



ASX RELEASE – 27 JULY 2010

OPERATIONAL UPDATE – OFFSHORE COOK INLET, ALASKA

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to provide the following update on its offshore operations in the Cook Inlet, Alaska that is conducted through its wholly owned subsidiary Buccaneer Alaska, LLC.

Highlights

- **Advanced process to obtain key permits:**
 - **Drilling permitting commenced at North Middle Ground Shoal and North West Cook Inlet**
 - **Key long lead time air permit already granted**
- **Significantly expanded lease positions - North Middle Ground Shoal (“NMGS”) and North West Cook Inlet (“NWCI”)**
- **Aim to reduce CAPEX and accelerate time to first production - possible access to existing platform at NMGS and access to proximal infrastructure at NWCI**
- **Unit applications lodged with the Alaskan Department of Natural Resources for both North Middle Ground Shoal and North West Cook Inlet**
- **Strong expected reserve increase**
 - **3-D acquired at North Middle Ground Shoal**
 - **Netherland Sewell appointed to conduct third party reserve report on North Middle Ground Shoal and North West Cook Inlet**

North Middle Ground Shoal (NMGS)

The NMGS field is in approximately 30’ of water with no unusual technical hurdles to drill and develop reserves. The NMGS field is within 5-10 miles of four significant oil and gas fields as follows (see Figure 1):

- Trading Bay Field with production to date of 103 million BO, 73 BCF of gas and 360 thousand barrels of Natural Gas Liquids (“NGL”);
- McArthur River Field with production to date of 630 million BO, 261 BCF of gas and 9 million barrels of NGL;
- Middle Ground Shoal Field with production to date of 198 million BO and 93 BCF of gas; and
- South Granite Point Field with production to date of 147 million BO and 131 BCF of gas.

Since acquiring the initial leases from Stellar Oil & Gas, LLC (“Stellar”) in March 2010 the company has expanded its lease position from a net 1,280 acres to a net 7,602, of a gross 10,108 acres, through acquisition and control of the NMGS structure.

This net lease holding represents a 50 – 100% working interest in 5 blocks, the remaining 50% working interest (2,506 net acres) in some of the blocks that the Company does not own are held by Chevron.

Importantly, the Company now controls the lease on which the Pan Am A-1 well (MGS State 18743-1) was drilled in 1964 and which flow tested gas (> 3 mmcf/day) in the Lower Tyonek Formation from one of three gas intervals identified on drilling logs; this well also had significant oil shows in the Hemlock formation at the bottom of the well. Neither the gas nor oil was produced due to very low oil and gas prices at that time.

Reserves

On acquisition in March 2010 the NMGS assessed P10 reserves were 154 BCF of gas and 18 million barrels of oil (MMBO). The P50 reserves were 60 BCF and 8 MMBO. These reserves are expected to increase significantly due to the expanded lease position and the incorporation of 3D seismic data.

The Company has appointed Netherland Sewell, one of the leading US based engineering firms, to complete a third party engineering report on the reserves for NMGS and the Company expects Proven, Probable and Possible (3P) reserves to be assigned.

There is also possible access to the existing Platform approximately 5 miles to the south, this would significantly reduce capital expenditure and time to first production.

Drill Permitting

The permitting process to drill in the Cook Inlet takes approximately 6-9 months. The Company has commenced this process for NMGS and has a detailed work schedule so that all permits are in place for the commencement of the 2011 drilling season commencing in March / April 2011.

The Company already has in place the Air Permit that regulates drilling rig emissions, this is a long lead time permit and does not expire.

Unit Application

A unit application for NMGS has been lodged with the Alaskan DNR, under this application the NMGS project will be renamed the **Southern Cross Unit**. The unit is expected to be granted late in the third quarter of 2010 after the required public comment process has been undertaken.

The main advantage of combining the lease positions into one unit is that a single discovery well and a plan of operations will hold all of the leases, whereas if they remain individual leases, a discovery well will only hold the lease on which the well was drilled. A unit is typically granted for 5 years.

North West Cook Inlet (NWCi)

The NWCi project is in approximately 100' water depth with no unusual technical hurdles to drill and develop reserves.

Since acquiring the initial leases from Stellar Oil & Gas, LLC ("Stellar") in March 2010 the company has expanded its lease position from a net 6,648 acres to a net 9,848, of a gross 10,168 acres, through acquisition and leasing activities at Alaskan State Lease Auctions.

This net lease holding represents a 87.5 – 100% working interest in 6 blocks, the remaining 12.5% working interest (320 net acres) in some of the blocks that the Company does not own are held by Rutter and Wilbanks Corporation.

Reserves

At the time of acquisition the assessed P10 reserves are 630 BCF of gas and 80 MMBO. The P50 reserves are 386 BCF and 35 MMBO. These reserves are expected to increase due to the expanded lease position and the Company has appointed Netherland Sewell to complete a third party engineering report on the reserves for NWCi.

NWCi is very close to existing infrastructure this would significantly reduce capital expenditure and time to first production.

Unit Application

A unit application for NWCi has been lodged with the Alaskan DNR. The unit is expected to be granted late in the third quarter of 2010 after the required public comment process has been undertaken.

NWCi Highlights

- The lease adjoins ConocoPhillips North Cook Inlet field that is in production and has produced 1.8 trillion cubic feet (TCF) of gas – See Figure 2.
 - The Company's lease offsets an earlier well drilled in the western portion of the North Cook Inlet Field (ConocoPhillips) that produced 85 BCF of gas (Phillips # A-13), this well is less than 1 mile from the lease boundary.
 - The majority of production from the North Cook Inlet field has come from the Sterling sands which are above 6,000' in depth. The slightly deeper Beluga and Upper Tyonek Formations will also be gas bearing and should be mostly or totally un-drained in the north-western portion of the structure which makes up the Northwest Cook Inlet Prospect.
 - The Prospect also presents a deeper oil opportunity. Field discovery wells tested oil in the Lower Tyonek and Hemlock Formations that have never been produced in the field and that would require a deeper, 14,000 foot exploratory test.
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- Five wells drilled by Phillips, Shell, and Arco found the deeper oil sands. The Shell well is the most northerly of these tests, and it found and tested oil from these sands, and is approximately 1 mile from the Prospect.

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

Yours faithfully

BUCCANEER ENERGY LIMITED



Mr Dean Gallegos
Director

About Buccaneer:

Buccaneer Energy's wholly owned subsidiary Buccaneer Resources is based in Houston, Texas and is an upstream oil and gas company. It specialises in the development and expansion of behind-pipe proved and probable reserves and low-risk exploration plays with growth potential.

Buccaneer's growth strategy is focused on the progressive expansion of oil and gas production and reserves by acquiring significant working interests in low-cost, low-risk development properties that possess significant undeveloped upside.

This report contains some references to forward looking assumptions, estimates and outcomes. These are uncertain by nature and no assurance can be given by Buccaneer Energy that its expectations, estimates and forecast outcomes will be achieved.

Information contained in this report was reviewed by Dr. Vijay Bangia, PhD in Petroleum Engineering from the University of Tulsa, who has over 30 years experience including employment by Shell Oil Company, Union Texas Petroleum, Burlington Resources and Renaissance Alaska. Dr. Bangia has approved the inclusion in this report of the technical matters and information herein in the form and context in which it appears.

FIGURE 1
NORTH MIDDLE GROUND SHOAL

Cook Inlet, Alaska

Buccaneer Alaska Leases (Yellow box) **Buccaneer Alaska Leases May 2010 Acquisitions** (Hatched box)

Oil & Gas Unit Boundary (Red outline) **Industrial Facilities** (Grey square) **Selected Exploratory Wells** (Red circle with crosshair)

Gas Pipeline (Pink line) **Gas Field** (Pink oval) **Oil & Gas Field** (Green oval) **Oil Pipeline** (Green line) **Oil Field** (Green oval) **Gas Storage Field** (Purple oval)

Cumulative Oil and/or Gas Production to Feb 2010 (Blue box) **Oil & Gas Platform** (Black icon)

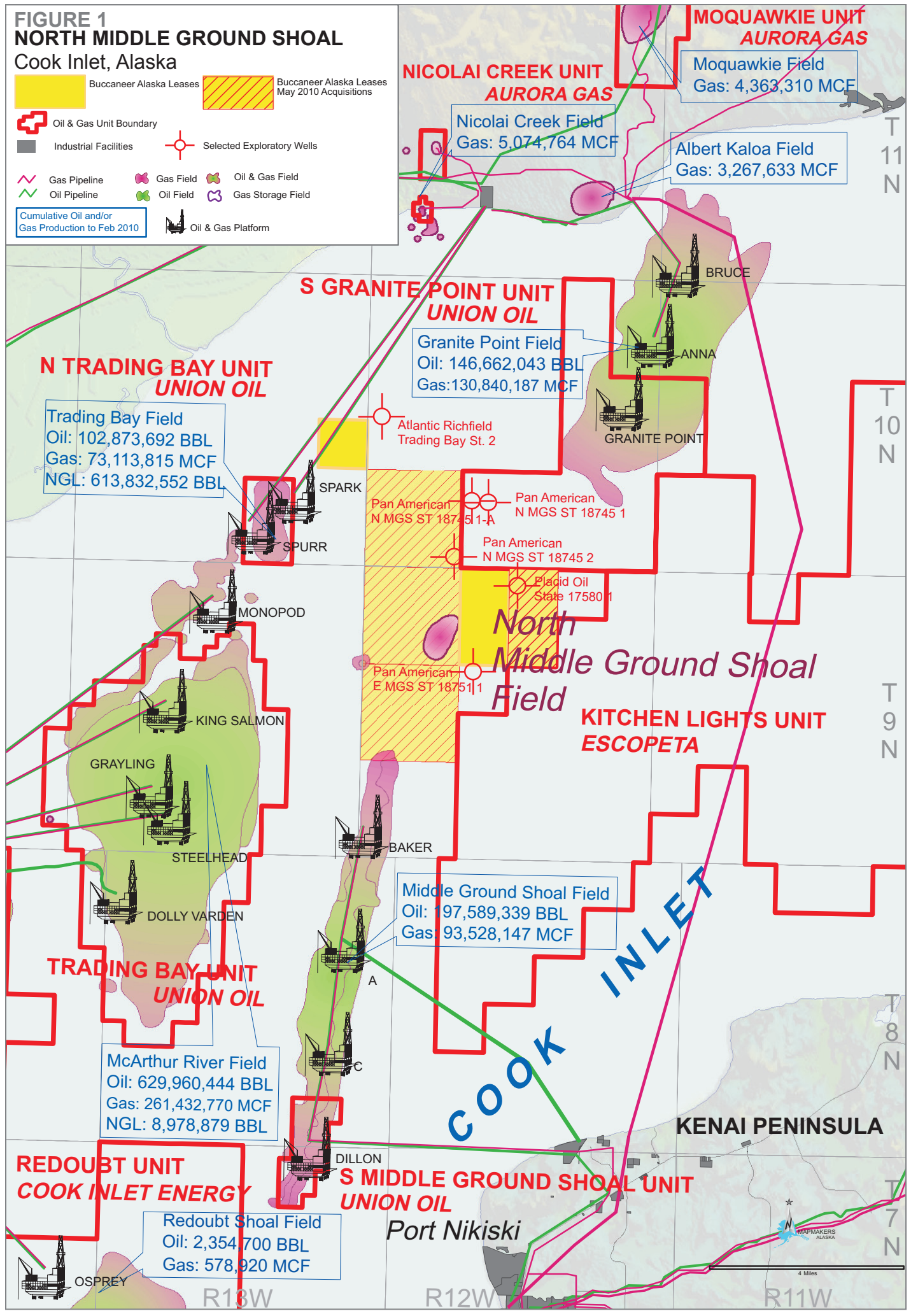
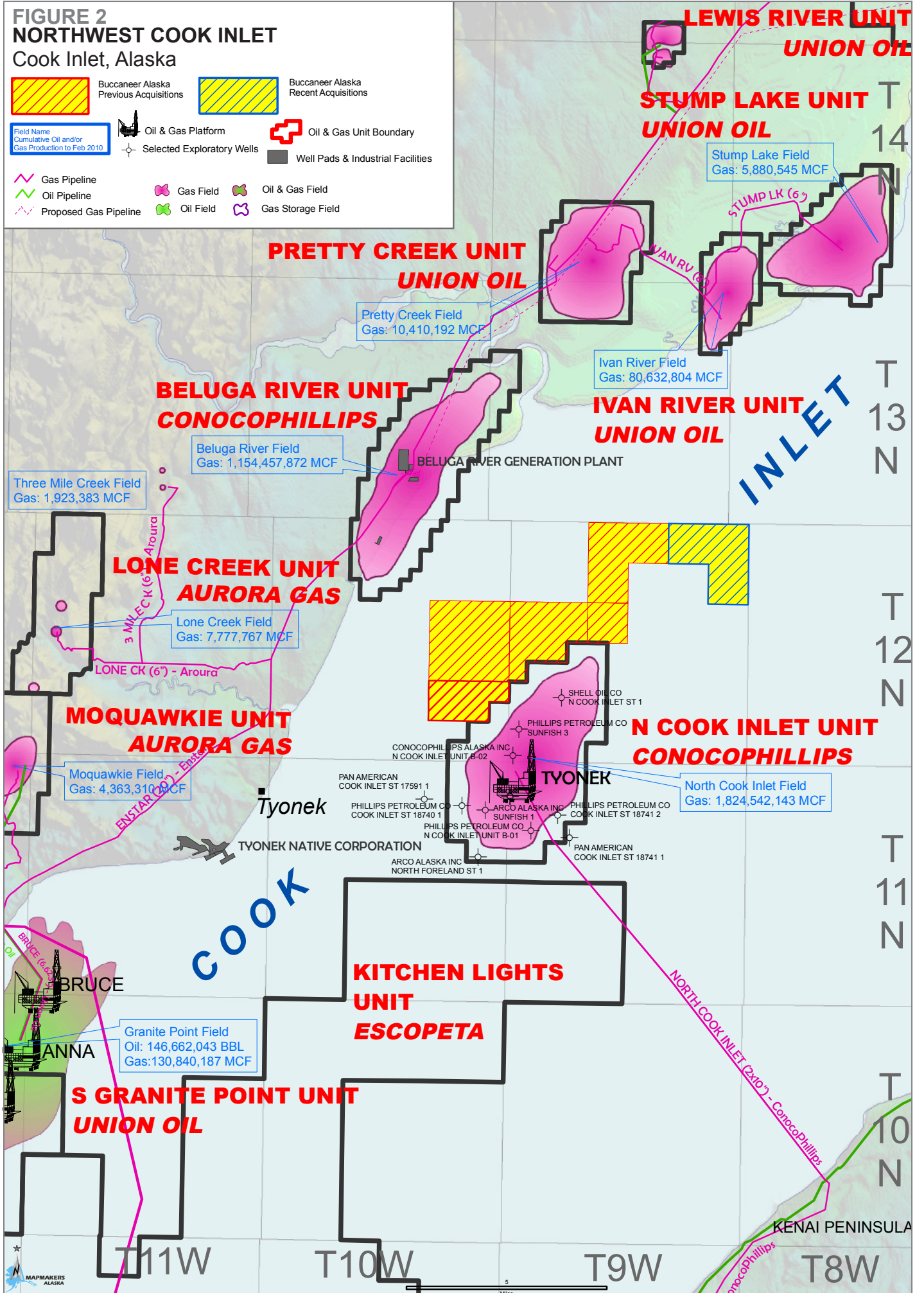
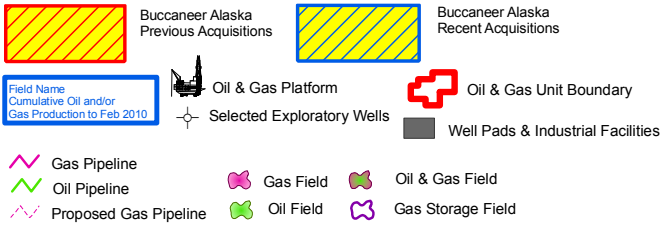


FIGURE 2
NORTHWEST COOK INLET
 Cook Inlet, Alaska



ALASKA – OIL & GAS OVERVIEW

Alaska's offshore waters and onshore prospects hold the potential to fuel the state's economy for decades and to play a key role in ensuring America has the energy it needs until alternative sources become available on a large scale

Facts & Economic Impact

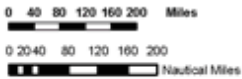
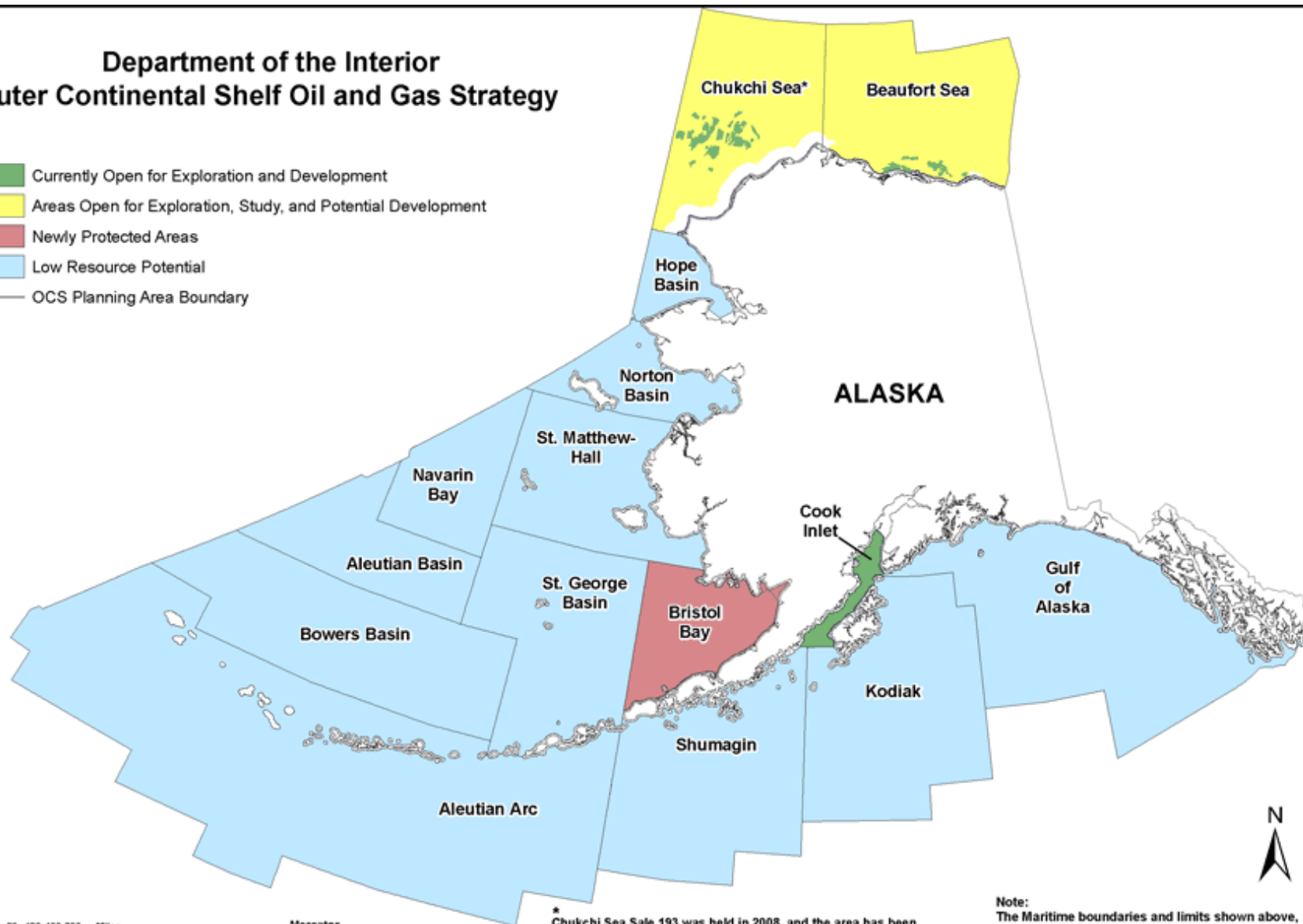
- Alaska's oil and gas industry has produced more than 16 billion barrels of oil and 6 trillion cubic feet of natural gas, accounting for an average of 20 percent of the entire nation's domestic production (1980 - 2000). Currently, Alaska accounts for approximately 13.4% of U.S. production.
- The oil industry continues to be the largest source of unrestricted revenue to the state, accounting for 93 percent, or \$11.2 billion, of all unrestricted state revenue in fiscal year 2008. Unrestricted general fund revenues from the oil and gas industry in fiscal year 2009 is expected to reach \$5.5 billion, 87 percent of the anticipated unrestricted revenue.
- The oil and gas industry accounts for more than 41,744 jobs, which is 9.4 percent of all employment in the state and 11.2 percent of all wages at \$2.4 billion.
- A new analysis by the University of Alaska Anchorage showed the oil industry supports as many as 110,000 jobs in Alaska (one-third of the state's workforce), including funding for three-quarters of state government jobs.
- The Alaska Permanent Fund, worth \$30 billion in spring 2009, was created in 1976 to set aside a portion of oil revenues for future generations. The fund has paid out more than \$13 billion in dividends to Alaskans.
- The oil and gas industry has invested over \$50 billion in North Slope and Cook Inlet infrastructure since the 1950s.

Production & Processing

- Alaska ranks second behind Texas in daily oil production.
 - There are seven producing oil and gas fields on the Kenai Peninsula and offshore Cook Inlet. This area has produced a cumulative total of over 1.3 billion barrels of oil and 7.3 trillion cubic feet of natural gas.
 - Alaska has four refineries that produce gasoline, diesel and jet fuel for Alaska markets. Refineries are located in Nikiski, Valdez and near Fairbanks.
 - A gas liquefaction plant at Nikiski, the only one of its type in North America, supplies liquefied natural gas (LNG) to Japan each month.
 - LNG exports to Japan accounted for about a third of total Cook Inlet gas production. Total industrial use of Cook Inlet gas, including LNG exports, fertilizer manufacture and oil field operations, has remained constant at about 75 percent of total consumption since 1990. In recent years, Cook Inlet natural gas production has been steadily declining with current production at approximately 190 BCF per year.
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Department of the Interior Outer Continental Shelf Oil and Gas Strategy

- Currently Open for Exploration and Development
- Areas Open for Exploration, Study, and Potential Development
- Newly Protected Areas
- Low Resource Potential
- OCS Planning Area Boundary



Mercator
North American Datum 1983

* Chukchi Sea Sale 193 was held in 2008, and the area has been designated for study in the next 5-year EIS, but there are no further Chukchi sales on the current 5-year schedule.

Note:
The Maritime boundaries and limits shown above, as well as the division between planning areas, are for initial planning purposes only and do not prejudice or affect United States jurisdiction in any way.

