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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 considering deployment into the field and concurrently evaluating offers for such equipment.
 2. Proposed transaction with Clipfort terminated as Azonto was unable to complete due diligence nor other transaction related matters to its satisfaction.
 3. Cash balance as at 30 June 2016 A\$6.6 million equivalent, principally held in US dollars, with minimal payables. Unrealized currency loss of \$171,803 during quarter.
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ASX
APY

The Company still holds significant drilling inventory in the Abijan, Ivory Coast. The inventory includes casing and tubulars, cementing and casing accessories and drilling tools with a cost of approximately US\$1.1 million. The Company is considering its deployment into the field or the sale of the oil field equipment.

The Company continues to close its UK operations and transition activities back to Australia. The CFO has been retrenched as of June 30, 2016 (severance payment included in quarterly) and the UK subsidiary is in the final stages of liquidation including the removal of Azonto from UK reporting requirements. Management and directors are now all based in Australia.

On 15 June 2016 the transaction with Clipfort was terminated. The Company was disappointed that the transaction did not proceed as significant time, effort and resources has been allocated to this opportunity however, as the Company was unable to complete due diligence nor other transaction related matters to its satisfaction, the parties agreed to terminate the Heads of Terms.

The Company continues to evaluate new opportunities and investments in all sectors. 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.

At 30 June 2016 the Company had A\$6.613 million, of which was comprised of US\$4.2 million (A\$5.6 million equivalent) using an exchange rate of AUD \$1 equals USD \$0.7441 and the balance in AUD, GBP and EUR. The volatility of the GBP/USD/AUD during this period has caused unrealized exchange rate losses. Costs associated with the Clipfort transaction have been written off totaling approximately A\$390k during the quarter.

Financial

Equity Issues

There were no equity issues in the quarter.

Capital Structure at 30 June 2016

	Number
Shares	1,159,375,100
Performance rights	140,319,489

Cash

Cash on hand at 30 June 2016 was A\$6.613 million (unaudited).