

AIDEA

ENDEAVOUR – SPIRIT OF INDEPENDENCE

Project Information Sheet

Introduction

AIDEA's strategic investment, combined with the ACES credits for Cook Inlet as well as the SB309 mission to encourage oil and gas exploration in the Inlet, has resulted in bringing to Alaska a cold weather capable drilling rig committed to work in Alaskan waters. AIDEA's investment leveraged an additional \$96.4 million in private investment.

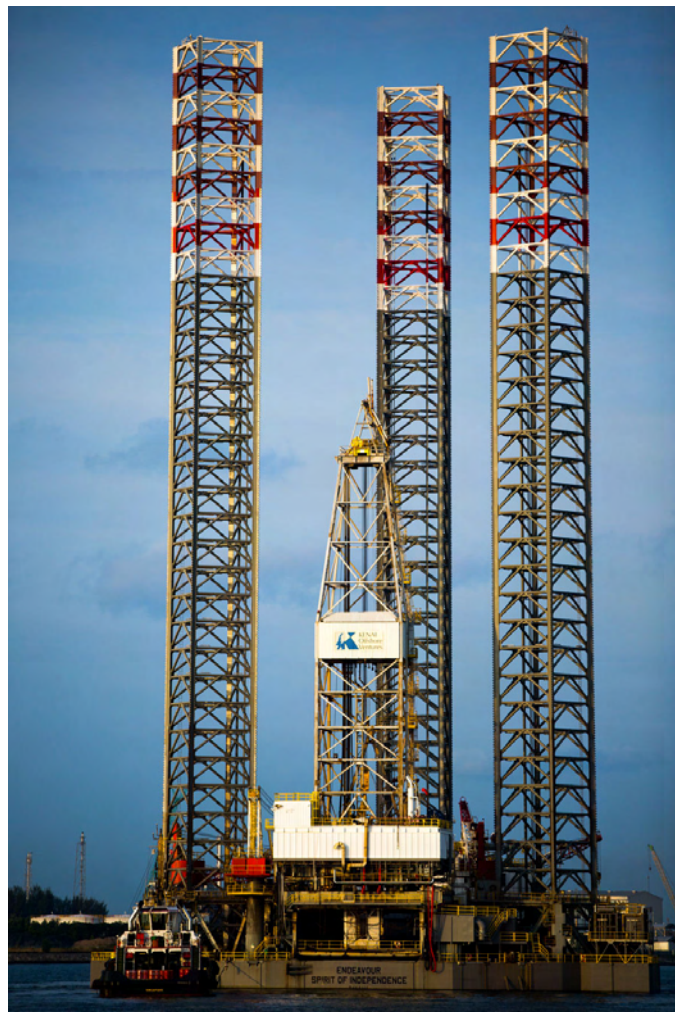
Project Description

AIDEA invested in a limited liability company (LLC) with two partners for the purpose of owning a jack-up rig appropriate for Cook Inlet. The LLC will charter the rig to the exploration subsidiary of one of the partners, which has committed to use this rig on all of its prospective Cook Inlet developments, and to drill a minimum of four exploration wells in Cook Inlet. Additionally, as long as AIDEA remains a preferred owner, the rig will operate exclusively in Alaskan waters.

The Endeavour-Spirit of Independence (formerly "Adriatic XI") was purchased from Transocean and refurbished at Keppel FELS shipyard in Singapore and in Homer. Originally designed to operate in the cold North Sea, the rig's structural elements were built with sufficient toughness to eliminate the risk of brittle failure. The rig was also built to withstand North Sea storms. Its size allows it to operate in water depths up to 300 feet, which means the Endeavour can be used in all areas in Cook Inlet as well as in Alaskan OCS waters, such as the Chukchi and Beaufort Seas.

Economic Development Analysis

From a mission perspective, AIDEA's ownership in the Endeavour is consistent with its mandate to encourage natural resource development. AIDEA's involvement in this project not only accelerates development of Cook Inlet oil and gas resources, it stimulates job growth and helps advance the region's economy. To date, work on refurbishing the rig in Homer has been performed by the local labor force. Additionally, the operator has been staffing the rig from regional sources and is completing the staffing of two shifts for rig operation. It is estimated that approximately 108 direct Endeavour jobs will be created, plus approximately 90 support industry jobs. Using standard multipliers, AIDEA estimates that approximately 317 jobs will be created in other Kenai Peninsula Borough businesses.



Beyond these direct and indirect jobs, there is potential for significant incremental job growth with expected oil and/or gas development(s) induced by bringing the drill rig into Cook Inlet.

Partners

Using recently granted powers to participate in an LLC for the purpose of owning a project asset, AIDEA partnered with three organizations to create Kenai Offshore Ventures, LLC (KOV). AIDEA's partners include:

Buccaneer Energy/Buccaneer Alaska/Buccaneer Resources ("Buccaneer") – an Australian company and US subsidiaries. Buccaneer has working interest ownership in a number of leases in Alaska, including Cook Inlet, and is manager of the LLC.

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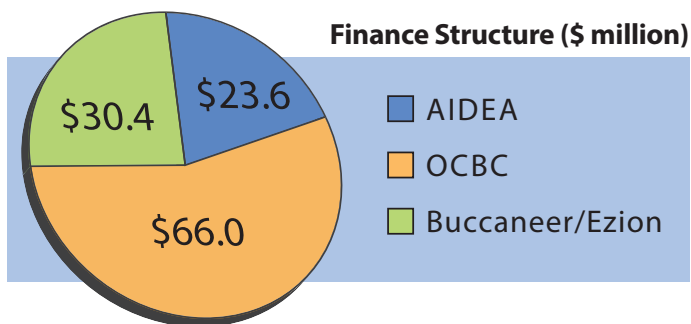
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Partners *(continued)*

Ezion Holdings Limited – a large Singapore-based company that owns and operates a large fleet of support and drill vessels for the oil and gas business, currently with equipment and operations in Australia and the North Sea. The Endeavour is Ezion's first investment in Alaska.

Oversea-Chinese Banking Corporation Limited ("OCBC") – a Singapore bank with a long term Ezion relationship. OCBC has committed a long term loan with low cost capital rates to the project, with Ezion as a corporate guarantee.



Financing Structure and Financing Sources

AIDEA is the preferred member of KOV, contributing approximately \$23.6 million towards the purchase and mobilization of the drill rig to Alaska. OCBC loaned \$66 million to KOV (guaranteed by the common members) towards the purchase and refurbishment of the rig. The common members of KOV are Buccaneer and Ezion, participating with approximately \$30.4 million of cash contributions and loan and payment guarantees for the refurbishment of the rig. The total project cost to date is \$120 million. The most recent appraised value of the rig is \$127 million.

KOV will be chartering the rig to Kenai Drilling, LLC (a Buccaneer subsidiary) via a "bareboat charter." That agreement requires a payment of approximately \$27 million/year for the use of the rig. That revenue stream flows through KOV, paying the bank debt from OCBC first, and then AIDEA's payment second as a preferred owner. The common members are paid out of the remaining revenue stream.

Portfolio Analysis

AIDEA's strategic \$23.6 million investment in the Endeavour is approximately 2.7% of the Authority's assets under management (not including cash and securities) as of September 30, 2012. This investment has raised AIDEA's total percentage of assets under management in the Natural Resource Development category from approximately 22% to 24.6%.

AIDEA's Preferred Ownership interest in KOV will be repurchased in six annual payments using cash flow generated by contracting the rig for drilling operations. AIDEA will also receive a fixed annual dividend of 8.0% based on the outstanding balance of AIDEA's ownership investment. Additionally, AIDEA (after OCBC) has first rights to any revenue if the Endeavour is sold. AIDEA also holds a 3.5% overriding royalty interest (ORRI) on all Buccaneer Texas and Alaskan properties, including the onshore gas wells in Kenai.

Current Status

Refurbishment work on the Endeavour was completed in Singapore in late July, and the rig was transported via heavy lift vessel to Homer for final Alaskan work, necessary to meet local codes. This work was more extensive than originally anticipated and these additional costs will be borne by the common owners per the Owner's Agreement. Currently, work is being completed to finish all winterization activity (originally planned to be completed in Alaska after the 2012 summer season), and permitting for winter operation is in process. The Endeavour is expected to mobilize to the Cosmopolitan lease site in late February or early March. In 2013, the Endeavour is scheduled to drill three exploratory wells: the first by mid-March at the Cosmopolitan lease (gas, partnered with Pioneer), the second in May at the Southern Cross prospect (oil with gas), and the third in late summer at the Northwest Cook Inlet leasehold (gas).

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