

BY ELECTRONIC LODGEMENT

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

Close of Offer for Ambassador and compulsory acquisition of remaining Ambassador shares

The off-market takeover bid (**Offer**) made by Drillsearch (Central) Pty Limited (**Drillsearch Bidco**), a wholly-owned subsidiary of Drillsearch Energy Limited, for all of the ordinary shares in Ambassador Oil and Gas Limited (**Ambassador**) closed at 7:00pm (Sydney time), 22 September 2014.

Following the close of the Offer, Drillsearch Bidco has a relevant interest in 99.16% of the shares of Ambassador and is therefore entitled to proceed with compulsory acquisition of the remaining Ambassador shares pursuant to section 661A of the *Corporations Act 2001* (Cth) (**Corporations Act**).

In accordance with section 661B(1)(d) of the Corporations Act, **enclosed** is a copy of the ASIC Form 6021 (**Compulsory Acquisition Notice**) and the accompanying cover letter to be sent to all Ambassador shareholders who have not yet validly accepted the Offer.

The Compulsory Acquisition Notice has today been lodged by Drillsearch Bidco with the Australian Securities and Investments Commission.

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.

Drillsearch

23 September 2014

Dear Ambassador shareholder

Notice of compulsory acquisition

Drillsearch to acquire remaining ordinary shares in Ambassador

Drillsearch (Central) Pty Limited (**Drillsearch Bidco**), a wholly-owned subsidiary of Drillsearch Energy Limited (**Drillsearch**), has acquired 99.16% of the shares in Ambassador Oil and Gas Limited (**Ambassador**) pursuant to its off-market takeover bid for Ambassador. Drillsearch Bidco is now moving to acquire the balance of Ambassador through the compulsory acquisition provisions of the *Corporations Act 2001* (Cth) (**Act**).

The compulsory acquisition process entitles Drillsearch Bidco to acquire all of your Ambassador shares at a price identical to the final Offer Price of 1 Drillsearch share for every 5.4 Ambassador shares plus 5 cents in cash per Ambassador share, in accordance with the **enclosed** compulsory acquisition notice dated 23 September 2014 (**Notice**).

As well as providing formal notice of Drillsearch Bidco's intention to compulsorily acquire your Ambassador shares, the Notice sets out certain rights available to shareholders under the Act in response to the Notice and a requirement that Ambassador shares be acquired by Drillsearch Bidco on the terms that applied immediately before the end of the Offer.

Payment by Drillsearch Bidco to Ambassador for your Ambassador shares is expected to take approximately four to six weeks from the date of the Notice. As soon as practicable after the consideration has been received, Ambassador will provide you with written notice that the consideration for the acquisition of your Ambassador shares is being held on trust for you by Ambassador pending your instructions as to how it is to be dealt with.

If you are a Foreign Shareholder or an Unmarketable Parcel holder, you will not be entitled to receive Drillsearch shares. Instead, the Drillsearch shares that would otherwise have been issued to you will instead be issued to a nominee who will then sell the shares. You will then be entitled to receive the net proceeds received from that sale. See sections 11.2, 11.22 and 11.23 of Drillsearch Bidco's Bidder's Statement dated 12 June 2014 for further information.

Yours faithfully



Jean Moore
Company Secretary

Notice of compulsory acquisition following takeover bid

Notice

To each holder of:

Description of class of securities to which the bid relates

Fully paid ordinary shares
(‘Bid Class Securities’)

Name of target company or body

in
Name (‘the Company’)
Ambassador Oil and Gas Limited
ACN/ARBN/ARSN
ABN 28 152 595 429

Tick applicable box(es)

- and each holder of securities that will or may be converted into, or confer rights to be issued, in the next 6 weeks, securities to which the bid related.
- and each holder of non-transferable securities issued under an employee incentive scheme referred to in paragraph 2.

Name of bidder

1. Under a takeover bid offers were made by
Drillsearch (Central) Pty Limited ABN 41 160 522 056

in respect of the acquisition of Bid Class Securities in the company.

Tick one box

- The offers
- closed
- are scheduled to close

Date offers closed or are scheduled to close

on
Date
2 2 / 0 9 / 1 4
[D] [D] [M] [M] [Y] [Y]

Tick applicable box(es).
(see subsection 661A(4) and (4A))

2. You are, as at the date of this notice, the holder of one or more of the following
- securities in respect of which the takeover offer was made, but have not accepted the offer. (If you have accepted the offer but have received this notice you do not need to do anything in response to this notice—the bidder will acquire your securities under the offer.)
- securities to which the bid related issued after the end of the offer period and before the date of this notice
- securities that will or may be converted into, or confer rights to be issued, in the next 6 weeks, securities to which the bid related
- securities issued under an employee incentive scheme to which restrictions on transfer apply under the company’s constitution or the terms of issue, being

Description of securities

Description of securities

the following securities in the bid class in which the bidder has a relevant interest

Tick one box

3. The bidder gives you notice under subsection 661B(1) of the Corporations Act 2001 (‘the Act’) that the bidder has become entitled pursuant to subsection
- 661A(1)
- 661A(3)

of the Act to compulsorily acquire your securities and desires to acquire those securities.

Continued... Notice

4. Under section 661D of the Act, you have the right, by notice in writing given to the bidder within one month after this notice is lodged with ASIC, to ask the bidder for a written statement of the names and addresses of everyone else the bidder has given this notice to.

Date of lodgement

This notice was lodged with ASIC on

Date

2 3 / 0 9 / 1 4
[D] [D] [M] [M] [Y] [Y]

Insert paragraph 4A only where alternative forms of consideration were offered under the bid.

- 4A. You are entitled, within one month after being given this notice (see paragraph 8), or within 14 days after being given a statement requested under section 661D of the Act (as referred to in paragraph 4 of this notice), whichever is the later, by notice in writing to the bidder, to elect which of the following forms of consideration will apply to the acquisition of your securities:

Details of alternative terms

n/a

If you do not elect which of the alternative forms of consideration will apply to the acquisition of your securities, the form of consideration that will apply will be:

Set out the terms that will apply

n/a

5. Under section 661E of the Act, you have the right, within one month after being given this notice (see paragraph 8) or within 14 days after being given a statement requested under section 661D of the Act (as referred to in paragraph 4 of this notice), whichever is later, to apply to the Court for an order that the securities not be compulsorily acquired.

6. The bidder is entitled and bound to acquire the securities on the terms that applied under the takeover bid immediately before

Tick one box

- this notice was given.
 the end of the offer period.

7. Unless the Court otherwise orders, on application made by you under section 661E of the Act within one month after being given this notice (see paragraph 8) or within 14 days after being given a statement under section 661D (as referred to in paragraph 4 of this notice), whichever is the later, the bidder must comply with paragraph 6 of this notice.

8. A notice sent by post to you is taken to be given to you 3 days after it is posted.

Signature

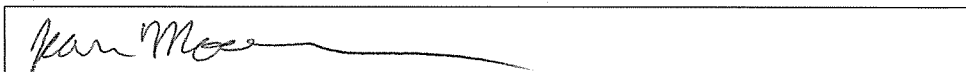
Name of person signing

Jean Moore

Capacity

Company Secretary

Signature



Date signed

2 3 / 0 9 / 1 4
[D] [D] [M] [M] [Y] [Y]