

9 November 2012

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Acer Energy Board Transition

Acer Energy Limited (ASX:ACN) (the "Company" or "Acer") announces the appointment of Mr Jim McKerlie, Mr Brad Lingo and Mr Ross Wecker, being nominees of the Company's majority Shareholder, Drillsearch (Central) Pty Limited, a wholly owned subsidiary of Drillsearch Energy Limited ("Drillsearch"), to the Board of the Company (the "Board") following Drillsearch achieving effective control of the Company with a 74.09% Relevant Interest (as defined in the *Corporations Act 2001* (Cth)).

In addition to these appointments, Mr Adam Johnson and Mr David McEvoy have resigned from the Board effective immediately. The Managing Director of the Company, Mr Clint Adams has also resigned his position as a director of the Company with immediate effect. Mr Adams remains employed as Chief Executive Officer of the Company.

On 4 October 2012, Drillsearch announced an all cash off-market takeover offer to acquire all of the ordinary shares in Acer (the "**Offer**"). On 26 October 2012, Drillsearch announced an increase to its Offer from \$0.255c to \$0.285c per Acer Share, subject to Drillsearch obtaining a Relevant Interest in Acer of 40% or more (which Drillsearch announced it had achieved on 31 October 2012). Acer released its Target's Statement dated 5 November 2012 where it was stated that the Board carefully considered the Offer and **unanimously recommends that Shareholders accept the Offer** in the absence of a superior announced offer (the "**Recommendation**"). The Offer is scheduled to close on 19 November 2012.

In forming its Recommendation, the Board carefully considered the following:

- an Independent Expert has concluded that the Offer is fair and reasonable in the absence of a superior proposal;
- the Offer represents a significant premium to the pre-bid historical trading price of Acer Shares;
- the Offer delivers cash certainty and is unconditional;
- as at the business day prior to the date of the Target's Statement, Drillsearch held a 54.62% Relevant Interest in Acer;
- if Drillsearch acquires less than 90% of the Acer Shares, Shareholders who do not accept the Offer will be exposed to the risks associated with being a minority Shareholder and reduced share trading liquidity; and



- no superior announced offers have emerged.

Each Director who holds Shares either directly or indirectly in Acer **intends to accept the Offer for all their Acer Shares** on or before Friday, 9 November 2012, in the absence of a superior announced offer.

Chairman Mr Nick Davies commented “We welcome Jim, Brad and Ross to the Board as part of an orderly transition of stewardship following Drillsearch becoming the majority shareholder in the Company. I recommend all shareholders **accept the Offer** and submit their acceptances prior to the closing of the Offer period on 19 November.

I want to take this opportunity to thank David and Adam for their outstanding contributions to the Company over their long involvement. They have been instrumental in the evolution of the Company and the Directors and Management of Acer Energy thank them for their contributions and wish them all the best for the future”.

For further information contact

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