



# Building On Success

November 2008



# Buccaneer Energy

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# Buccaneer Profile

- **Houston based independent E&P company**
- **Focus: Shallow US Gulf of Mexico & onshore gulf coast**
- **Overview:**
  - **IPO Nov 2007: Raised A\$20 MM @ A\$0.25**
  - **Trading on ASX : Symbol "BCC"**
  - **Market capitalization: A\$9.7 MM @ A\$0.065**
  - **Cash on hand: US\$5.0 MM (A\$7.7 MM)**
  - **Shares outstanding : 149 MM**
  - **Inside ownership : ~35%**
- **Current production & reserves : Pompano Field**
  - **Production: ~6.5 MMCF of gas per day (MMCFG/d)**
  - **Net Cashflow @ US\$7 gas: US\$500 K revenue per month to BCC**
  - **Reserves – 2 Wells (100%): 1P 6.9 BCF 2P 11.2 BCF 3P 14.2 BCF**

\* Per Ralph E. Davis Associates, Inc.



# What Differentiates Buccaneer

**Big**

**Impact Reserve Size – Development Projects**

**Fast**

**Large Asset Base That Can Be Rapidly Drilled and Placed  
Into Production**

**Repeatable**

**Generated Multiple New Prospects**



# Investment Highlights

- **Acquiring high WI in low risk, proven oil and gas properties**
- **Focused on “bypassed pay” and redevelopment projects with access to infrastructure**
- **Utilizing management’s extensive industry network**
  - **To provide deal flow for new opportunities**
  - **Equipment & operating expertise to develop projects**
- **Substantial initial success**
  - **Drilled and put on production two wells in 1<sup>st</sup> six months**
  - **Generating positive cash flow**
- **Excellent feedstock of new properties, typically evaluate 25-30 per quarter**

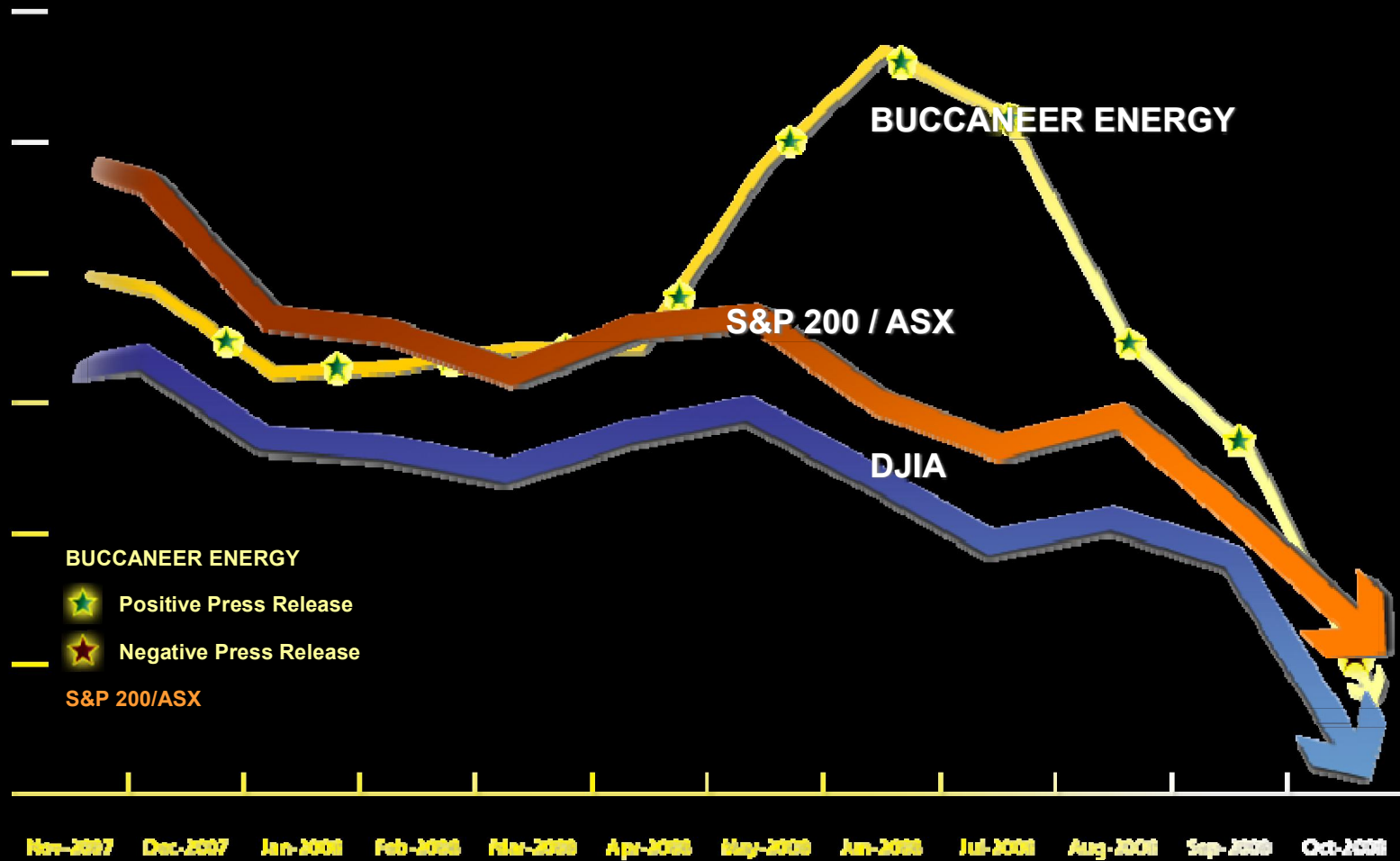


# How Has Buccaneer Performed?

- Drilled and Completed 2 Pompano Wells, Drilled 3rd/Evaluating
- Well Utilization - Typically 90-97% vs. Industry Std of 80%+
  - Downtime - Mandatory Hurricane Shut-In
  - Compressor Station / Pipeline Shut-In
  - Platform Instrumentation Issues
  - Well Bore Issues
- F & D Costs - Range from \$0.71 to \$3.03/MCF or \$17.80/BOE vs. industry values of \$17.23 to \$50.53 (per John S. Herold)
- Time to first production - 17 Days from completion
- EBITDA profitable FY 08 – first year of operation. Production commenced March 08
- Company remains EBITDA profitable with one well in production
- All wells drilled have found hydrocarbons
- 14 feedstock properties either in inventory or being acquired
- Unaudited upside potential of >260 BCFG and > 25 MMBBO



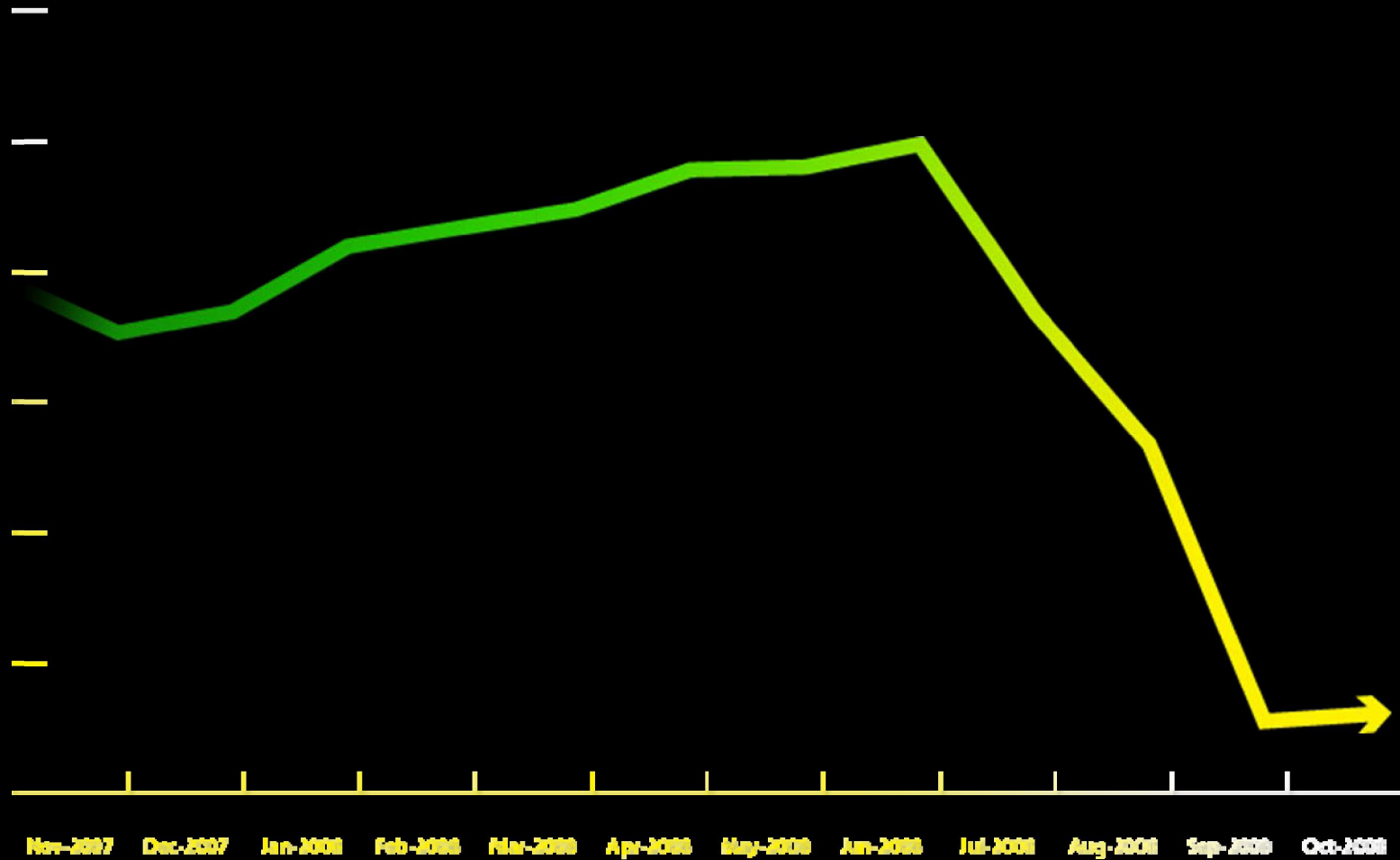
# Buccaneer Price Market NOT Performance Driven

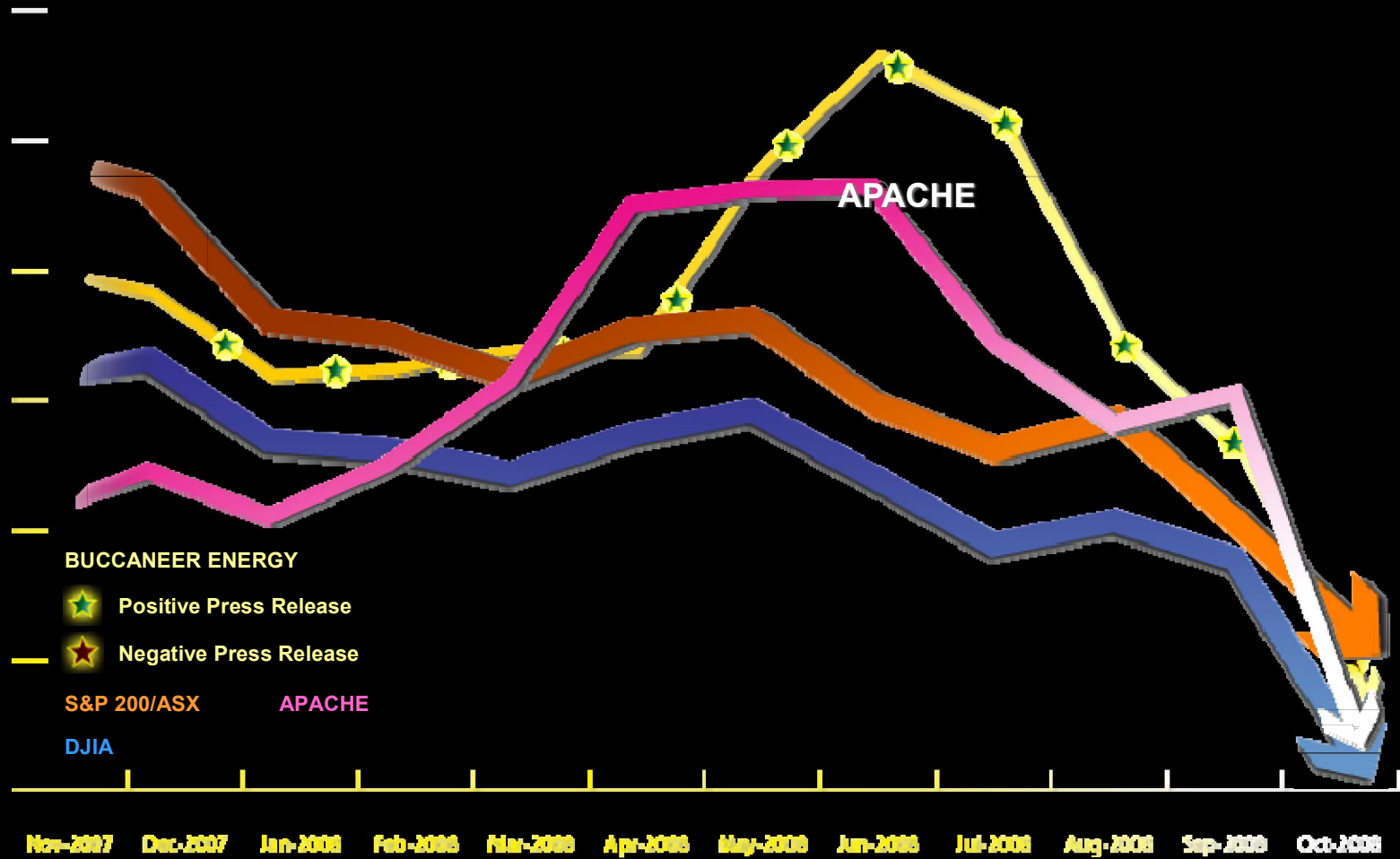




# Buccaneer Also Negatively Impacted by Australian Dollar

## Australian Dollar vs. the U.S. Dollar







# What Else Has Happened?

- ❑ **Worst Market in ???**
- ❑ **Buccaneer's press release on the 3<sup>rd</sup> well was seen as "Negative" by the market resulting in a \$0.03 - \$0.04 decline**
  - ❑ **Pompano #3 well has viable gas reserves**
  - ❑ **Buccaneer plans to complete / re-drill once we understand the geology - a prudent, cautious approach in this market**
- ❑ **The Pompano #1 well requires rework to restore production. This has been slowed by equipment access post hurricane and the evaluation process on the best method to proceed**
- ❑ **Waiting allows us to build our capital position and potentially take advantage of better market pricing**



# What Are The Next Steps?

- ❑ Capital on hand US\$5 MM+
- ❑ Pompano #1 workover options under evaluation. Option costs range between US\$0.5 – US\$4.0 MM – focusing on permanently fixing problem
- ❑ Successful Pompano #1 workover would add US\$450,000 net cash flow per month at US\$6.00 / MCF
- ❑ Development of 2 well Lee County program ~ US\$1.0 MM
- ❑ 2 successful Lee wells at 300 BOPD would increase net cash flow by US\$300,000 per month at US\$60 / BO
- ❑ Identifying Working Interest Partners on three 100% owned projects (East Cameron/Jaguar and Tuna/Tang) – yield additional cash and interest
- ❑ Managing overhead and restricting capex until equity and debt markets improve



# What About The Market?

- ❑ **Commodity Prices Are Down from US\$13/MCF and US\$147/BO to US\$6.50/MCF and US\$60/BO (*further pressure possible near term*)**
- ❑ **Buccaneer projects viable down to US\$3/MCF and US\$20/BO**
- ❑ **Barring further declines in financial markets, historical data suggests low commodity prices not sustainable – upward pressure remains due to supply and demand fundamentals**
- ❑ **Excellent opportunity to position for upside – prudent spending and careful planning over next 6 months should result in increased production as commodity prices begin to rise**



# Project Criteria

- Drill ready prospects**
- Multiple pays with Proved Undeveloped (PUD) – type reserves**
- Low geological risk with well control, logged pay and recent 3D seismic data**
- Operationally uncomplicated drilling conditions**
- Immediate or ready access to production infrastructure**
- Targeting material working interest positions and operational control**



# Low Risk / Proven Portfolio

## □ Pompano Field (65% WI)

- Shallow Gulf of Mexico
- Booked reserves
- Positive cashflow
- 1 well producing, 1 workover pending
- 4+ more locations identified

## □ Lee County (43.75% WI)

- Onshore Southeast Texas
- 2000 acres in prolific area
- Potential multiple pay zones
- Two wells planned initially
- Resource play with 30 - 40 well upside





# Pompano Field Current Status

- ❑ Pompano Field ReDevelopment
- ❑ 65% Working Interest
- ❑ 2P Reserves (2 wells): 5.2 Bcfe\*
- ❑ Net cash flow: US\$500 K per month from 1 well
  - First well spud 4 Jan 08
    - ✓ Found 3 pay intervals
    - ✓ On production 17 days after completion
    - ✓ Rate sustained @ 7 MMCFD/d & 10 BC/d
    - ✓ Awaiting rig to workover (\$1.2 MM AFE)
    - ✓ Expect rate of ~ 5.6 MMCFG/d
  - Second well spud 24 Feb 08
    - ✓ On production 08 May 08
    - ✓ Rate sustained @ ~6.5 MMCFG/d

\* Net to Buccaneer as per Ralph E. Davis Associates (based on initial 2 wells)



Four pile platform & production facility



# Pompano Remaining Potential

## □ Total field remaining Resource Potential

✓ ~ 50-100 BCF

## □ 2 near term wells planned

✓ 2P reserves : 14 BCFe\*

## □ A further two wells once these near term wells evaluated

## □ Acquired additional acreage with prospects – Redfish, Swordfish and Cobia

□ \* As per Independent Experts Report in prospectus dated September 2007



# Attractive Well Economics

## Pompano Field

- ❑ **Drilling cost \$4 to \$6 MM per well (100%)**
- ❑ **Completion cost \$3 to \$5 MM per well (100%)**
- ❑ **Low Finding & Development costs ~\$1.00/MCFE**
- ❑ **Current average realized wellhead price \$6/MCF**



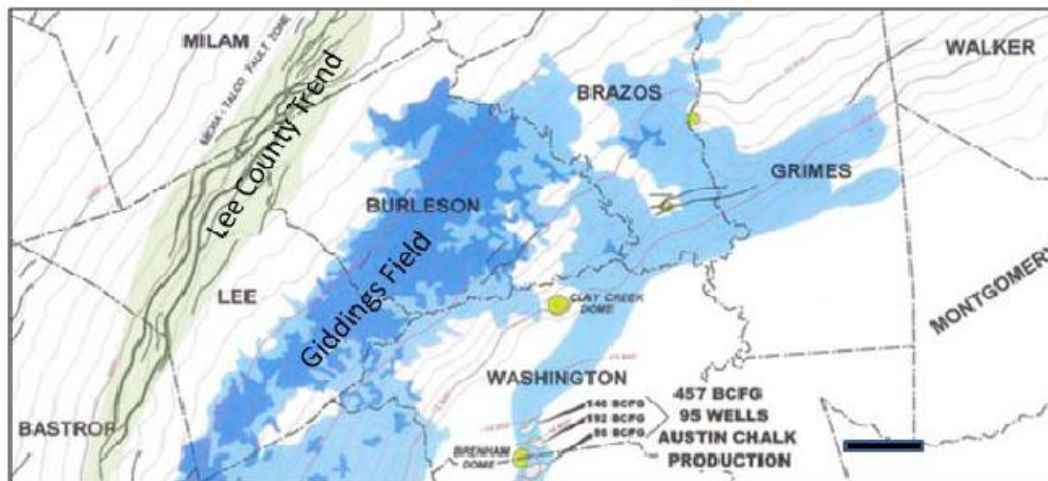
# Lee County Trend

- ❑ High impact, low risk project onshore Texas – 43.75% WI
- ❑ 25 miles up dip from giant Giddings Field 4.8 TCF gas and 750 MMBO from the Austin Chalk
- ❑ Over 1 billion barrels of oil and 10 TCF of gas from this trend
- ❑ Seismic reprocessing and additional leasing completed
- ❑ Recent activity along trend produced ~ 1,000 BOPD wells
- ❑ Potential net production 5 MMCFG/d and 300 BOPD

P90 of 20 BCFe

P50 of 50 BCFe

P10 of 185 BCFe



- ✓ Plans are to “twin” early well test at 10.8 MMCFG/d
- ✓ \$1.3 MM to drill & complete (100%)



# Managing Risk

- ❑ **Capture Risk**
  - ❑ **Execution Risk**
  - ❑ **Cost Risk**
  - ❑ **Price Risk**
  - ❑ **Technical Risk**
    - **Reserves/Productivity**
    - **Production Operations**
- ✓ **80% Controlled Opportunity set**
  - ✓ **Proven Team and Track Record**
  - ✓ **Preferred Supplier Arrangements**
  - ✓ **Break Even: \$3 gas/\$20 oil**
  - ✓ **Focus on PDP and PUD's**
    - **Proven producing and undeveloped reserves**
    - **Diversified portfolio approach**
    - **Conventional shallow water operating environment**



# Investment Summary

- ❑ **Large resource potential**
- ❑ **Low risk portfolio**
- ❑ **Proven undeveloped reserves**
- ❑ **Proven business model with prior and current success**
- ❑ **Superior management team**
- ❑ **Strong commitment from service industry to participate as Preferred Suppliers**
- ❑ **Excellent current inventory and ability to sustain deal flow**



## Contact Data

# Buccaneer Energy Resources

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