



AMBASSADOR OIL AND GAS LIMITED

14 August 2014

ASX Limited
Company Announcements Platform

Update on the Drillsearch Offer and the Magnum Hunter Offer

Ambassador Oil & Gas Limited (ACN 152 595 429) (ASX: AQO) (**Ambassador**) refers Magnum Hunter Resources Corporation's (NYSE:MHR) (**Magnum Hunter**) ASX announcement dated 13 August 2014. In that announcement, Magnum Hunter stated that it has no present intention to increase the consideration being offered under the Magnum Hunter Offer and it has no present intention to extend the offer period (but reserves the right to do so in both cases).

Ambassador is also subject to a competing unconditional takeover offer by Drillsearch Energy Limited (ASX: DLS) (**Drillsearch**).

Updated implied values as at close of trading on 13 August 2014

Given the length of time since the dispatch of Ambassador's Target's Statements in response to the Drillsearch Offer and the Magnum Hunter Offer, updated implied values of both offers are set out below.

The Drillsearch Offer

As at the close of trading on 13 August 2014, the implied value of the Drillsearch Offer is **\$0.327** per Ambassador Share, based on Drillsearch's closing share price of \$1.495 on 13 August 2014.

This implied value represents a premium of **67.62%** to the closing price of Ambassador shares of \$0.195 on 23 May 2014, being the trading day before Ambassador entered into a trading halt pending announcement of Drillsearch's initial offer on 28 May 2014.

The Drillsearch Offer is for 1 Drillsearch Share (ASX: DLS) for every 5.4 Ambassador Shares plus 5 cents cash for every Ambassador Share. The Drillsearch Offer is unconditional and is scheduled to close at 7.00pm (Sydney time) on 27 August 2014 (unless further extended). The Drillsearch Offer is now open for acceptance.

The Magnum Hunter Offer

As at the close of trading on 13 August 2014, the implied value of the Magnum Hunter Offer is **\$0.275** per Ambassador Share, based on Magnum Hunter's closing stock price of US\$6.04¹ on 13 August 2014.

¹ Calculated based on an exchange rate of 0.93 US Dollar per 1.00 Australian Dollar, as published by Bloomberg on 14 August 2014.

This implied value represents a premium of **41.13%** to the closing price of Ambassador shares of \$0.195 on 23 May 2014, being the trading day before Ambassador entered into a trading halt pending announcement of Drillsearch's initial offer on 28 May 2014.

The Magnum Hunter Offer is for 1 share of Magnum Hunter common stock (NYSE: MHR) for every 23.6 Ambassador Shares. The Magnum Hunter Offer is unconditional and is scheduled to close at 7.00pm (Sydney time) on 22 August 2014 (unless further extended).

However, at this time, acceptances of the Magnum Hunter Offer cannot be processed as a result of interim orders made by the Takeovers Panel on 23 June 2014. Accordingly, Ambassador Shareholders who accept the Magnum Hunter Offer will not receive the consideration whilst the interim orders remain in effect.

The implied value and premium of the Drillsearch Offer and the Magnum Hunter Offer will change as a result of market movements in the Drillsearch share price and Magnum Hunter common stock price. In the case of the implied value and premium of the Magnum Hunter Offer, these values will also be subject to foreign currency exchange movements.

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In considering whether or not to accept the Drillsearch Offer, the Magnum Hunter Offer, or none at all, Ambassador Shareholders are encouraged to:

- carefully read the Drillsearch Bidder's Statement (dated 12 June 2014), Drillsearch's first Supplementary Bidder's Statement (dated 16 June 2014) and Drillsearch's second Supplementary Bidder's Statement (dated 1 August 2014);
- carefully read the Ambassador Target's Statement (dated 1 July 2014) in response to the Drillsearch Offer;
- carefully read the Magnum Hunter Bidder's Statement (dated 20 June 2014) and Magnum Hunter's first Supplementary Bidder's Statement (which Magnum Hunter intends to dispatch to Ambassador Shareholders shortly);
- carefully read the Ambassador Target's Statement (dated 7 July 2014) in response to the Magnum Hunter Offer; and
- obtain independent financial, legal, taxation or other professional advice if in doubt before making a decision.



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The above documents can be obtained from Ambassador's ASX announcements page on the ASX website at www.asx.com.au (ASX code: AQO).

Yours sincerely

AMBASSADOR OIL AND GAS LIMITED

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