

27 August 2014

Drillsearch Holding Greater than 60% in Ambassador and Ambassador Directors Accept the Drillsearch Offer

Following acceptances received this week, Drillsearch has increased its relevant interest in Ambassador to greater than 60%. Ambassador's Directors have also accepted the Drillsearch Offer in respect of their own shares.

Drillsearch's Offer has been automatically extended under the Corporations Act to 7pm, Monday 8 September 2014 as a result of Drillsearch acquiring a relevant interest in more than 50% of Ambassador. See the attached notice.

Given Drillsearch now has a controlling interest in Ambassador, Drillsearch has nominated directors to the Ambassador Board commensurate with its shareholding.

We encourage Ambassador shareholders to ACCEPT the Drillsearch Offer NOW because:

- 1. Ambassador Directors have accepted the Drillsearch Offer for their own shares**
- 2. The Drillsearch Offer is the highest offer available¹ and represents an attractive premium to Ambassador's recent historical share price**
 - 70.9% to Ambassador's closing share price of \$0.1950 per share on 23 May 2014, the trading day prior to Ambassador entering into a trading halt pending the announcement of the Drillsearch Offer
- 3. Drillsearch now has a controlling interest in Ambassador with a relevant interest of 60.13% and has nominated Directors to the Ambassador Board**
 - Ambassador Shareholders that do not accept the Drillsearch Offer will be minority shareholders in Ambassador. There are risks associated with being a minority shareholder, including Ambassador potentially being delisted from ASX. Drillsearch is not obliged to make a further takeover offer
 - If Drillsearch acquires 80% of Ambassador you may qualify for capital gains tax rollover relief²
- 4. The Drillsearch Offer is currently due to close on 7pm Monday, 8 September 2014 and may not be extended**
- 5. After the Drillsearch Offer closes the Ambassador share price is likely to fall. The liquidity of Ambassador shares is also likely to fall after the Drillsearch Offer closes potentially impacting your ability to sell your shares on-market**
- 6. The Drillsearch Offer provides Ambassador shareholders with cash and an opportunity to receive shares in Drillsearch, an Australian ASX 200 listed growth company focused on the Cooper Basin. Drillsearch has today reported a record year of production, revenue and profit**
- 7. Drillsearch intends to proceed to compulsory acquisition if it acquires 90% of Ambassador. This means you will be forced to sell your Ambassador shares but may not receive your consideration for a number of months. If you accept the Drillsearch Offer now you will receive your cash and Drillsearch shares within 10 Business Days**

Please refer to Drillsearch's Bidder's Statement and Supplementary Bidder's Statements for the full terms of Drillsearch's Offer. If Ambassador Shareholders have any questions in relation to the Drillsearch Offer they should contact their financial adviser or contact the Drillsearch Offer Information Line on 1300 365 790 (for calls made within Australia) or +61 1300 365 790 (for international callers) between 8.30am and 5.30pm (Sydney time) Monday to Friday.

¹ Based on the Drillsearch share price of \$1.53 on 26 August 2014 and the Magnum Hunter share price of \$6.82 on 26 August 2014

² Please refer to section 9.4 of Drillsearch's Bidder's Statement for further information

Corporations Act 2001 (Cth)

Section 624(2)

**NOTICE OF AUTOMATIC EXTENSION OF OFFER PERIOD
TO 7:00PM (SYDNEY TIME) MONDAY, 8 SEPTEMBER 2014**

TO: Ambassador Oil and Gas Limited
Level 1, 23 Oxford St
Oakleigh VIC 3166

Each holder of Ambassador Shares to whom the Offer referred to below has been made but has not accepted the Offer at the time this notice is given

This is a notice given by Drillsearch (Central) Pty Limited ACN 41 160 522 056 ("**Drillsearch Bidco**") in relation to the offers dated 12 June 2014 made under the off-market takeover bid by Drillsearch Bidco a wholly-owned subsidiary of Drillsearch Energy Limited ABN 73 006 474 844 for all of the ordinary shares in Ambassador Oil and Gas Limited ABN 28 152 595 429 ("**Ambassador**") that it does not already own ("**Offer**") pursuant to the bidder's statement dated 12 June 2014 ("**Bidder's Statement**"), as supplemented by the first supplementary bidder's statement dated 16 June 2014, the notice of variation dated 9 July 2014, the notice of variation dated 16 July 2014, the notice of variation dated 25 July 2014, the second supplementary bidder's statement dated 1 August 2014 and as may be further amended or supplemented from time to time.

In accordance with section 624(2) of the *Corporations Act 2001* (Cth), Drillsearch Bidco gives notice that its voting power in Ambassador increased to more than 50% on 25 August 2014. As a result of that increase, the period during which the Offer remains open for acceptance has been automatically extended by 14 days in accordance with section 624(2) of the *Corporations Act 2001* (Cth).

The Offer will now close at 7.00pm (Sydney time) on Monday, 8 September 2014 (unless extended).

DATED 27 August 2014

SIGNED for and on behalf of Drillsearch (Central) Pty Limited ABN 41 160 522 056



Brad Lingo
Director