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DECEMBER 2014

Azonto Quarterly Activities Report

Recent Highlights

1. Approval of the Gazelle Field Development Plan
2. Signing of the Presidential Decree granting Vioco an Exclusive Exploitation Area for 25 years
3. Award Gazelle early engineering contract
Post period
4. Announcement of a Strategic review resulting in Management Changes, staff reductions and refocus on existing portfolio primarily on and around Block CI-202

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A message from the Managing Director – Grégory Stoupnitzky

The last 3 months have been characterised by a material decline in the price of oil, and an adverse operating environment for companies in oil, gas and related industries. This has led to a severe change to the valuation of the sector; it is particularly punishing for small cap, non-producing, and exploration companies. Many in the industry, regardless of size, are reassessing capital allocation to projects, cutting operating expenses and focusing on essential activities.

In this context, during early December the Board, in conjunction with management, initiated a review of our business, including our strategy, with the goal of securing our core assets and significantly trimming our new business initiatives and operating costs, including headcount. As a result of this review, Rob Shepherd and Andrew Rose resigned from the Company as Managing Director and Finance Director respectively, and I was appointed Chief Executive Officer. Together with Jay Smulders, Technical Director and Jeff Durkin, General Counsel, we have assumed day to day management of the Company. Ron Nelmes, Financial Controller, will be in charge of financial matters, reporting to me. Despite the difficult decision, Rob and Andrew remain committed and aligned with the Company. They will work through their notice periods ensuring the smooth transition and in support of key initiatives.

Our goals are clear: lower budgeted G&A, renewed focus on our key asset, and accelerated pace in maturing of a handful of other potential strategic and project opportunities.

During the quarter we made significant progress with the Gazelle project: following a number of meetings with representatives of the Ministère du Pétrole et de l'Énergie, the Government of Côte d'Ivoire approved the Field Development Plan that had been submitted by Vioco and soon thereafter, on December 18th, the President signed a decree granting an Exclusive Exploitation Area for 25 years covering Gazelle. This has also triggered an option for Petroci, Vioco's partner in the CI-202 Block, to elect to back in for an additional 16% paying interest by Q2 2015. These developments have been matched in parallel with a

renewed effort by CI-Energies to plan for their own project sanction in relation to the planned power plant co-located in Grand Bassam next to Vioco's onshore gas processing plant. We expect to see specific plans and timetable in respect of the power plant project to advance the upstream component of the project to sanction, currently projected for Q2 2015, with a 15-month construction period to first gas. Importantly, despite the oil price weakness, the economics of our project remain robust and relatively unchanged.

There is no material news in relation to Accra Block which retains optionality for us.

As previously disclosed, the Vioco team has continued to mature the Hippo North prospect which is located 7 km from Gazelle in shallow water of 70m. Hippo North is now ranking first among others to deliver potential additional gas resources and while we are not obligated to drill this prospect we, and our partner Vitol, are increasingly convinced that a possible add-on to the drilling campaign for Gazelle will significantly decrease the costs for the well. If successful, this prospect will extend the production profile on Gazelle by feeding through the existing facilities being planned for the project. The Vioco team has continued to invest time and effort to identify prospects in and adjacent to the Block that could form part of a regional gas play with substantial liquid upside, again revolving around core facilities about to be constructed in Grand Bassam.

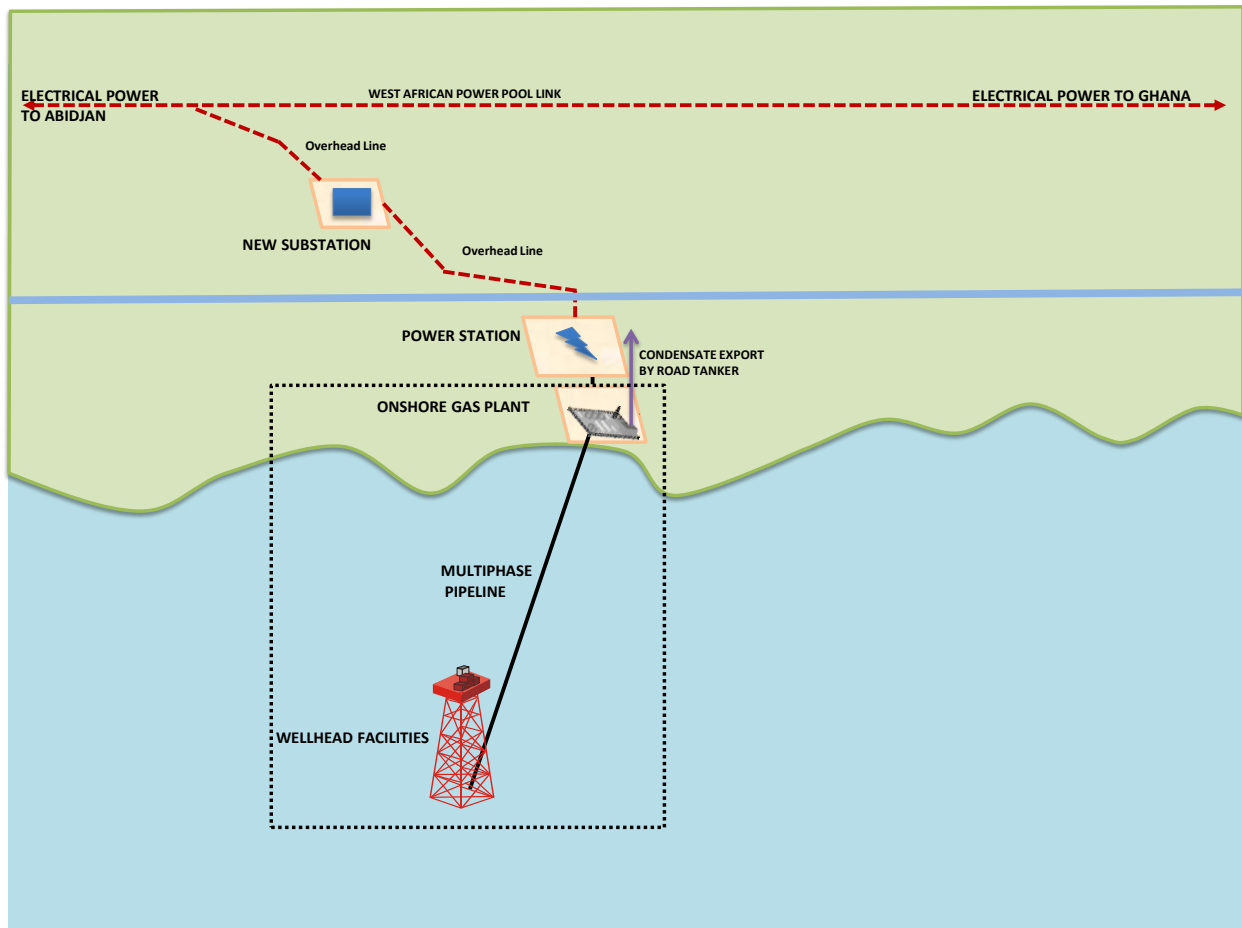
In addition, both the Environmental and Social Impact Assessment and land acquisition for the Onshore Power Plant are progressing to plan.

In summary, we are taking difficult but necessary measures to minimise expenditure, reach project sanction as rapidly as possible, and leverage the existing possibilities closer to our Licence Area. In conjunction with a small number of strategic initiatives, we are focused on weathering the macro storm and emerging in a strong position.

A handwritten signature in black ink, appearing to read 'G. Stoupnitzky'.

Grégory Stoupnitzky
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, which will be decided Q2 2015. Vitol E&P Ltd holds the remaining 65% of Vioco.

Gazelle Field Development

The revised Field Development Plan has been approved and the 25 year Exploitation Licence "EEA", was awarded in December. The pre-engineering contract for the offshore, pipeline and onshore plant has been awarded to an engineering contractor, who will be delivering a firm execution budget by Q1 2015.

With respect to the associated power project, CI-Energies has received bids in response to the tender for the supply of power generation units and associated transmission infrastructure; these are currently being evaluated. The schedules of the gas plant and the power plant are being aligned and Azonto now expects to take FID on the Gazelle project in first half of 2015.

Selection of 2015 exploration target

Further work has been carried out to evaluate the Hippo North prospect, located 7km from Gazelle in shallow water of 70m. An additional slightly deeper objective has been identified. A suitable drill location has been identified, and the well can be drilled as part of the Gazelle development drilling campaign.

Offshore Accra Contract Area – Ghana

An application has been made to the Ghanaian authorities for a further 6 month extension in order to complete the farm out process. Azonto has been informed of the approval of the temporary change of operatorship and is awaiting approval for the extension to be granted.

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.

Financial

Equity Issues

There were no equity issues in the quarter.

Capital Structure at 31 December 2014

	Number
Shares	1,159,375,100
Unlisted options	35,310,150

Cash

Cash on hand at 31 December 2014 was A\$7.0 million (unaudited).

Significant Shareholders at 31 December 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%