

ASX RELEASE – 15 NOVEMBER 2011

COMPLETES US\$68.5 MILLION JACK-UP RIG ACQUISITION

HIGHLIGHTS

- **Rig acquisition complete**
- **Currently alongside shipyard awaiting modification work**
- **Expected in the Cook Inlet, Alaska in April/May 2012**

Buccaneer Energy Limited (ASX : BCC) (“**Buccaneer**” or “**the Company**”) is pleased to advise that the Company’s 50% owned subsidiary Kenai Offshore Ventures, LLC (“**KOV**”) has overnight in London completed the acquisition of the GSF Adriatic XI offshore jack-up rig (“**Rig**”) from Transocean Offshore Resources Limited (“**Transocean**”), a subsidiary of Switzerland-based Transocean Limited.

The total purchase price of the Rig was US\$68.5 million funded through:

- A Senior Debt Facility with Oversea-Chinese Banking Corporation (“**OCBC**”) of US\$44.0 million;
- A Preferred Interest investment from the Alaska Industrial Development and Export Authority (“**AIDEA**”) of US\$17.6 million with a fixed annual dividend of 8.0% per annum; with
- The balance of the purchase price of US\$6.9 million was paid by KOV with equal contributions from Buccaneer and Singapore-based Ezion Holdings Limited. These funds were paid as the deposit for the Rig in September 2011.

KOV anticipates over the over the next 5 years both the OCBC and AIDEA facilities will be fully repaid by revenues received under the Bare Boat Charter agreement.

Coinciding with settlement the name of the Rig has been changed to “**Endeavour – Spirit of Independence**” (“**Rig**” or “**Endeavour**”).

Buccaneer Director Dean Gallegos said:

“With completion of this transaction, we have achieved what was initially considered by some, to be a very ambitious goal – to acquire an offshore jack-up rig.

This significant milestone for Buccaneer marks the start of the very tangible steps toward unlocking the value of our Alaskan offshore assets which Netherland, Sewell & Associates has estimated to be 73.3 MMBOE in combined 2P Reserves and P50 Resources. We are well on that path with mobilisation to the Cook Inlet on track for April/May 2012.

Furthermore the Endeavour represents a strategic asset, ensuring Buccaneer will feature predominantly in the “renaissance” of exploration activity in the offshore waters of Alaska.”

The Endeavour Jack-Up Rig

The Endeavour is a Marathon LeTourneau 116-C jack-up rig. First constructed in 1982, it was upgraded in 2004.

The Endeavour is currently alongside Keppel shipyard in Singapore in preparation for the commencement of shipyard work that will include:

- Bringing the Rig back into operation after being cold-stacked;
- Improvements to the crew quarters; and
- Modifications to “winterise” the Rig for Alaskan conditions.

The aforementioned work will not include any significant structural work.

The costs of the shipyard work and mobilisation to the Cook Inlet will be funded by additional draw downs from both OCBC and AIDEA, taking these facilities to US\$56.0 million and US\$23.6 million respectively.

Initial Work Program

The first well expected to be drilled by the Endeavour will be located on Buccaneer’s 100% owned Southern Cross project where Netherland, Sewell & Associates have estimated Proven & Probable (2P) Reserves of 12.7 MMBOE and an additional P50 Resource of 14.7 MMBOE.

The Southern Cross project is in approximately 50 feet of water with no unusual technical hurdles to drill and develop. Southern Cross is within five miles of four significant oil and gas fields with a combined production of 1.1 billion BO and over 550 BCF of gas.

Buccaneer’s initial test will offset several wells on its leasehold that tested oil and gas but were never produced. Buccaneer’s first well is approximately 1700 feet from the Pan Am 17595 # 3 (circa 1960’s), which tested 230 feet oil and 1,080 feet of mud cut oil from the Lower Tyonek and 165 feet of oil from the Hemlock.

It will also be structurally high to the Pan Am 17595 # 2 (circa 1960’s), which tested the Lower Hemlock and recovered gas to the surface followed by fluid from which 990 feet of clean oil was recovered. Other wells on the lease tested gas from the Upper Tyonek. Buccaneer’s well will be within the demonstrated hydrocarbon column for this area.

Pathway to unlocking value in offshore Alaska

Jun-11	✓	Senior Debt Facility Term Sheet
Jun-11	✓	Joint Ownership Agreement with AIDEA
Aug-11	✓	Binding contracts executed for acquisition of Adriatic XI Rig
Nov-11	✓	Satisfying Conditions Precedents
Nov-11	✓	Acquisition settlement and Rig delivery
Nov-11	○	Shipyard modifications commence
Mar/ Apr 12	○	Mobilisation to Cook Inlet
Apr/ May 12	○	Drilling commences at Southern Cross Project Cook Inlet Alaska

Related Agreements

As part of the acquisition Buccaneer's wholly owned subsidiary Kenai Drilling, LLC has executed a Bare Boat Charter Agreement with KOV. Kenai Drilling will market the Endeavour to third party operators, with day to day operations of the Endeavour being managed by Archer Drilling under contract.

The Bare Boat Charter commences when the Rig is delivered for operational service in the Cook Inlet, which is expected to be in April/May 2012, for a period of 5 years during which Kenai Drilling will pay bare boat charter fees to KOV.

Kenai Drilling's obligations under this charter agreement will be mitigated by the leasing of the Endeavour to third party operators, with whom discussions have already commenced.

The Company has also executed the following:

- An Exclusive Use Agreement where Buccaneer is required to use the Rig exclusively. KOV has granted Buccaneer has exclusive use of the Rig until the end of 2014 at Buccaneer's option; and
- A minimum four well guarantee where Buccaneer is required to drill four wells with the Rig by the end of 2014.

Endeavour's Capabilities

The Endeavour jack-up rig was selected through a global search process. Its existing capabilities make it suitable for most water depths that exist in the Cook Inlet and northern Alaskan waters.

These capabilities include:

- The ability to operate in water depths up to 300 feet;
- Constructed of -10° Celsius rated steel allowing it to work safely in the wide environmental envelope that exists in the Arctic, including the Chukchi and Beaufort Sea which are located offshore the North Slope;
- Two sets of blow out protectors ("BOPs"), both 10,000 and 15,000 PSI, giving it capacity to drill high pressure horizons that exist in the Cook Inlet;
- Cantilever beam extensions that enhance its ability to work over existing platforms in the Cook Inlet to undertake drilling and repair operations; and
- Four cranes and a high variable deck load rating of 8,300 KLBS which enable it to operate with extra equipment and materials onboard, should support services be limited.

The Company appreciates the support that it has received from all parties and in particular AIDEA in completing this acquisition.

Yours faithfully

BUCCANEER ENERGY LIMITED



Mr Dean Gallegos
Director

For further information please contact Dean Gallegos, Executive Director on 0416 220 007 or 02 9233 2520. Alternatively visit the Company's website at www.buccenergy.com.

About Buccaneer

Buccaneer Energy Limited is an Australian listed company (ASX: BCC) focused on developing and producing from its 100% owned oil & gas assets in Alaska. The Company's flagship projects are a series of onshore and offshore developmental and exploration prospects in Alaska's Cook Inlet.

Buccaneer Energy has a 3 pronged cash flow strategy for Alaska:

- *Developing the 100% owned Kenai Loop onshore gas project with independently assessed 4.8 MMBOE¹ in 2P Reserves;*
- *Acquiring and operating an Offshore jack-up rig for use by third parties in the Cook Inlet; and*
- *Developing its 100% owned offshore Cook Inlet projects that have independently assessed 73.3 MMBOE in 2P Reserves / P50 Resources using the acquired jack-up rig "the Endeavour".*

Buccaneer Energy has a 50/50 joint venture with Singaporean based Ezion, a leader in the development, ownership and chartering of strategic offshore assets and the Alaskan Industrial Development and Export Authority ("AIDEA") which culminated with the completion of the acquisition of the jack-up rig "the Endeavour" which is capable of drilling in the Cook Inlet. Mobilisation of the jack-up rig into the Cook Inlet is expected in 1H 2012. The Alaskan Government is supportive of oil and gas in the Cook Inlet. There are a number of fiscal incentive programs for exploration and development in the Cook Inlet.

Buccaneer Energy has drilled the onshore Kenai Loop #1 well. The well was tested to have a flow rate of 6 – 8 MMCFD (750 - 1,000 BOEPD¹). The field is expected to be in production in late 4Q 2011. Full development of the onshore Kenai Loop field could exceed 10 producing wells in 2012/13.

Buccaneer Energy also has majority owned working interests in two producing projects in Texas, USA. Pompano is an offshore gas project located in the Gulf of Mexico, drilled by the Company in 2008 and Lee County is an onshore oil project, currently producing oil.

¹ Using an Oil to Gas conversion ratio of 8:1



Endeavour – the Spirit of Independence