

1 August 2014

The Board of Directors  
Ambassador Oil and Gas Limited  
Suite 11, Level 1  
23 Oxford Street  
Oakleigh VIC 3166

**AND TO:**

**BY ELECTRONIC LODGEMENT**

Company Announcements  
ASX Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

**Drillsearch Energy Limited (ASX: DLS) – Form 604 Notice of change of interests of substantial holder and Appendix 3B**

On behalf of Drillsearch Energy Limited ABN 73 006 474 844 (**Drillsearch**), I enclose a copy of Form 604 Notice of change of interests of substantial holder in relation to Ambassador Oil and Gas Limited (**Ambassador**) (**Form 604**) and Appendix 3B (**Appendix 3B**).

The Form 604 and Appendix 3B are being provided following the decision of the Takeovers Panel dated 28 July 2014 (**Panel Orders**) in connection with the off-market takeover offer by Drillsearch for all the ordinary shares in Ambassador it does not already own (**Offer**) and despatch of the second supplementary bidders statement in respect of the Offer. The Form 604 reflects a decrease in Drillsearch's relevant interest to 30.43% (subject to certain withdrawal rights) and the Appendix 3B reflects the cancellation of a total of 4,731,483 fully paid ordinary shares in Drillsearch.

Yours faithfully



Jean Moore  
Company Secretary

**About Drillsearch Energy Limited** (ASX: DLS), which listed on ASX in 1987, explores and develops conventional and unconventional oil and gas projects. Drillsearch has a strategic spread of petroleum exploration and production acreage in Australia's most prolific onshore oil and gas province, the Cooper-Eromanga Basins in South Australia and Queensland. The company's focus is on 'brownfields' exploration where geological risk is reduced and there is access to existing infrastructure, ensuring that any discoveries can be brought into production.

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**Form 604**  
Corporations Act 2001  
Section 671B

**Notice of change of interests of substantial holder**

To Company Name/Scheme Ambassador Oil and Gas Ltd (**Ambassador**)

**ACN/ARSN**

152 595 429

This notice is given by Drillsearch Energy Limited ACN 006 474 844 (**Drillsearch**) on behalf of itself, Drillsearch (Central) Pty Limited ACN 160 522 056 and each of Drillsearch's controlled bodies corporate named in the list of one page annexed to this notice and marked "A" (**Drillsearch Subsidiaries**).

**1. Details of substantial holder (1)**

Name Drillsearch Energy Limited (**Drillsearch**)

ACN/ARSN (if applicable) 006 474 844

There was a change in the interests of the substantial holder on

01/08/2014

The previous notice was given to the company on

18/07/2014

The previous notice was dated

18/07/2014

**2. Previous and present voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary shares	76,908,406	54.14% (based on 142,058,491 ordinary shares on issue)	43,223,756	30.43% (based on 142,058,491 ordinary shares on issue)

**3. Changes in relevant interests**

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
Between 18/07/2014 and 31/07/2014	Drillsearch (Central) Pty Limited	Purchaser of securities pursuant to contracts arising as a result of acceptances of takeover offers in the form contained in Drillsearch (Central) Pty Limited's bidder's statement dated 12 June 2014 which was lodged with ASIC and given to Ambassador on that date, as amended.	1 ordinary share in Drillsearch for every 5.4 ordinary shares in Ambassador plus 5 cents cash per ordinary share in Ambassador	538,352 ordinary shares	538,352
Between 18/07/2014 and 31/07/2014	Drillsearch Energy Limited	Taken under section 608(3)(b) of the Corporations Act to have a relevant interest by reason of having control of Drillsearch (Central) Pty Limited.	n/a	538,352 ordinary shares	538,352
Between 18/07/2014 and 31/07/2014	Each of the Drillsearch Subsidiaries	Taken under section 608(3) of the Corporations Act to have a relevant interest by reason of having voting power (through the relevant interests of its associate, Drillsearch) above 20% in Drillsearch (Central) Pty Limited.	n/a	538,352 ordinary shares	538,352

01/08/2014	Drillsearch (Central) Pty Limited	The return by Drillsearch (Central) Pty Limited of a total of 25,550,000 fully paid ordinary shares in Ambassador and the return of an unprocessed acceptance form for 8,500,000 fully paid ordinary shares in Ambassador to the Intention Statement Shareholders (as defined in the Panel Orders) pursuant to the Panel Orders.	n/a	34,050,000 ordinary shares	34,050,000
01/08/2014	Drillsearch Energy Limited	Taken under section 608(3)(b) of the Corporations Act to have a relevant interest by reason of having control of Drillsearch (Central) Pty Limited.	n/a	34,050,000 ordinary shares	34,050,000
01/08/2014	Each of the Drillsearch Subsidiaries	Taken under section 608(3) of the Corporations Act to have a relevant interest by reason of having voting power (through the relevant interests of its associate, Drillsearch) above 20% in Drillsearch (Central) Pty Limited.	n/a	34,050,000 ordinary shares	34,050,000

#### 4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
Drillsearch (Central) Pty Limited	Drillsearch (Central) Pty Limited and various Ambassador shareholders listed in Annexure B to the Form 603 lodged by Drillsearch on 28/05/14.	Drillsearch (Central) Pty Limited	Registered holder of Ambassador shares or taken to have a relevant interest under sections 608(1)(b) and 608(1)(c) of the Corporations Act by reason of completion occurring under the Share Purchase Deeds, copies of which were attached as Annexure C to the Form 603 lodged by Drillsearch on 28/05/14.	28,259,238 ordinary shares	28,259,238
Drillsearch	Drillsearch (Central) Pty Limited and various Ambassador shareholders listed in Annexure B to the Form 603 lodged by Drillsearch on 28/05/14.	Drillsearch (Central) Pty Limited	Taken to have a relevant interest under section 608(3)(b) of the Corporations Act by reason of having control of Drillsearch (Central) Pty Limited.	28,259,238 ordinary shares	28,259,238
Each of the Drillsearch Subsidiaries	Drillsearch (Central) Pty Limited and various Ambassador shareholders listed in Annexure B to the Form 603 lodged by Drillsearch on 28/05/14.	Drillsearch (Central) Pty Limited	Taken under section 608(3) of the Corporations Act to have a relevant interest by reason of having voting power (through the relevant interests of its associate, Drillsearch) above 20% in Drillsearch (Central) Pty Limited.	28,259,238 ordinary shares	28,259,238
Drillsearch (Central) Pty Limited	Drillsearch (Central) Pty Limited	Drillsearch (Central) Pty Limited	Taken under section 608(1)(a) of the Corporations Act to have a relevant interest by reason of being the holder of the ordinary shares.	12,500,000 ordinary shares	12,500,000
Drillsearch	Drillsearch (Central) Pty Limited	Drillsearch (Central) Pty Limited	Taken to have a relevant interest under section 608(3)(b) of the Corporations Act by reason of having control of Drillsearch (Central) Pty Limited.	12,500,000 ordinary shares	12,500,000

Each of the Drillsearch Subsidiaries	Drillsearch (Central) Pty Limited	Drillsearch (Central) Pty Limited	Taken under section 608(3) of the Corporations Act to have a relevant interest by reason of having voting power (through the relevant interests of its associate, Drillsearch) above 20% in Drillsearch (Central) Pty Limited.	12,500,000 ordinary shares	12,500,000
Drillsearch (Central) Pty Limited	Various offerees who have accepted the Offer referred to in section 3 of this notice.	Drillsearch (Central) Pty Limited	Taken under section 608(1)(c) of the Corporations Act to have a relevant interest in the ordinary shares pursuant to acceptances of the Offer.	2,464,518 ordinary shares	2,464,518
Drillsearch	Various offerees who have accepted the Offer referred to in section 3 of this notice.	Drillsearch (Central) Pty Limited	Taken to have a relevant interest under section 608(3)(b) of the Corporations Act by reason of having control of Drillsearch (Central) Pty Limited.	2,464,518 ordinary shares	2,464,518
Each of the Drillsearch Subsidiaries	Various offerees who have accepted the Offer referred to in section 3 of this notice.	Drillsearch (Central) Pty Limited	Taken under section 608(3) of the Corporations Act to have a relevant interest by reason of having voting power (through the relevant interests of its associate, Drillsearch) above 20% in Drillsearch (Central) Pty Limited.	2,464,518 ordinary shares	2,464,518

## 5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

## 6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Drillsearch	Level 16, 55 Clarence Street, Sydney NSW 2000
Drillsearch (Central) Pty Limited	Level 16, 55 Clarence Street, Sydney NSW 2000
Drillsearch Subsidiaries	As set out in the list of one page annexed to this notice and marked "A".

## Signature

print name Jean Moore

capacity Company secretary

sign here

date 1 August 2014

## DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.

- (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
- (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included on any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

## ANNEXURE A

THIS IS ANNEXURE A OF ONE PAGE REFERRED TO IN THE FORM 604 NOTICE OF CHANGE OF INTERESTS OF SUBSTANTIAL HOLDER SIGNED BY ME



**Jean Moore**  
Company Secretary  
1 August 2014

Name	ABN / ACN / Company Number	Address
Acer Energy Pty Limited	ABN 11 101 313 777	Level 16, 55 Clarence Street, Sydney NSW 2000
Circumpacific Energy (Australia) Pty Limited	ABN 77 142 287 125	Level 16, 55 Clarence Street, Sydney NSW 2000
Clean Gas Pty Limited	ACN 128 471 358	Level 16, 55 Clarence Street, Sydney NSW 2000
Drillsearch (299) Pty Limited	ACN 165 620 888	Level 16, 55 Clarence Street, Sydney NSW 2000
Drillsearch (513) Pty Limited	ACN 159 824 218	Level 16, 55 Clarence Street, Sydney NSW 2000
Drillsearch (539) Pty Limited	ABN 27 152 919 803	Level 16, 55 Clarence Street, Sydney NSW 2000
Drillsearch (549) Pty Limited	ABN 89 152 920 422	Level 16, 55 Clarence Street, Sydney NSW 2000
Drillsearch (657) Pty Limited	ABN 44 162 600 599	Level 16, 55 Clarence Street, Sydney NSW 2000
Drillsearch (783) Pty Limited	ABN 92 163 750 141	Level 16, 55 Clarence Street, Sydney NSW 2000
Drillsearch (920) Pty Limited	ABN 50 152 919 965	Level 16, 55 Clarence Street, Sydney NSW 2000
Drillsearch (924) Pty Limited	ABN 83 152 922 079	Level 16, 55 Clarence Street, Sydney NSW 2000
Drillsearch (Field Ops) Pty Limited	ABN 46 155 164 819	Level 16, 55 Clarence Street, Sydney NSW 2000
Drillsearch Energy (Canada) Incorporated	C0834875	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7 Canada
Drillsearch Energy (PNG) Limited	Company Number C1-38391	C/- Gadens Lawyers, Level 12 Pacific Place, Cnr Musgrave Street and Champion Parade, Port Moresby, Papua New Guinea
Drillsearch (Finance) Pty Limited	ABN 75 163 170 536	Level 16, 55 Clarence Street, Sydney NSW 2000
Drillsearch Gas Pty Limited	ABN 17 059 583 032	Level 16, 55 Clarence Street, Sydney NSW 2000
Drillsearch SWQ Gas Pty Limited	ABN 74 152 922 417	Level 16, 55 Clarence Street, Sydney NSW 2000
Great Artesian Oil and Gas Pty Limited	ABN 44 078 607 682	Level 16, 55 Clarence Street, Sydney NSW 2000
Kun Yick International Limited	Company Number 530336	5/F., Far East Consortiu, Building, 121 Des Voeux Road Central, Hong Kong

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

1. Name of entity

Drillsearch Energy Limited (Drillsearch)

2. ABN

73 006 474 844

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

3. 1 4. +Class of +securities issued  
or to be issued  
5.

N/A

6.

7. 2 8. Number of +securities  
issued or to be issued (if  
known) or maximum number  
which may be issued  
9.

N/A

10.

11. 3 12. Principal terms of the  
+securities (e.g. if options,  
exercise price and expiry date;  
if partly paid +securities, the  
amount outstanding and due  
dates for payment; if  
+convertible securities, the  
conversion price and dates for  
conversion)

N/A

13. 14.

15. 4	<p>16. Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>17.</p> <p>18. If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	N/A
5	Issue price or consideration	N/A
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	N/A
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	N/A
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A



6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of +securities issued under an exception in rule 7.2	N/A	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A	
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	N/A	
8	Number and +class of all +securities quoted on ASX ( <i>including</i> the +securities in section 2 if applicable)	Number	+Class
		441,166,987	Fully paid ordinary shares

9	Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX (including the <sup>+</sup> securities in section 2 if applicable)	Number	<sup>+</sup> Class
		1,000,000	30/09/14 60.0 cent options
		1,000,000	15/03/15 85.3 cent options
		1,144,318	20/06/18 59.6 cent options
		1,521,156	25/07/18 59.6 cent options
		3,185,586	23/11/18 59.6 cent options
		<b>7,851,060</b>	<b>TOTAL OPTIONS</b>
		950,775	Performance rights under the 2012 grant with a performance period ending on 30 June 2015.
		653,100	Performance rights under the 2013 grant with a performance period ending on 30 June 2014.
		1,614,204	Performance rights under the 2013 grant with a performance period ending on 30 June 2016.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	<b>3,218,079</b>	<b>TOTAL PERFORMANCE RIGHTS</b>
		1,250	Convertible Bonds
		There has been no change to Drillsearch's dividend policy.	

## Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the <sup>+</sup> securities will be offered	N/A
14	<sup>+</sup> Class of <sup>+</sup> securities to which the offer relates	N/A
15	<sup>+</sup> Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A

18	Names of countries in which the entity has security holders who will not be sent new offer documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A

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30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	<sup>+</sup> Issue date	N/A

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of <sup>+</sup>securities  
(tick one)

(a) ☐ <sup>+</sup>Securities described in Part 1

(b) ☐ All other <sup>+</sup>securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders

36 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

37 ☐ A copy of any trust deed for the additional <sup>+</sup>securities

## Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A	
39	+Class of +securities for which quotation is sought	N/A	
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>the date from which they do</li> <li>the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	N/A	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	N/A	
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	Number	+Class
		N/A	N/A

## Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: ..... Date: 1 August 2014  
Company secretary

Print name: Jean Moore

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+ See chapter 19 for defined terms.