



SEPTEMBER 2014

Azonto Quarterly Activities Report

Recent Highlights

1. Cote d'Ivoire Gazelle gas field development continues to progress towards project sanction. However target of FID by end 2014 will be challenging; expected to occur in early 2015. Works completed during the quarter include:
 - a. Revised field development plan approved by PetroCI (state oil company)
 - b. Debt funding discussions underway
 - c. Preparing to place orders for long lead items and to award pre-engineering to the preferred EPIC contractor*
2. Hippo North (Shallow) - 180 bcf gross mean resources, located 7km from Gazelle, identified as the most likely next exploration target. Drilling expected in H2 2015
3. Further six month license extension requested for the Accra block in Ghana to enable farm-out process to complete

*Subject to approval from PetroCI, Vioco's partner in Block CI-202.

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A message from the Managing Director – Rob Shepherd

Block CI-202: Vioco Petroleum Limited (“Vioco”) continued to make excellent progress during the three months ending 30 September 2014, (“the Period”) and is now ready to place orders for certain long lead items. Vioco is also preparing to award pre-engineering contracts to the preferred Engineering, Procurement, Installation and Commissioning (“EPIC”) contractor subject to approval from PetroCI, Vioco’s partner in Block CI-202.

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

Discussions have progressed with commercial banks regarding funding of the upstream project. Vioco continues to engage with the World Bank Group regarding the provision of a Political Risk Guarantee in order to enhance the creditworthiness of the gas buyer, being CI-Energies, as well as Political Risk Insurance. This is comparable to the financing previously completed for the Foxtrot gas development in Cote d’Ivoire.

With respect to the midstream project, progress on the part of CI-Energies has continued to be slower than desired putting pressure on Vioco’s ability to sanction the Gazelle project by year end. However, in October 2014, an important milestone was reached when they issued a tender for the supply of a dual fuel power plant including infrastructure tie-in to the network; a proposal previously advocated by the Company.

Clarification meetings have been held in Abidjan during the week commencing 27 October 2014, to better understand overall timing implications for the project.

We remain confident we will proceed expediently to project sanction in the near-term since Vioco has consistently been advised of the political importance of the project to Cote d’Ivoire, given the projected savings from using gas to generate power rather than using heavy fuel oil; conservative estimates of the savings are in the order of USD100 million per annum.

Once Gazelle is sanctioned, Vioco plans to drill an exploration well using the jack-up rig contracted for the Gazelle development drilling. The current preferred candidate is Hippo North which sits in shallow water of only 70m. Gross Mean Resources are

assessed to be 180bcf (Net Attributable 45bcf) and the chance of success is assessed to be relatively high at 1 in 3 (33%).

Additionally, we are aware that Afren Plc and Taleveras Group, the operators of blocks to the east of Block CI-202 have commenced with the acquisition of 3D seismic. This is an important step forward in terms of the potential exploration of the high impact Arius prospect in the south eastern part of Block CI-202.

Accra Block: With respect to the Accra block in Ghana, we are awaiting a decision from the Government as to whether they will grant the further extension that we requested upon the expiry of the previous exploration period on 23 September 2014. We remain confident the extension will be granted which will enable Azonto to continue and complete the data-room process we previously initiated.

We also continue to actively review potential new opportunities in our area of focus as we seek to grow the asset base and create material value for our shareholders. As an indication of the potential size of the opportunity, a report previously released by Wood Mackenzie the recognised industry specialist, highlighted the estimated potential value of “good technical” fields (i.e. discovered undeveloped fields) in Africa to be some USD125 billion (representing 20% of the global total excluding the Middle East).

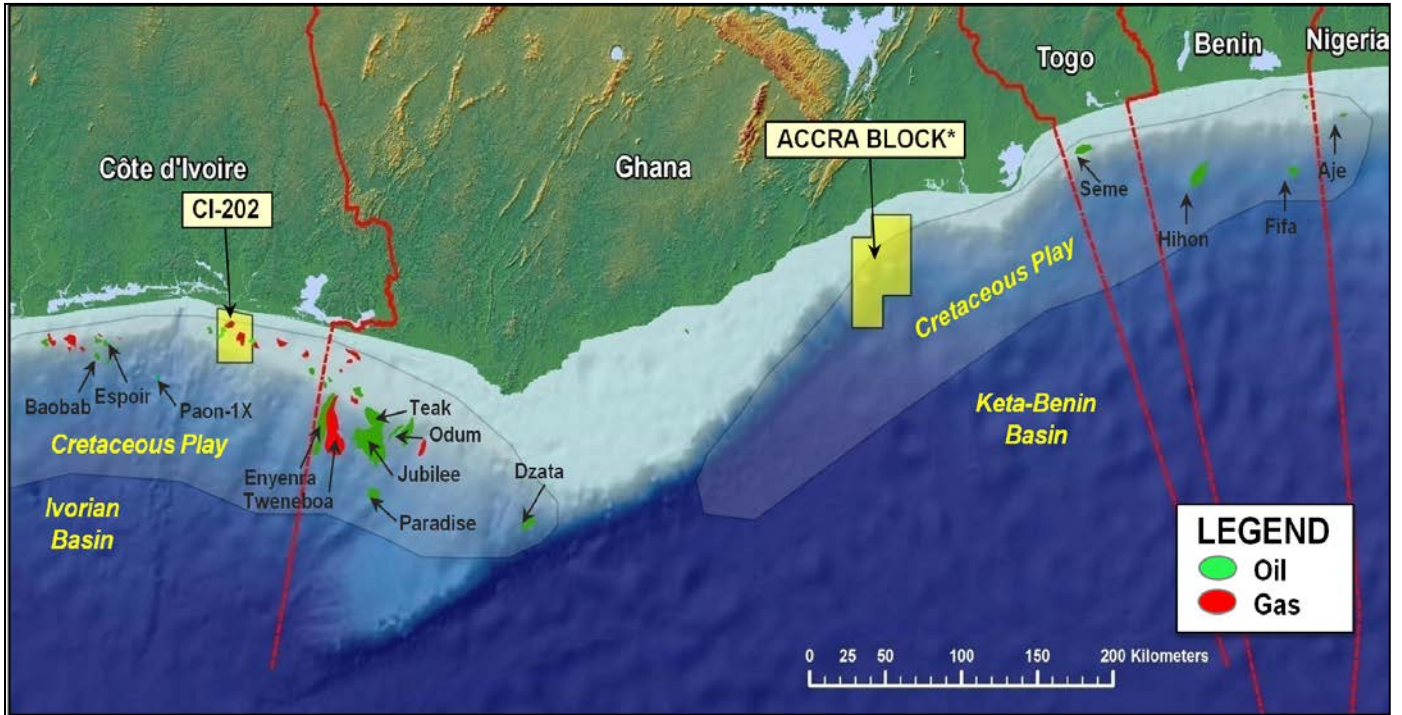
In summary, progress on Gazelle continues to be slower than we would all like but it is very clearly being made; the clear economic logic to all parties gives us a high degree of confidence that sanction will be achieved in due course.

As fellow shareholders, the Board is fully aligned with you and hence highly motivated to realise the inherent value in the existing assets. In addition, we have identified a number of new opportunities that have the potential to create significant value going forwards that we look forward to sharing with you in due course.



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.

Gazelle Field Development

Vioco has continued to work closely with the relevant parties in Côte d'Ivoire in progressing the development plans for the Gazelle gas field. The revised Field Development Plan has been approved by PetroCI and formal approval is expected from the Energy Ministry shortly. Vioco is ready to place orders for certain long lead items and also award pre-engineering contracts to the preferred Engineering, Procurement, Installation and Commissioning ("EPIC") contractor subject to approval from PetroCI, Vioco's partner in Block CI-202.

With respect to the associated power project, CI-Energies has issued a tender for the supply of dual fuel units and associated transmission infrastructure.

However progress on the power project has been slower than expected, thereby making the original target date of end 2014 to reach Final Investment Decision ("FID") on the Gazelle development project challenging. The Company now expects to take FID on the Gazelle project in early 2015.

Selection of 2015 exploration target

The re-mapping of existing prospects and development of new prospects is now complete. Hippo North, located 7km from Gazelle in shallow water of 70m, has been identified as the most likely target for an exploration well in 2015. Gross mean recoverable resources are estimated at 180 bcf and the prospect can be drilled, subject to additional funds being raised by the Company, with the jack-up rig which will be brought in to drill the development wells on Gazelle. Drilling of Hippo North is likely to take place in H2 2015.

Offshore Accra Contract Area – Ghana

The dataroom for the farm out of the Accra block attracted considerable industry interest but the time available before expiry of the licence on 23 September 2014 proved insufficient to conclude any deal. 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 reasonable hopes that this extension will 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

During the Quarter Azonto issued 750,000 Fully Paid Ordinary Shares. These shares were issued for nil consideration to employees on conversion of Performance Rights granted as remuneration under the Azonto Petroleum Limited Performance Rights Plan.

Capital Structure at 30 September 2014

	Number
Shares	1,159,375,100
Unlisted options	36,976,818

Cash

Cash on hand at 30 September 2014 was US\$7.5 million (unaudited).

Significant Shareholders at 30 September 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%