

**Azonto Petroleum Limited**

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To: Company Announcements Office  
ASX Limited, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

**29 April 2016****ASX Code: APY****Swap of Performance Rights for Ordinary Shares or Cash**

**Azonto Petroleum Limited ("Azonto" or the "Company")** has agreed, subject to any regulatory approvals and consents, and subject to shareholder approval, to exchange outstanding performance rights held by a director, former directors and senior management into ordinary shares of the Company, or make a cash payment.

The agreement involves the exchange of performance rights for ordinary shares or cash in the ratio of 4 performance rights for 1 ordinary share or A\$0.013 cash for every 4 performance rights.

The arrangements will result in a total of 18,043,362 ordinary shares being issued and a cash payment of A\$221,475 in exchange for cancellation of 140,319,489 performance rights. The conversion into ordinary shares and the cash payment will be subject to shareholder approval.

The performance rights arose as the previous board determined that all departing directors, officers and employees were classified as "good leavers", which provided that, upon achievement of targets, the performance rights vested despite no longer being associated with the Company resulting in a total of 140,319,489 performance rights potentially vesting. Subject to approvals, a balance of 250,000 performance rights will remain on issue. Full details of the performance rights targets are contained in the 2015 Financial Statements.

The directors believe this arrangement is in the best interest of the Company, as the agreement with CLIPFORT included an anti-dilution provision such that if the performance rights did vest, then CLIPFORT's equity holding would have to be adjusted to reflect the additional shares on issue. Accordingly, there will be a small adjustment to the share consideration issued to CLIPFORT such that the vendors' percentage shareholding does not reduce as a result of the issue of shares in exchange for the cancellation of the performance rights.

**-ENDS-**

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**Azonto Petroleum Limited**

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