

ASX RELEASE – 7 OCTOBER 2011

SELECTION OF RIG CONTRACTOR

HIGHLIGHTS

- **Archer Drilling selected as preferred Rig Operator after competitive tender**
- **Archer Drilling to manage Shipyard modification, mobilisation and operation in Cook Inlet**
- **Scoping work to assess shipyard modification to commence immediately**

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to announce that Houston based Archer Drilling, LLC (“Archer”) has been selected as the preferred operator of the Adriatic XI. This selection comes after a competitive tender process in which Archer demonstrated significant experience and expertise in operating a large number of onshore and offshore rigs and platforms.

KOV will now proceed and negotiate individual contracts with Archer to:

- Project manage the shipyard modifications to the Adriatic XI jack-up rig, which is to be renamed “Endeavour”;
- Manage the mobilisation process from Singapore to the Cook Inlet; and
- Operate the rig in the Cook Inlet on behalf of Buccaneer Offshore Operations, LLC (“BOO”), a wholly owned subsidiary of Buccaneer that will execute a Bare Boat Charter Agreement with KOV.

In the interim, Archer has already mobilised a team onto the Adriatic XI at its cold stacked location to commence detailed engineering scoping work to finalise shipyard modification budgets and scheduling.

In 2008, Archer’s wholly owned subsidiary Rig Inspection Services completed inspections and engineering scoping work on the Adriatic XI on behalf of its current owner.

This proposed scoping work is expected to take approximately 21 days to complete.

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 ARCHER:

Archer (www.archerwell.com) is listed on the Oslo Stock Exchange (Ticker: ARCHER) and has a large presence in Houston.

Archer was spun out of Norwegian based Seadrill Limited ("Seadrill") in 2007 and acquired US based Allis-Chalmers Energy in 2011. Highlights of Archer's operational capabilities are as follows:

- Possess a large amount of harsh weather operational experience in the North Sea;
- Are a large financially stable organization with over 8,400 employees operating in 100+ countries;
- A diverse organization which has a variety of well and consulting services, all in house;
- Operate over 100 offshore platform and land rigs;

About Buccaneer

Buccaneer Energy Limited is an Australian listed company focused on developing 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.*

*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") to acquire a jack-up rig capable of drilling in the Cook Inlet. Mobilisation of the jack-up rig into the Cook Inlet is expected in 4Q 2011. 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 mmcf/d (750 - 1,000 BOEPD¹). The field is expected to be in production in late 4Q 2011. The Company is currently drilling the second well at Kenai Loop. Full development of the onshore Kenai Loop field could exceed 10 producing wells.

Buccaneer Energy also has major 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 producing ~1 mmcf/d and has an additional pipeline of 'drill-ready' gas prospects. Lee County is an onshore oil project, currently producing oil.

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