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Azonto Quarterly Activities Report

Recent Highlights

1. Work continues in Côte d'Ivoire to progress the development of the Gazelle gas field towards project sanction by the end of 2014.
2. Positive initial data room interest in respect of the Accra Block in Ghana to enable potential new industry partners to be sought.
3. Further strengthening of the Subsurface team with the appointment of Mr Francis Gryspeerdt as VP Subsurface and Mr Joel Clemence as Senior Geologist.

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A message from the Managing Director – Rob Shepherd

As we announced in our Operations Update on 28 May 2014, less progress than anticipated had been made in recent months in regard to the gas pipeline that the Government of Côte d'Ivoire ("the Government") had indicated it was planning to build from Grand Bassam to Abidjan where the current installed thermal power capacity is located.

Recent developments however are positive with the Government advising Vioco Petroleum Limited ("Vioco") of its intention to develop new thermal power capacity in the Grand Bassam area close to where Gazelle is to be developed.

Vioco fully supports this revised approach as it should simplify the steps required to enable the Gazelle project to move forward expeditiously, which is clearly in the interests of all parties.

Vioco recently submitted a revised Field Development Plan to the Government for approval, predicated on project sanction by the end of 2014. In recent discussions with the Minister of Energy, he re-emphasised the importance of the Gazelle project to the Government, given the clear economic benefits of using gas to generate power rather than heavy fuel oil.

Consequently, Vioco continues to push forwards on multiple fronts including: negotiations regarding the gas supply agreement with CI-Energies, with pre-engineering, and with financing. We look forward to updating our shareholders on further progress in due course.

With respect to the Accra block in Ghana, as we previously advised, following receipt of a six month extension to the current exploration period, a data room was opened in June 2014 with a view to finding new partners to support progression into the next period. Good initial interest has been shown, with a number of major oil companies having visited to review the technical information contained therein.

We also continue to review potential new opportunities in our area of focus, being West Africa, as we seek to grow the asset base and create material value for our shareholders.

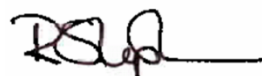
In terms of personnel, during the quarter Mr Francis Gryspeerdt and Mr Joel Clemence joined our technical team as Vice President Subsurface and Senior

Geologist respectively. Both bring considerable experience to our company and we are very pleased they have decided to join Azonto at this critical juncture in our development.

During the quarter, we were pleased to move offices in London – this move, coupled with the change of office in Perth, has reduced direct annual office costs by over A\$750,000 per annum and is part of our ongoing commitment to shareholders to keep "general and administrative" costs as low as possible. Our cash position at the end of the quarter remained stable at US\$8.4m, an increase of US\$3.2m from the prior quarter owing to a payment by Vioco of an outstanding receivable.

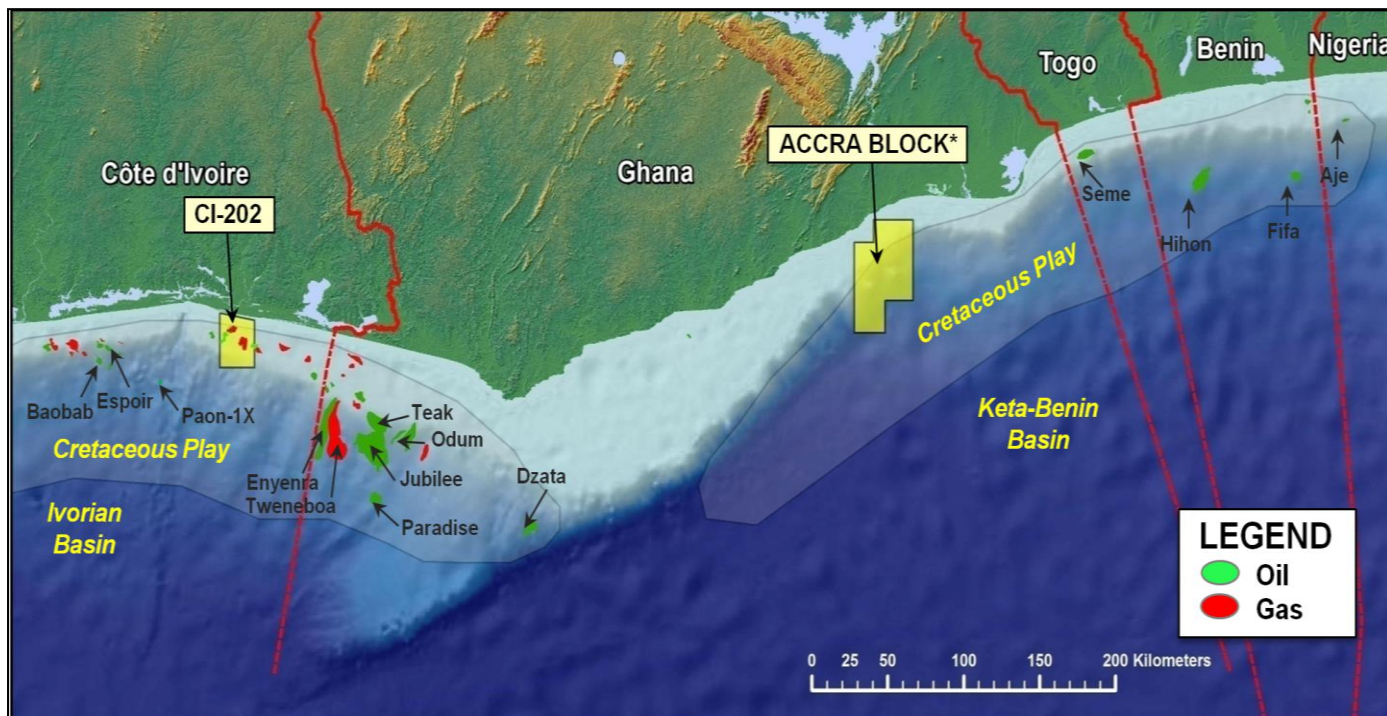
Azonto's commitment to CSR in its countries of operations remains unflinching so we were delighted to hear a positive story from our Country Manager, Augustin Amakou, in Côte d'Ivoire. At the end of 2013, instead of sending Christmas Cards, Azonto sent electronic cards and donated equipment in-kind of equivalent value to the savings made to the local orphanage in Grand Bassam. Augustin was recently advised by the orphanage that their girls sitting for the 2014 Certificate of Primary and Elementary Studies scored a perfect 100% versus the national average of 79.13%, so we are very proud to be able to play a part in the academic development of the youth in our area of activity.

In conclusion, progress has been made in all areas of our business during the quarter and we are pleased to have been able to further strengthen our technical team whilst also reducing our general and administrative costs through relocating offices. Whilst less progress than anticipated was initially made with regards to the pipeline in Côte d'Ivoire, we are encouraged by the recent developments and discussions with the Government and reiterate our confidence that we can obtain project sanction for the development of the Gazelle gas field by the end of the calendar year.



Rob Shepherd
Managing Director

Operations Summary



CI-202 – Côte d'Ivoire

Azonto holds a 35% ownership interest in Vioco Petroleum Ltd, which holds an 87% operating working interest in offshore Block CI-202. Vioco's working interest will be reduced to 71% if Petroci exercises its 16% back-in right. Vitol E&P Ltd holds the remaining 65% of Vioco.

On 7 November 2013, Vioco was granted a new PSC for Block CI-202, offshore Côte d'Ivoire. The new PSC comprises a total area of 707 km². Block CI-202 contains the Gazelle gas field plus several other oil & gas discoveries together with a number of exploration and appraisal targets in water depths of 50 to 1,000 metres.

Gazelle Field Development

Vioco has continued to work closely with the relevant parties in Côte d'Ivoire, successfully progressing the development plans for the Gazelle gas field. A revised Field Development Plan was submitted in July 2014, based on the supply of gas directly to a new power plant, to be constructed adjacent to the Gazelle onshore gas processing facilities. We are in discussions with CI-Energies (the state electricity Company) to

optimise the interfaces and schedule for the integration of the gas and power projects. The main terms of the gas sales contract have been agreed and the project is on track to start execution by the end of 2014. An updated Resources Report for the Gazelle Field has been completed by RPS Energy Services Pty Ltd ("RPS") and confirms our internal estimates of the field contingent resources.

Prospect Generation over the rest of the Block

The interpretation of the Pre-Stack Depth Seismic data is being completed, including the re-mapping of existing prospects and development of new prospects. The most attractive prospects will be made drill-ready, to allow for the possibility of an exploration well being included in the Gazelle drilling programme.

Offshore Accra Contract Area – Ghana

The Accra block prospect inventory has been high graded and has identified substantial remaining prospectivity. The Accra dataroom has attracted considerable interest and could bring new industry partners into the Block before the expiry of the current extension to the initial exploration period in September 2014 (see also under “Corporate”).

WA-399-P – Australia

Approval has now been received from the Australian government for the surrender of the licence for this exploration block with effect from 7 July 2014.

Petroleum tenements held at the end of the quarter and their location include:

CI-202

Offshore Côte D’Ivoire – Ivorian Basin
30km South East of CDI Capital – Abidjan
35% ownership interest in Vioco Petroleum Ltd, which holds an 87% operated working interest in offshore Block CI-202. Vioco’s working interest can be reduced to 71% if PETROCI exercises its 16% back-in right after development approval is granted.

Offshore Accra Block

Offshore Ghana – Keta Basin
20 km South East of Ghana Capital - Accra
56.6% beneficial ownership interest in Azonto Petroleum (Ghana) Ltd, which, subject to Government approval, holds an effective 45% operated working interest in the Accra Block.

WA-399-P (surrendered with effect from 7 July 2014)

Offshore Western Australia – Carnarvon Basin
50 km North of Exmouth
12% working interest

No petroleum tenements or farm-in, farm-out interests were acquired during the quarter.

Corporate

In March 2014, Azonto Petroleum (Ghana) Limited was granted a six month extension to the current exploration period which now extends to 23 September 2014. The extension of the exploration period will enable Azonto Ghana and its Joint Venture partner Afex Oil (Ghana) Limited (“Afex Ghana”) to work closely alongside Ghana National Petroleum Corporation (“GNPC”, which holds a 10% carried interest in the Block) to further explore the potential of the Block.



Personnel Changes

Azonto has continued to rebuild its subsurface team with the appointment in May of Francis Gryspeerdt as VP Subsurface, reporting to Jay Smulders, Technical Director. Francis is a petroleum geologist with 30 years experience and has managed assets from frontier exploration to mature field life extension across the world including West and Central Africa.

Joel Clemence as senior geologist has also been recruited to work under Francis.

Financial

Equity Issues

There were no equity issues during the quarter.

Capital Structure at 30 June 2014

	Number
Shares	1,158,625,100
Unlisted options	37,226,818

Cash

Cash on hand at 30 June 2014 was US\$8.4 million (unaudited).

Significant Shareholders at 30 June 2014

	Number	%
Artemis Global Energy Fund	100,000,000	8.63%
Genesis Asset Managers LLP	70,138,995	6.05%
International Finance Corporation (IFC)	63,707,267	5.50%