment inventory are still being held in Abidjan, Cote d'Ivoire. The equipment includes casing, tubulars, cementing and casing accessories and drilling tools with a cost of approximately \$1.2 million. The Company is currently negotiating the sale of casing, casing accessories, drilling tools and other drilling equipment with a cost of \$850,152. We are hoping an agreement is completed within near future.

In June 2016 the Company commenced negotiations with Foxtrot for the sale of some of the equipment and on 12th October 2016 a Master Sales Agreement with Foxtrot was executed for the sale of casing accessories and drilling tool equipment that originally cost \$37,662 for \$11,662.

The Company has now closed its UK operations and transition activities back to Australia. The CFO has been retrenched and the UK office closure completed.

UK subsidiary liquidation has been predominantly concluded during the quarter and Azonto has removed all UK taxation and associated reporting requirements. Management and directors are now all based in Australia.

Outgoings incurred during the quarter summarised as follows:

Wind Up Historical UK Activities	\$13k
UK Payroll and Associated Severances	\$15k
Due Diligence enquires New Projects	\$118k
ASX Annual Fees	\$26k
Annual Insurance Premiums	\$24k
Directors Fees and Expenses	\$19k
GST (refundable)	\$18k
Administration	<u>\$18k</u>
Total	\$251k

At 30 September 2016 the Company had A\$6.208 million, of which was comprised of US\$4.2 million (A\$5.5 million equivalent) using an exchange rate of AUD \$1 equals USD \$0.7634 and the balance in AUD, GBP and EUR. The volatility of the GBP/USD/AUD during this period has caused unrealized exchange rate losses.

Financial

Equity Issues

There were no equity issues in the quarter.

Capital Structure at 30 September 2016

	Number
Shares	1,162,795,125
Performance rights	140,319,489

Cash

Cash on hand at 30 September 2016 was A\$6.208 million (unaudited).