



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP14/45

Monday, 23 June 2014

Ambassador Oil and Gas Limited 02 – Panel Receives Application/ Acting President Makes Interim Order

The Panel has received an application from Drillsearch Energy Limited in relation to the affairs of Ambassador Oil and Gas Limited. Ambassador Oil is subject to competing bids by Drillsearch and Magnum Hunter Resources Corporation.¹

Details of the application, as submitted by the applicant, are below.

The same sitting Panel has been appointed to this application as was appointed to Ambassador Oil and Gas Limited 01 – Martin Alciaturi, David Friedlander and Dr Nora Scheinkestel (sitting President). No decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

On 20 June 2014, Magnum lodged its bidder's statement with ASX. Magnum is offering 1 share of Magnum common stock for every 23.6 Ambassador Oil shares held.

Magnum's bidder's statement disclosed that its offer would open on 23 June 2014 (today), on the basis that Ambassador Oil's board had given consent to early dispatch of the bidder's statement.²

Drillsearch submits that Magnum's bidder's statement contains disclosure deficiencies in relation to (among other things):

- the value of consideration if accepting Ambassador shareholders elect to receive cash under a sale facility
- details of investigations by the US Securities and Exchange Commission (SEC) into Magnum, class actions against Magnum and Magnum changing auditors

¹ Magnum is bidding through its wholly owned subsidiary Outback Shale Hunter Pty Ltd

² pursuant to item 6 of section 633(1) of the *Corporations Act 2001 (Cth)*

- the unavailability of accepting Ambassador Oil shareholders to obtain CGT roll-over relief in the absence of Drillsearch accepting the bid
- financial reporting disclosure
- statements that an investment in Magnum common stock is superior in comparison to Drillsearch ordinary shares
- incorporation by reference of SEC filings and
- disclosure of intentions, aggregated broker valuations and comparison of Australian and US legal regimes.

Drillsearch sought an interim order that Magnum be prevented from dispatching its bidder's statement. The Acting President has made an interim order³ (see Annexure) to the effect that Magnum's bidding subsidiary must not take any steps, or allow any steps to be taken, to process any acceptances received under its bid.

Drillsearch seeks final orders, including an order to the effect that Magnum clarify or correct the disclosure deficiencies.

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³ BACKGROUND: An interim order is designed to maintain the status quo until the Panel can consider the application in detail. It may be made by the President or a sitting Panel. Often a sitting Panel has not been appointed at the stage of considering the making of an interim order. An interim order does not indicate that the Panel has decided to conduct proceedings or necessarily indicate the merits of an application for a declaration of unacceptable circumstances.



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ANNEXURE

CORPORATIONS ACT SECTION 657E INTERIM ORDER

AMBASSADOR OIL AND GAS LIMITED 02

Drillsearch Energy Limited made an application to the Panel dated 22 June 2014 in relation to the affairs of Ambassador Oil and Gas Limited (**Ambassador**).

The Acting President ORDERS:

1. Outback Shale Hunter Pty Ltd (a wholly owned subsidiary of Magnum Hunter Resources Corporation) must not take any steps, or allow any steps to be taken, to process any acceptances received under its bid for Ambassador until the earliest of:
 - (a) further order of the Panel
 - (b) the determination of the proceedings and
 - (c) 2 months from the date of this interim order.

Alan Shaw
Counsel
with authority of Dr Nora Scheinkestel
Acting President
Dated 23 June 2014