

**ASX Announcement
4 September 2014**

Drillsearch's Offer for Ambassador and Broker Handling Fees

Drillsearch has a relevant interest in 85.57% of Ambassador and encourages all remaining Ambassador shareholders to **ACCEPT** the Offer **NOW**, as the Offer is currently due to close at 7pm (Sydney time) on 8 September 2014.

Drillsearch will pay a commission or broker handling fee to brokers who solicit acceptances of the Drillsearch Offer from their retail clients (refer below and to the Third Supplementary Bidder's Statement attached for further details).

Drillsearch encourages Ambassador shareholders to **ACCEPT NOW** as:

- Drillsearch controls Ambassador and the Ambassador Board
- The Independent Director of Ambassador has accepted the Drillsearch Offer for his own shares
- Drillsearch has a relevant interest in 85.57% of Ambassador and intends to proceed to compulsory acquisition if it acquires 90%
- Ambassador shareholders will receive their consideration within 10 Business Days by accepting the Drillsearch Offer. It may be some months before consideration is provided under compulsory acquisition
- The Drillsearch Offer represents an attractive premium of 67.1% over Ambassador's unaffected share price¹

Broker Handling Fees

Drillsearch will pay a handling fee ("**Handling Fee**") to share brokers in respect of valid acceptances received from eligible Ambassador Shareholders ("**Acceptances**"), where such Acceptances are from clients of the broker and were procured by the broker. An eligible Ambassador shareholder is one who is not a broker or an associate of a broker and holds less than \$300,000 of Ambassador shares.

The Handling Fee will be 0.75% of the consideration payable by Drillsearch under the Drillsearch Offer to the accepting shareholder subject to a minimum payment of \$50 and a maximum payment of \$750 per acceptance.

The Handling Fee is payable to brokers only in respect of acceptances of the Offer that they solicit from their clients. No part of the Handling Fee will be able to be passed on, or paid, to Ambassador shareholders nor is any Handling Fee to be paid in respect of Ambassador shares held by the broker or an associate on its account. In claiming a Handling Fee, the relevant broker will be taken to have represented to Drillsearch that neither it nor any of its associates is the accepting Ambassador shareholder and the Handling Fee will not be passed on or otherwise shared directly or indirectly with the accepting Ambassador shareholder.

¹ As at close of trading on 3-Sep-2014. Premium 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

Brokers can request a Handling Fee Claim Form by email from Link Market Services at capitalmarkets@linkmarketservices.com.au.

Brokers and Ambassador shareholders should refer to the attached Third Supplementary Bidder's Statement for full details on the Broker Handling Fee arrangements.

Drillsearch notes that the Offer is currently scheduled to close at 7pm (Sydney time), on Monday 8 September 2014 and encourages Ambassador shareholders to act NOW and ACCEPT the Offer before it closes.

For further information regarding the Offer and Drillsearch, Ambassador shareholders should refer to the Bidder's Statement and Supplementary Bidder's Statements or call the Offer Information Line on 1300 365 790 (within Australia) or +61 1300 365 790 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday.

THIRD SUPPLEMENTARY BIDDER'S STATEMENT

in relation to the takeover offer by

Drillsearch (Central) Pty Limited

ABN 41 160 522 056

a wholly-owned subsidiary of

Drillsearch Energy Limited

ABN 73 006 474 844

to purchase all of your shares in

Ambassador Oil and Gas Limited

ABN 28 152 595 429

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with this document, you should consult your financial, legal or other professional adviser as soon as possible.

For further information, you may also call 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. INTRODUCTION

This document is the third supplementary bidder's statement ("**Third Supplement**") 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 ("**First Supplement**") and the second supplementary bidder's statement dated 1 August 2014 ("**Second Supplement**") made under section 643 of the *Corporations Act 2001* (Cth) (the "**Act**") and the notices of variation dated 9 July 2014, 16 July 2014 and 25 July 2014 made under section 650D of the Act.

The Third Supplement is issued by Drillsearch (Central) Pty Limited ABN 41 160 522 056 ("**Drillsearch Bidco**") a wholly-owned subsidiary of Drillsearch Energy Limited ABN 73 006 474 844 ("**Drillsearch**") in relation to its off-market takeover bid by Drillsearch Bidco 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**"). This Third Supplement supplements, and must be read together with, the Bidder's Statement, the First Supplement and the Second Supplement.

Unless the context requires otherwise, terms defined in the Bidder's Statement, First Supplement and the Second Supplement have the same meaning in this Third Supplement. This Third Supplement prevails to the extent of any inconsistency with the Bidder's Statement, First Supplement and Second Supplement.

A copy of this Third Supplement was lodged with the Australian Securities and Investments Commission ("**ASIC**") on 4 September 2014. Neither ASIC nor any of its officers takes any responsibility for the contents of this Third Supplement.

2. BROKER HANDLING FEES

2.1 Overview

Subject to the conditions set out below, Drillsearch Bidco will pay a handling fee ("**Handling Fee**") to a share broker and participant in CHESS ("**Broker**") in respect of valid acceptances received from retail Ambassador Shareholders ("**Acceptances**"), where such Acceptances are from clients of the Broker and were procured by the Broker.

A retail Ambassador Shareholder is one who is not a Broker or an associate of a Broker and who is, at the date of receipt of the Acceptance, recorded on the Register as holding less than \$300,000 of Ambassador Shares.

The Handling Fee will be 0.75% of the Offer Consideration payable by Drillsearch Bidco under the Drillsearch Offer as a result of that Acceptance subject to:

- (a) the minimum Handling Fee payable in respect of any Acceptance being \$50 (excluding GST); and
- (b) the maximum Handling Fee payable in respect of any Acceptance being \$750 (excluding GST).

The value of the Drillsearch scrip component of the Offer Consideration will be calculated based on the closing price of Drillsearch Shares on the ASX on the last trading day of the Offer Period.

The Handling Fee will not be increased.

To qualify for the Handling Fee, the Acceptances must be received by Link Market Services Limited (the "**Registry**") after the date of this Third Supplement and before the end of the Offer Period. Set out below are further conditions attaching to the offer of a Handling Fee:

- (a) the submission of any acceptance bearing a Broker's official stamp will constitute an acknowledgment by the relevant Broker that it has represented to Drillsearch Bidco that:
 - (i) neither it nor an associate of it is the accepting Ambassador Shareholder;
 - (ii) the Handling Fee will not be shared directly or indirectly with the accepting Ambassador Shareholder;
 - (iii) it and the accepting Ambassador Shareholder are not associated for any other reason under the Corporations Act; and
 - (iv) if requested, the Broker will confirm the above in writing to Drillsearch Bidco before the Handling Fee is paid;
- (b) for Ambassador Shareholders on the CHESSE subregister, where that Ambassador Shareholder directly requests Drillsearch Bidco (and not the relevant Broker) to initiate acceptance of the Drillsearch Offer on their behalf, that Broker will not be entitled to receive the Handling Fee;
- (c) no Handling Fee is payable in respect of Acceptances which are withdrawn pursuant to the Corporations Act or which are not treated as a valid Acceptance by Drillsearch Bidco; and
- (d) the Handling Fee is for retail acceptances only. Drillsearch Bidco reserves the right at its absolute discretion not to pay Handling Fees on acceptances it deems to be from the same Ambassador Shareholder, non-retail Ambassador Shareholders or acceptances that appear to have been split or otherwise structured to take advantage of the Handling Fees. Further, Drillsearch Bidco reserves the right in its absolute discretion not to pay Handling Fees in any other circumstances as determined by it.

2.2 Payment

The Handling Fee will be payable to any Broker who submits to the Registry:

- (a) a valid and duly completed claim form ("**Claim Form**") which sets out:
 - (i) the Broker's Participant Identification Number; and
 - (ii) a representation that neither the Broker nor its associate is the accepting Ambassador Shareholder and that the fee will not be passed on or otherwise shared directly or indirectly with the accepting Ambassador Shareholder; and
- (b) a list of Acceptances ("**Acceptance List**") which contains:
 - (i) the registered name and address for each Ambassador Shareholder to which the Claim Form relates;
 - (ii) the Holder Identification Number for each Ambassador Shareholder to which the Claim Form relates; and
 - (iii) the number of Ambassador Shares in respect of which each such Ambassador Shareholder has accepted the Drillsearch Offer and the date of the relevant Acceptance(s); and
- (c) if the Acceptance(s) were effected by an Acceptance Form, a copy of such form bearing the Broker's stamp,

such that they are received by the Registry in the formats described below by 7:00pm (Sydney time) on the day which is 5 Business Days after the end of the Offer Period and thereafter provides satisfactory evidence reasonably requested by the Registry that such Acceptance(s) meet the requirements of the Handling Fee.

No Broker Handling Fee will be paid in respect of any Acceptance for which more than one Broker tenders a Claim Form. Each Broker firm should submit only one Claim Form, which covers all Acceptances in respect of which the Broker firm (including its employee brokers) is claiming the Handling Fee.

Claim Forms may be requested by email from the Registry email address at capitalmarkets@linkmarketservices.com.au. The Claim Form and the Acceptance List must be submitted to the Registry in hard copy format. The Acceptance List must also be emailed in Excel® format to the Registry e-mail address at capitalmarkets@linkmarketservices.com.au.

Claim Forms and Acceptance Lists must be forwarded to:

Mailing Address

Link Market Services Limited
Ambassador Oil and Gas Takeover
Locked Bag A14
Sydney South NSW 1235

Hand Delivery

Link Market Services Limited
Ambassador Oil and Gas Takeover
1A Homebush Bay Drive
Rhodes NSW 2138

Subject to the terms set out above, payment of the Handling Fee in respect of any Acceptances will be made by cheque by the later of:

- (a) 10 Business Days after the date of receipt by the Registry of:
 - (i) Acceptance Forms (where applicable) bearing the Broker's stamp; and
 - (ii) the Claim Form and the Acceptance List in the formats described above; and
- (b) 21 Business Days after the end of the Offer period.

3. OFFER PERIOD

The Offer is currently due to close at **7pm (Sydney time) on 8 September 2014** (unless otherwise extended)

4. HOW DO I ACCEPT THE DRILLSEARCH OFFER?

For Issuer Sponsored Holdings of Ambassador Shares (security holder reference number beginning with 'I')

To accept the Offer, sign and return the **blue** Acceptance Form enclosed with this document.

For CHESS Holdings of Ambassador Shares (holder identification number beginning with 'X')

To accept the Offer, sign and return the **yellow** Acceptance Form enclosed with this document or instruct your Controlling Participant (usually your broker) to accept the Offer for you.

Signed Acceptance Forms must be sent to:

Mailing Address

Link Market Services Limited
Ambassador Oil and Gas Takeover
Locked Bag A14
Sydney South NSW 1235

Hand Delivery

Link Market Services Limited
Ambassador Oil and Gas Takeover
1A Homebush Bay Drive
Rhodes NSW 2138

A self-addressed envelope is enclosed with this document.

5. **FURTHER INFORMATION**

For further information, you may call 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.

6. **APPROVAL OF THIRD SUPPLEMENTARY BIDDER'S STATEMENT**

The copy of this Third Supplementary Bidder's Statement that has been lodged with ASIC has been approved by a unanimous resolution of Drillsearch Bidco on 4 September 2014.

Signed by Bradley Lingo in accordance with section 351 of the Corporations Act.

DATED 4 September 2014



Director