



Ambassador Oil and Gas Pty Ltd

ASX / Media Release

KRUGER 1 – DRILLING COMMENCED

Release date: 24 July 2012

Drilling of Ambassador Oil and Gas Limited's (ASX: AQO) Kruger 1 oil exploration well has started.

Kruger 1, the second well in Ambassador's first ever drilling campaign, has a mean recoverable oil potential of 380,000 barrels from the Basal Birkhead/Hutton formations, with an upside potential of over 800,000 barrels of recoverable oil. The Basal Birkhead and Hutton formations are well known and prolific oil producing horizons in the Cooper basin.

Ambassador is funding 100% of the drilling of the Kruger 1 well, operated by Senex Energy Ltd (ASX:SXY), to earn a 60% interest in the PEL 516 Mudlalee block in the South Australian portion of the Cooper basin.

The Kruger 1 well site is 600 metres southwest of the existing oil producer Mudlalee 4, about 40 km south-east of the Moomba oil and gas processing facility.

Mudlalee 4 drilled in 2007, discovered a separate oil accumulation to the north of Mudlalee 3. Mudlalee 4 has produced over 200,000 barrels of oil.

Kruger 1 is interpreted as either a separate oil pool or a south westerly extension of the Mudlalee 4 oil accumulation.

If successful, the Kruger 1 well can be brought into production quickly via a stand-alone modular production facility with the oil produced and trucked to the nearest truck unloading facility operated by Santos in Dullangari or Moomba subject to satisfactory commercial arrangements.



Ambassador Oil and Gas Pty Ltd

ASX / Media Release

Kruger 1 Oil exploration well

Kruger 1 spudded at 12:00 hrs on the 23 Jul 2012. At 0600 24 July the rig was drilling 12 ¼" surface hole to approximately 650 metres prior to running 9 5/8" surface casing.

Location:	PEL 516 Mudlalee Block
Planned Total Depth:	1675 metres
Current depth:	174 metres
Operation:	Drilling ahead
Participants in the Kruger 1 well are:	
Ambassador Oil & Gas (ASX:AQO) (earning)	60%
Senex Energy (Operator) (ASX:SXY)	40%

Tino Guglielmo

Managing Director: Email: tino@ambassadorexp.com.au or (03) 9570 5451

Media Inquiries to:

Ian Howarth

Collins Street Media: Email: ian@collinsstreetmedia.com.au or 0407 822 319



Ambassador Oil and Gas Pty Ltd

ASX / Media Release

About Ambassador

Ambassador Oil & Gas Ltd has portfolio of oil and gas exploration targets in the South Australian sector of the Cooper/Eromanga basin containing a mix of low to medium risk conventional oil and gas and unconventional coal and shale gas targets.

Ambassador owns 100% of PEL 570 in the South Australian Cooper basin and has negotiated a Farm-In agreement with ASX listed Senex Energy Ltd giving Ambassador the right to earn a 50% interest in the Zulu block of PEL 113 and a 60% interest in the Rowley and Mudlalee blocks within the PEL 516.

The Cooper basin is linked to the east coast gas market by an existing gas pipeline network providing Cooper basin gas with direct access to Queensland Liquefied Natural Gas projects near Gladstone currently under construction.

Cooper Basin exploration permit PEL570, located in the northern end of the Patchawarra trough, covers an area of 2400 square kilometers and is considered prospective for unconventional shale and coal gas. The permit is close to infrastructure and remains a key target for unconventional gas exploration.

About Kruger

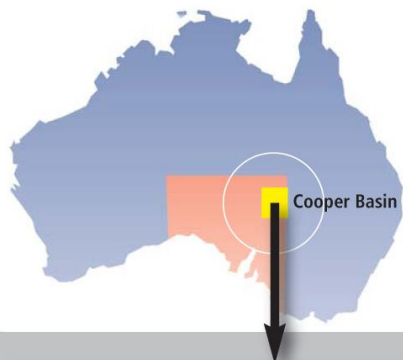
Kruger1 well has a mean recoverable oil potential of 380,000 barrels from the Basal Birkhead/Hutton formations, with an upside potential of over 800,000 barrels of recoverable oil. The Basal Birkhead and Hutton formations are well known and prolific oil producing horizons in the Cooper basin.

The Kruger 1 well site is 800 metres southwest of the existing oil producer Mudlalee 4, about 40 km south-east of the Moomba oil and gas processing facility.

The first success on the Mudlalee field was Mudlalee 3 drilled in 1993. The well flowed oil to surface at over 700 barrels per day from the Hutton sandstone. A 3-Dimensional seismic survey was recorded over the area in 2001.

Mudlalee 4 drilled in 2007, discovered a separate oil accumulation to the north of Mudlalee 3. Mudlalee 4 has produced over 200,000 barrels of oil.

Kruger 1 is interpreted as either a separate oil pool or a south westerly extension of the Mudlalee 4 oil accumulation.



KRUGER PROSPECT

Basal Birkhead Depth Structure



Ambassador Oil and Gas Pty Ltd

