ABN 17 117 227 086

Half-Year Financial Report
30 June 2015

Corporate Directory

Directors

Andrew Sinclair	Non-executive Chairman
Gregory Stoupnitzky	Managing Director
Glenn Whiddon	Non-executive Director
Neil Hackett	Non-executive Director

Company Secretary

Neil Hackett

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Website: www.azpetro.com

Auditors

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

Bankers

National Australia Bank
226 Main Street
Osborne Park WA 6017

The Royal Bank of Scotland
Queen's Cross Branch
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Aberdeen AB10 1YN

Share Registry

Computershare Investor Services Pty Ltd
45 St. Georges Terrace Perth WA
Telephone: +61 (0) 8 9323 2000
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Securities Exchange Listing

The Company is listed on the ASX Limited (ASX).

Home branch: Perth, Western Australia
ASX Code: **APY**

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AZONTO PETROLEUM LIMITED – HALF YEAR REPORT

Directors' Report

Your Directors submit their report for the half-year ended 30 June 2015.

Directors

The names of the directors of Azonto Petroleum Limited ("Azonto" or "Company") in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Gregory Stoupnitzky	Announced resigning on 17 September 2017
Andrew Sinclair	Announced resigning on 17 September 2017
Neil Hackett	
Glenn Whiddon	Appointed 2 June 2015
Andrew Bartlett	Resigned 29 May 2015
Robert Shepherd	Resigned 20 January 2015
Andrew Rose	Resigned 20 January 2015

Review and Results of Operations

Results

The net loss for the half year ended 30 June 2015 was $35,333,471 (2014: $3,781,173). The net loss for the six months to 30 June 2015 includes an impairment of the investment in the Vioco Petroleum Limited ("Vioco") joint venture of $31,075,108. The impairment is a consequence of the sale of the final 35% of the Group's holding to Vitol E&P Limited ("Vitol") completed on 21 August 2015 (see below), resulting in the joint venture being classified as a non-current asset held for sale and remeasured to fair value less cost of disposal.

In response to challenging conditions in the oil and gas sector, including low and volatile oil prices and weak equity market conditions, the Board of Azonto announced in January 2015 the implementation of cost reduction measures including accepting the resignations of the former Managing Director and Chief Financial Officer, and the commencement of company-wide redundancies. In July 2015 the Company announced that the Technical Director will leave the Company in August.

On 31 August 2015 the Company announced that effective from September 17, 2015 Gregory Stoupnitzky and Andrew Sinclair will resign their Board and any executive positions from the Company. Jeff Durkin, General Counsel, will also be leaving the Company on the same date. These resignations have been foreshadowed as the Company has now sold its interest in CI-202, Cote d'Ivoire (see below). Mr Rob Downey will join the board as a non-executive director on September 17, 2015 and the Company will work to move all its operations and remaining activities back to Perth. A small financial function will remain in London until early 2016 that will allow for the completion of the Company's 31 December 2015 Financial Statements and the finalisation of various regulatory issues.

On 7 July 2015 the Company announced that it had entered into a conditional sale and purchase agreement for the sale of the Azonto's entire shareholding in Vioco to Vitol. In consideration for the sale of the 35% shareholding in Vioco, Vitol would pay an initial US$4,000,000 less an amount up to US$400,000 for certain net liabilities related to the period before Vitol's acquisition from Azonto of 65% of Vioco in November 2013. In addition, if and when Vioco commits to drill the exploration well that is required to retain the CI-202 licence, Vitol will pay a further US$1,100,000 consideration for the sale of certain wellhead drilling equipment that remains outstanding from the original sale of 65% to Vitol. A further US$2,000,000 consideration is payable If the exploration well makes a commercially viable hydrocarbon discovery. The sale of the 35% shareholding in Vioco was completed on 21 August 2015 and the initial $4,000,000 has been received. During negotiations the Company was able to remove the net liabilities of up to $400,000 that were to have been deducted from the initial proceeds.

The sale marks a disappointing conclusion to the Company's investment in CI-202 but secures for the Company sufficient cash to embark on new activities. All corporate liabilities are being settled and by the fourth quarter of 2015 the Company should be left with an Australian listing and a clean cash position with no legacy issues to address.

Operations

CI-202 Cote d'Ivoire (Indirect Working Interest: 30.45%, Paying Interest: 35%)

As at the reporting date, Azonto held a 35% ownership interest in Vioco, which holds an 87% operating working interest in offshore Block CI-202. Vioco's working interest will be reduced to 71% if the state oil company Petroci exercises its 16% back-in right. Vitol holds the remaining 65% of Vioco. As detailed above the Company's interest in Vioco was sold on 21 August 2015.

During the half-year, the following activities were undertaken on CI-202:

Gazelle Field Development

As at the reporting date a Steering committee had been established with Vioco, the gas buyer, CI-Energies, and the IPP contractor. Vioco is currently engaged with the IPP contractor to establish firm scope and schedule for an integrated project to appraise and develop the Gazelle field and Hippo North.

2015 exploration activity

Further work was carried out to evaluate the Hippo North prospect, located 7km from Gazelle in shallow water of 70m, including the identification of an additional slightly deeper objective.

Offshore Accra Contract Area - Ghana

In Ghana the Company reluctantly decided to relinquish the Accra Block. Following the exit of the other partners in March 2014 Azonto's Ghanaian subsidiary, in which Vitol E&P Limited has a 43% interest, and the other remaining partner Afex Oil secured a six-month extension of the initial exploration period to September 2014 and conducted a farm-out process to try to find a suitable operating partner.

Despite significant industry interest, as a result of challenging market conditions a farm-out could not be concluded, and the partners elected not to seek a further extension to the initial exploration period, nor to apply to enter into the first extension period. The Company is currently finalising the closure of our Ghana operation.

Financial Summary

Interest income for the six month period to 30 June 2015 was $4,419 (2014: $76,869) and other revenue was $1,094,691 (2014: $1,426,593). Other revenue principally comprises income receivable from Vioco for services provided by Azonto to the CI-202 joint venture. The Group's total revenue for the six month period to 30 June 2015 was $1,099,110 (2014: $1,503,462).

As at 30 June 2015 the Group's joint-venture in Vioco has been reclassified as a non-current asset held for sale which resulted in a write down of $31,075,108 (2014: nil) to remeasure to the lower of carrying amount and fair value less cost to sell.

During the six month period to 30 June 2015 there has been an impairment of property, plant and equipment of $196,771 (2014: nil). The impairment is a consequence of the sale of the CI-202 asset and a reduction in activity.

Administrative expenses for the six months to 30 June 2015 were $5,398,349 (2014: $5,156,389) net of expenses recovered from partners or capitalised of $1,620,455 (2014: $2,215,726). Within the gross expenses total employee and director compensation expense, excluding share-based payments, was $2,749,222 (2014: $2,351,096), and other general administrative costs were $3,193,453 (2014: $4,733,132). The Employee and director compensation expense has increased in 2015 compared with 2014 due to the inclusion of accruals for senior management bonuses relating to the disposal of the investment in Vioco.

In the six month period to 30 June 2015 share based payments were $951,967 (2014: $185,804). The higher share based expense is due to the timing of share option awards and performance rights granted to employees. In the period to 30 June 2015 the expense is also impacted by the redundancy programme which accelerated the timing of the expense but does not affect the Company's cash flow.

General and administrative costs overall have increased in 2015 compared with 2014 due to the increased share based payments and higher employee benefit and director compensation expense partially offset by a significant reduction in services provided to Vioco. However net general and administration expenses have fallen when taking into account income from Vioco.

A pro-forma comparison of general and administrative expenses in the two periods on a gross (after adding back expenses recovered from partners) and a net basis is shown below:

	2015	2014
	$	$
General and administrative expenses		
General and administrative expenses	5,398,349	5,156,389
Less share based payments	(951,967)	(185,804)
Less depreciation	(124,162)	(102,083)
	4,322,220	4,868,502
Add expenses recovered from partners	1,620,455	2,215,726
Gross general and administrative expenses	**5,942,675**	**7,084,228**
Less income from Vioco	(1,026,951)	(1,426,593)
Less expenses recovered from partners	(1,620,455)	(2,215,726)
Net general and administrative expenses	3,295,269	3,441,909

In cash flow terms underlying general and administrative expenses were lower than in 2014.

The gain on settlement of liabilities for the six month period to 30 June 2015 was $345,658 (2014: nil). The gain principally relates to the settlement of outstanding liabilities from the disposal of 65% of Vioco in November 2013 at amounts lower than originally provided.

The foreign currency gain for the six months ended 30 June 2015 was $243,699 (2014: loss $213,153). The movement is due to the weakening of the Australian dollar during the period affecting the cash balances held in US dollars.

The net loss before tax was $35,318,728 (2014: $3,736,038) and the net loss after tax was $35,333,471 (2014: $3,781,173).

Cash and cash equivalents at 30 June 2015 were $3,589,743 (31 December 2014: $7,020,698). Net cash used in operations was $3,705,078 (2014: $3,740,074).

Corporate

Director and Senior Management Appointments and Resignations

Mr Glenn Whiddon – Non-executive Director

Mr Glenn Whiddon was appointed to the Board of the Company as a Non-executive Director on 2 June 2015. Mr. Whiddon, formerly a Non-Executive Director and Executive Chairman of the Company, stepped down from the Board in March 2012 to pursue other interests. Mr Whiddon is based in Australia and is a significant shareholder in the Company. Mr. Whiddon has an extensive background in equity capital markets, banking and corporate advisory, with a specific focus on natural resources. Mr Whiddon holds a degree in Economics and has extensive corporate and management experience. He is currently Director of a number of Australian and international public listed companies in the resources sector.

Mr. Whiddon was formerly Executive Chairman, Chief Executive Officer and President of Grove Energy Limited, a European and Mediterranean oil and gas exploration and development company, with operations in Italy, Romania, Slovenia, Tunisia, and the UK and Dutch North Seas. In 2002 Grove's market capitalization was less than C$5 million. In April 2007, Grove was acquired by Stratic Energy Limited, a TSX-listed oil and gas company, for C$150 million.

Mr Rob Shepherd – Resigned as Managing Director

Mr Rob Shepherd resigned as Managing Director and Board member of the Company on 20 January 2015 as part of a strategic review of the Company's operating structure and to significantly reduce costs.

Mr Andrew Rose – Resigned as Finance Director

Mr Andrew Rose resigned as Finance Director and Board member of the Company on 20 January 2015 as part of a strategic review of the Company's operating structure and to significantly reduce costs.

Mr Andrew Bartlett – Resigned as Non-executive Chairman

Andrew Bartlett resigned as Non-Executive Chairman on 29 May 2015 to pursue other business interests.

Equity Issues

There were no equity issues during the period.

Changes in State of Affairs

During the half year ended 30 June 2015 there was no significant change in the entity's state of affairs other than that referred to in this Directors' report, the half year financial statements or notes thereto.

Auditor's Independence Declaration

We have obtained an independence declaration from our auditors, Ernst & Young, which is included on page 5.

Signed in accordance with a resolution of the Directors.

Gregory Stoupnitzky
Managing Director

9 September 2015

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Auditor's Independence Declaration to the Directors of Azonto Petroleum Ltd

In relation to our review of the financial report of Azonto Petroleum Ltd for the half-year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

D A Hall
Partner
9 September 2015

Consolidated Statement of Comprehensive Income
For the half-year ended 30 June 2015

	Notes	For the half year ended 30 June 2015 $	For the half year ended 30 June 2014 $
Interest revenue		4,419	76,869
Other revenue		1,094,691	1,426,593
		1,099,110	1,503,462
Impairment of joint venture classified as a non-current asset held for sale	9	(31,075,108)	-
Impairment of property, plant and equipment		(196,771)	-
General and administrative expenses	4	(5,398,349)	(5,156,389)
Gain on disposal of subsidiary		-	345,830
Gain on settlement of liabilities		345,658	-
Share of loss of a joint venture	9	(336,967)	(215,788)
Foreign exchange gain/(loss)		243,699	(213,153)
Loss before income tax		(35,318,728)	(3,736,038)
Income tax expense	5	(14,743)	(45,135)
Net loss for the period		(35,333,471)	(3,781,173)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation:			
Arising during the year		56,694	(791,989)
Share of joint venture reserves		1,780,536	(1,792,963)
Items that will not be reclassified subsequently to profit and loss:			
Foreign currency translation attributable to non-controlling interests		-	10,356
Other comprehensive income/(loss) for the period, net of tax		1,837,230	(2,574,596)
Total comprehensive loss for the period		(33,496,241)	(6,355,769)
Loss for the period is attributable to:			
Non-controlling interest		-	(109,595)
Owners of the parent		(35,333,471)	(3,671,578)
		(35,333,471)	(3,781,173)
Other comprehensive loss for the period is attributable to:			
Non-controlling interest		-	10,356
Owners of the parent		1,837,230	(2,584,952)
		1,837,230	(2,574,596)
Earnings per share		Cents per share	Cents per share
- basic loss per share attributable to owners of the parent		(3.05)	(0.32)
- diluted loss per share attributable to owners of the parent		(3.05)	(0.32)

Consolidated Statement of Financial Position
As at 30 June 2015

	Notes	30 June 2015 $	31 December 2014 $
ASSETS			
Current assets			
Cash and cash equivalents	6	3,589,743	7,020,698
Trade and other receivables		1,713,151	1,185,675
Other current assets		47,323	167,938
Non-current asset held for sale	9	4,154,148	-
Total current assets		9,504,365	8,374,311
Non-current assets			
Exploration and evaluation	7	-	-
Property, plant and equipment		70,394	379,228
Investment in a joint venture	9	-	33,785,687
Total non-current assets		70,394	34,164,915
TOTAL ASSETS		9,574,759	42,539,226
LIABILITIES			
Current liabilities			
Trade and other payables		2,402,184	2,818,768
UK income tax payable		56,844	60,453
Total current liabilities		2,459,028	2,879,221
TOTAL LIABILITIES		2,459,028	2,879,221
NET ASSETS		7,115,731	39,660,005
EQUITY			
Issued capital	10	232,780,470	232,780,470
Performance shares	10	9,994,250	9,994,250
Reserves		20,420,494	17,631,297
Accumulated losses		(256,079,483)	(220,746,012)
TOTAL EQUITY		7,115,731	39,660,005

Consolidated Statement of Cash Flows
For the half year ended 30 June 2015

	Notes	30 June 2015 $	30 June 2014 $
Cash flows from operating activities			
Receipts from customers		2,482,346	2,576,906
Payments to suppliers and employees		(6,169,309)	(6,212,986)
Interest received		4,419	5,583
Income tax paid		(22,534)	(109,577)
Net cash flows used in operating activities		(3,705,078)	(3,740,074)
Cash flows from investing activities			
Purchase of property, plant & equipment		-	(120,251)
(Payments)/proceeds from disposal of subsidiary		-	3,430,160
Payments to Joint Venture		-	(244,402)
Payment for exploration expenditure		-	(141,495)
Net cash flows (used in)/from investing activities		-	2,924,012
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Payments for capital raising		-	-
Lease repayments		-	-
Net cash flows from/(used in) financing activities		-	-
Net decrease in cash and cash equivalents		(3,705,078)	(816,062)
Net foreign exchange differences		274,123	(185,358)
Cash and cash equivalents at beginning of the period		7,020,698	9,430,190
Cash and cash equivalents at end of the period	6	3,589,743	8,428,770

Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2015

	Share capital	Performance share	Employee equity benefits reserve	Equity reserve	Foreign currency translation reserve	Accumulated losses	Total
	$	$	$	$	$	$	$
At 1 January 2015	232,780,470	9,994,250	13,590,581	(2,427,566)	6,468,282	(220,746,012)	39,660,005
Loss for period	-	-	-	-	-	(35,333,471)	(35,333,471)
Other comprehensive gain	-	-	-	-	1,837,230	-	1,837,230
Total comprehensive loss for the period	-	-	-	-	1,837,230	(35,333,471)	(33,496,241)
Transactions with owners in their capacity as owners							
Share based payments	-	-	951,967	-	-	-	951,967
At 30 June 2015	**232,780,470**	**9,994,250**	**14,542,548**	**(2,427,566)**	**8,305,512**	**(256,079,483)**	**7,115,731**

Consolidated Statement of Changes in Equity (continued)
For the half-year ended 30 June 2014

	Share capital	Performance share	Employee equity benefits reserve	Equity reserve	Foreign currency translation reserve	Accumulated losses	Owners of the parent	Non-controlling interest	Total
	$	$	$	$	$	$	$	$	$
At 1 January 2014	**231,717,170**	**9,994,250**	**14,190,779**	**(2,427,566)**	**3,217,482**	**(205,739,525)**	**50,952,590**	**4,615,078**	**55,567,668**
Loss for period	-	-	-	-	-	(3,671,578)	(3,671,578)	(109,595)	(3,781,173)
Other comprehensive income	-	-	-	-	(2,584,952)	-	(2,584,952)	10,356	(2,574,596)
Total comprehensive loss for the year	-	-	-	-	(2,584,952)	(3,671,578)	(6,256,530)	(99,239)	(6,355,769)
Transactions with owners in their capacity as owners									
Share based payments	-	-	185,804	-	-	-	185,804	-	185,804
At 30 June 2014	**231,717,170**	**9,994,250**	**14,376,583**	**(2,427,566)**	**632,530**	**(209,411,103)**	**44,881,864**	**4,515,839**	**49,397,703**

1. Corporate Information

The half year financial report of the Group for the six months ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 9 September 2015.

Azonto Petroleum Limited is a for profit company incorporated and domiciled in Australia. It is listed on the Australian Securities Exchange and the Alternative Investment Market (AIM) on the London Stock Exchange.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

This half-year financial report for the period ended 30 June 2015 is a general purpose condensed financial report prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 31 December 2014 and considered together with any public announcements made by Azonto Petroleum Limited during the half-year ended 30 June 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

(b) Significant accounting policies

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report for the year ended 31 December 2014. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Company.

(c) Going concern

The consolidated financial statements have been prepared on a going concern basis as the Directors are of the opinion that the Group can meet its obligations as and when they fall due. The sale of the Company's investment in CI-202 in August 2015 secures the Company sufficient cash to embark on new activities. All corporate liabilities are being settled and by the fourth quarter of 2015 the Company should be left with an Australian listing and a clean cash position with no legacy issues to address.

3. Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 31 December 2014.

Fair value of financial assets and liabilities
The carrying value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the Group approximates their fair value.

3. Financial Risk Management (continued)

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the group as at 30 June 2015:

	Loans and receivables	
	30 June 2015 $	31 December 2014 $
Financial assets:		
Trade and other receivables	1,713,151	1,185,675
	1,713,151	1,185,675
Financial liabilities:		
Trade and other payables	2,402,184	2,818,768

A payment of $3.3m (US$2.5m), part of the consideration for a 25% acquisition in Vioco in December 2010, which is payable on the achievement of the production milestone of 1MMstb of net crude oil production from Block CI-202 had nil carrying value and nil fair value at the balance date.

4. Expenses from Continuing Operations

	For the half year ended 30 June 2015 $	For the half year ended 30 June 2014 $
General and administrative expenses		
Employee benefit and director compensation expense	2,749,222	2,351,096
Share based payments	951,967	185,804
	3,701,189	2,536,900
Depreciation of property, plant & equipment	124,162	102,083
Other	3,193,453	4,733,132
Expenses recovered from partners	(1,620,455)	(2,215,726)
	5,398,349	5,156,389

5. Income Tax Expense

	For the half year ended 30 June 2015	For the half year ended 30 June 2014
Statement of comprehensive income		
Current income tax		
Current income tax charge	14,743	45,135
Deferred income tax		
Relating to origination and reversal of timing differences	-	-
Income tax expense reported in statement of comprehensive income	14,743	45,135

6. Cash and Cash Equivalents

For the purposes of the half-year statement of cash flow, cash and cash equivalents are comprised of the following:

	30 June 2015	31 December 2014
Cash and cash equivalents	**$**	**$**
Cash at bank and on hand	3,589,743	2,116,333
Deposits at call	-	4,904,365
	3,589,743	7,020,698

7. Exploration and Evaluation

	30 June 2015	31 December 2014
	$	**$**
Exploration and evaluation		
Opening balance at 1 January 2015	-	12,106,932
Exploration expenditure during the period	-	125,131
Impairment	-	(12,785,055)
Effects of foreign currency on translation	-	552,992
Closing balance at 30 June 2015	-	-
Exploration and evaluation		
CI-202 - Cote d'Ivoire	-	-
Accra Block - Ghana	-	-
Closing balance	-	-

In the period to 31 December 2014 the Group has included an impairment for the Accra Block of $12,785,055, as the licence was relinquished in early 2015.

8. Commitments

The Company has the following commitments:

Rental lease
The Group has the following obligations in respect of non-cancellable operating rental lease commitments:

- Later than one year but not more than five years : $247,500 (£123,750)

9. Interests in Joint Arrangements/Non-current Assets Held for Sale

The Group has an interest in the following joint arrangements**:**

Project	**Activities**	**Equity interest**		**Carrying value**	
		30 June 2015	**31 December 2014**	**30 June 2015**	**31 December 2014**
		%	**%**	**$**	**$**
Accra Block	Oil and gas exploration	-	7.07	-	-
Vioco	Oil and gas exploration	35*	35	4,154,148*	33,785,687

*At 30 June 2015 classified as non-current asset held for sale.

The Group relinquished the Accra Block in March 2015.

The Group's 35% interest in Vioco Petroleum Limited ("Vioco") has been accounted for as a joint venture using the equity method in the consolidated financial statements and has been classified as a non-current asset held for sale as at 30 June 2015 due to the sale and purchase agreement with Vitol.

The table on the following page summarises the financial information of the Group's investment in Vioco Petroleum Limited at 30 June 2014:

9. Interests in Joint Arrangements/Non-current Assets Held for Sale (continued)

	Consolidated	
	30 June 2015[(a)]	31 December 2014
	$	$
Investment in joint venture – Vioco Petroleum Limited	-	33,785,687
Balance at 1 January 2015	-	30,821,480
Investment in the period	-	367,931
Share of loss for the period	-	(128,951)
Impairment in the period	-	-
Share of foreign currency translation reserve movement	-	2,725,227
Balance at 30 June 2015	-	33,785,687
Summarised financial information of joint venture:		
Financial position		
Cash and cash equivalents	-	1,479,588
Other current assets	-	5,226,482
Current assets	-	6,706,070
Non-current assets	-	115,845,264
Trade and other payables	-	(3,545,672)
Other current liabilities	-	(22,475,129)
Non-current liabilities	-	-
Net assets	-	96,530,533
Group's share of net assets	-	33,785,687
Financial performance		
Total revenue	-	-
Depreciation	-	42,725
Impairment	-	-
Interest income	-	2,661
Interest expense	-	-
Income tax expense	-	-
Total loss for the period	-	(368,432)
Other comprehensive income	-	7,786,363
Total comprehensive income	-	7,417,931
Group's share of total loss for the period	-	(128,951)

Vioco is registered in the British Virgin Islands and has its principal place of business is the Cote d'Ivoire.

Capital commitments

Under the CI-202 PSC, Vioco's current minimum work obligations for the first three year exploration period to 7 November 2016 comprise geological and geophysical studies plus one well, subject to a minimum expenditure of US $35 million, and a commitment for $0.5 million of social expenditure. The Azonto share of these commitments is 35%. These commitments cease upon sale.

9. Interests in Joint Arrangements/Non-current Assets Held for Sale (continued)

(a) The investment in the Vioco joint venture has been classified as a non-current asset held for sale as at 30 June 2015 and has been re-measured to the lower of carrying amount and fair value less cost to sell which has resulted in a write down of $31,075,108. The initial consideration receivable from Vitol (the Purchaser) is USD $4,000,000 (AUD $5,225,343) from which up to USD $400,000 (AUD $522,534) could be deducted for pre-existing liabilities. In addition, if and when Vioco commits to drill the exploration well that is required to retain the CI-202 licence, Vitol will pay a further US$1,100,000 consideration for the sale of certain wellhead drilling equipment that remains outstanding from the original sale of 65% to Vitol, a further USD $2,000,000 consideration is payable if the exploration well makes a commercially viable hydrocarbon discovery.

The sale was completed on 21 August 2015 and the consideration of $4,000,000 has been received. There was no deduction for any pre-existing liabilities.

The fair value is based on an arms-length transaction which the Directors believe represents the fair value in an orderly transaction. The fair value is level 3 per the fair value hierarchy.

10. Contributed Equity

		30 June 2015	31 December 2014
		$	$
(a)	**Share capital**		
	Ordinary shares fully paid	232,780,470	232,780,470
		Number	**$**
(b)	**Movements in ordinary shares on issue**		
	Balance at 1 January 2015 and 30 June 2015	1,159,375,100	232,780,470
		Number	**$**
(c)	**Movements in performance shares on issue**		
	Balance at 1 January and 30 June 2015 (a)	15,000,000	9,994,250

(a) The contractual rights of the performance shares are subject to the issue of an independent reserve report delineating mean reserves in excess of 40 million barrels of oil equivalent. On achievement of the milestone, the contractual rights will convert to ordinary shares on a one to one basis.

11. Share Based Payments

No performance rights were granted during the half year ended 30 June 2015.

During the period ended 30 June 2014 the following performance rights were granted to directors and employees:

Grant date	Grant date fair value	Number issued	Vesting date (see below)
13-Jun-2014	0.018	21,895,404	18-Dec-2017
13-Jun-2014	0.007	44,454,305	18-Dec-2017

The Performance Rights granted in the period to 30 June 2014 will vest subject to the satisfaction of certain performance criteria. The Rights are split into two tranches.

11. Share Based Payments (continued)

Tranche 1 will vest on the achievement of two strategic milestones (Tranche 1 Vesting Conditions):

(i) all government and partner approvals, offtake, supply and service contracts, financings and other necessary conditions for the Gazelle field development project to proceed having been obtained and agreed and Vioco having taken the Final Investment Decision to proceed with the project; and
(ii) the first delivery of gas from the Gazelle field to the Cote d'Ivoire state electricity company (or other agreed purchaser) having been made under stabilised flow rate conditions.

In the event not all Tranche 1 Vesting Conditions are satisfied by 18 December 2017, the Board may resolve that a proportion of the Tranche 1 Performance Rights will vest based on the degree of progress towards satisfaction of the Tranche 1 Vesting Conditions that has been achieved.

Tranche 2 will vest on the achievement of share price targets subject to the Board being satisfied by 18 December 2017 with the overall financial, strategic and HSE performance of the Company (Final Performance Hurdle). The share price targets are as follows:

(i) 25% of the Tranche 2 Performance Rights will vest if the Company's Share price reaches $0.05 per Share by 18 December 2017;
(ii) a further 25% of the Tranche 2 Performance Rights will if the Company's Share price reaches $0.07 per Share by 18 December 2017; and
(iii) the remaining 50% of the Tranche 2 Performance Rights will vest if the Company's Share price reaches $0.09 per Share by 18 December 2017.

The fair values of the performance rights were determined using a Monte Carlo valuation model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the rights. Expected volatility was calculated based on the historic volatility of a peer group of Companies over a period commensurate with the expected life of the awards. The inputs to the model for the period to 30 June 2014 used were:

Grant date	**13-Jun-14 Tranche 1**	**13-Jun-14 Tranche 2**
Dividend yield (%)	-	-
Expected volatility (%)	69.09%	69.09%
Risk-free interest rate (%)	2.95%	2.95%
Expected life of options (yrs.)	3.52	3.52
Rights exercise price ($)	-	-
Share price at grant date ($)	$0.018	$0.018

12. Related party transactions

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 30 June 2015 and 30 June 2014 as well as balances with related parties as at 30 June 2015 and 31 December 2014:

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Joint venture:		$	$	$	$
Vioco Petroleum Limited	2015	2,635,510	-	980,296	-
	2014	3,201,473	-	499,047	-
Key management personnel of the group:					
Giant Capital Management Limited	2015	-	-	-	-
	2014	-	56,283	-	-

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The sales to Vioco are partly included in other revenue - $1,026,951 (2014: $1,426,593) and partly in general and administrative expenses as expenses recovered from partners - $1,608,559 (2014: $1,774,880).

Andrew Sinclair is a director of Giant Capital Management Limited.

13. Segment Reporting

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. In the case of the Group the CODM are the executive management team and all information reported to the CODM is based on the consolidated results of the Group as one operating segment, as the Group's activities relate to oil and gas exploration.

Accordingly, the Group has only one reportable segment and the results are the same as the Group results.

14. Contingency

There are no contingent assets or liabilities as at 30 June 2015.

15. Events after the reporting date

- On 7 July 2015 the Company announced that it had entered into a conditional sale and purchase agreement for the sale of the Azonto's entire shareholding in Vioco to Vitol. In consideration for the sale of the 35% shareholding in Vioco, Vitol would pay an initial US$4,000,000 less an amount up to US$400,000 for certain net liabilities related to the period before Vitol's acquisition from Azonto of 65% of Vioco in November 2013. In addition, if and when Vioco commits to drill the exploration well that is required to retain the CI-202 licence, Vitol will pay a further US$1,100,000 consideration for the sale of certain wellhead drilling equipment that remains outstanding from the original sale of 65% to Vitol. A further US$2,000,000 consideration is payable if the exploration well makes a commercially viable hydrocarbon discovery. The sale of the 35% shareholding in Vioco was completed on 21 August 2015 and the initial $4,000,000 has been received. During negotiations the Company was able to remove the net liabilities of up to $400,000 relating to the original 65% disposal in November 2013.

- In addition, the Directors cancelled admission to trading of the Company's shares on AIM. In accordance with rule 41 of the AIM Rules, the Company notified the London Stock Exchange of the proposed AIM cancellation and the effective date of the AIM cancellation was 24 August 2015. The last day of trading on AIM was 21 August 2015.

- On 30 June 2015 the Company announced that Jay Smulders, Technical Director, will leave the Company with effect from 10 August 2015.

- On 31 August 2015 the Company announced that effective from September 17, 2015 Gregory Stoupnitzky and Andrew Sinclair will resign their Board and any executive positions from the Company. Jeff Durkin, General Counsel, will also be leaving the Company on the same date. These resignations have been foreshadowed as the Company has now sold its interest in CI-202, Cote d'Ivoire. Mr Rob Downey will join the board as a non-executive director on September 17, 2015 and the Company will work to move all its operations and remaining activities back to Perth. A small financial function will remain in London until early 2016 that will allow for the completion of the Company's 31 December 2015 Financial Statements and the finalization of various regulatory issues.

Directors' Declaration

In accordance with a resolution of the directors of Azonto Petroleum Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the financial position as at 30 June 2015 and the performance for the half-year ended on that date of the consolidated entity; and

ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Gregory Stoupnitzky
Managing Director

9 September 2015

Building a better working world

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Independent review report to the members of Azonto Petroleum Ltd

We have reviewed the accompanying half-year financial report of Azonto Petroleum Ltd, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Azonto Petroleum Ltd and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Azonto Petroleum Ltd is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Ernst & Young

Ernst & Young

D A Hall

D A Hall
Partner
Perth
9 September 2015