

Contact

Azonto Petroleum Ltd

Suite 5, 531 Hay Street
Subiaco WA 6008
Australia

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

DECEMBER 2016

Azonto Quarterly Activities Report

Recent Highlights

1. In relation to the company's oil and gas activities, drilling equipment (casing, tubing and ancillary equipment) is currently held in yards in Abidjan, Ivory Coast. The Company is evaluating offers for such equipment and/or potential deployment into the field.
 2. UK operations and legacy issues concluded during quarter.
 3. Due diligence continuing on new business development opportunities.
 4. Cash balance improved as at 31 December 2016 A\$6.4 million equivalent, principally held in US dollars, with minimal payables following closure of UK activities and offices. Unrealized currency gain of \$331k 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 an original cost of approximately USD \$1.0 million. The Company is currently in the process of following up on leads for the disposal of this equipment.

Sales of equipment originally costing USD \$37,662 to Foxtrot for USD \$11,661 and to a scrap merchant originally costing USD \$264,734 for €5,266 were successfully completed in the quarter with funds to be received in the first quarter 2017.

The Company has closed its UK operations and transition activities back to Australia. The CFO has been retrenched and administration brought back to Australia.

UK subsidiary liquidation has been concluded during the quarter and Azonto has removed all UK taxation and associated reporting requirements.

Outgoings incurred during the quarter summarised as follows:

Wind Up Historical UK Activities	\$22k
Due Diligence enquiries New Projects	\$56k
Directors Fees	\$69K
GST recovered	\$(13)K
Administration	\$52k
Total	\$186K

At 31 December 2016 the Company had A\$6.416 million of which was comprised of US\$4.2 million (A\$5.8 million equivalent) using an exchange rate of AUD \$1 equals USD \$0.7197. The volatility of the GBP/USD/AUD during this period has generated unrealized exchange rate gains.

Financial

Equity Issues

During the quarter Azonto issued 3,420,025 Fully Paid Ordinary Shares. The shares were issued as settlement to a company creditor of \$27,280.

Capital Structure at 31 December 2016

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