

ENDEAVOUR JACK-UP IN ALASKA

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to announce that the jack-up rig “Endeavour – Spirit of Independence” (“Endeavour”) arrived as planned in the port of Homer located in the southern Cook Inlet, Alaska aboard the Kang Sheng Kou heavy lift vessel on 24 August 2012 (US time).

The Endeavour is undergoing some final work and regulatory inspections in the port of Homer prior to being towed to its first drilling location at the Company’s North West Cook Inlet project where it will undergo final preparation to commence drilling operations.

The North West Cook Inlet project adjoins and is within the same geological structure as ConocoPhillips North Cook Inlet project which has produced 1.85 TCF (308 MMBOE) and is currently still in production. Netherland, Sewell & Associates has estimated the Company’s North West Cook Inlet project as having a P50 Resource of 45.9 MMBOE.

The first well location will be approximately 1.5 miles north of the Shell # 1 well that was drilled in the 1950’s and which flowed at 2,270 BOPD during a production test but was not developed due to low commodity prices at that time.

On completion of the northern Cook Inlet 2012 drilling season, anticipated in early November, it is anticipated that the rig will then be towed to the Cosmopolitan location in the ice free southern Cook Inlet to commence drilling operations.

Transaction Background

The delivery of the Endeavour jack-up rig completes the first phase of a business plan that began almost 2 years ago which included the selection and acquisition of the Endeavour (then Adriatic XI) and the subsequent required modifications and repairs performed in Keppel’s Singapore shipyard managed by Buccaneer’s internal management team.

The Endeavour project was funded through a joint venture company Kenai Offshore Ventures, LLC (“KOV”). The participants with Buccaneer in the joint venture are Singapore listed Ezion Holdings Limited, that specialises in the development, ownership and chartering of strategic offshore assets and the provision of offshore marine logistics and support services to the offshore oil and gas industries, and the Alaska Industrial Development and Export Authority (“AIDEA”). AIDEA will be investing a total of US\$23.65 million into KOV on completion of the mobilisation phase.

AIDEA is a public corporation of the State of Alaska, created in 1967 by the Alaska Legislature in the interests of promoting the health, security, and general welfare of all the people of the state. Its mission statement is to increase job opportunities and otherwise encourage the economic growth of the state, including the development of its natural resources, through the establishment and expansion of manufacturing, industrial, energy, export, small business, and business enterprises.

Endeavour's Capabilities

The Endeavour is a Marathon LeTourneau 116-C jack-up rig. First constructed in 1982, it was upgraded in 2004 and was selected following a rigorous 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;
- Multiple sets of BOPs and well control equipment with a maximum pressure rating of 15,000 PSI, giving the rig capacity to drill high pressure horizons that can 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
- 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.

As previously advised, KOV executed a Repair Contract with Keppel FELS Shipyard in Singapore for the repair and modification of the jack-up rig, Endeavour. Substantially more work than was originally scheduled for the Singapore shipyard period has now been completed including accomplishment of the following:

- Engineering and steel work necessary to satisfy changes in regulations that required an increase in lifeboat capability for jack-ups operating in US waters. This required engineering and steel work that was not originally anticipated;
- During 2012 several opportunities to use the rig as a standby rig for "major" operators who have projects in the Chukchi Sea and Beaufort Sea presented a unique opportunity to achieve improved utilization of the rig. In order to realize this improved utilization, however, additional improvements to the rig were needed to insure suitability;
- The acquisition of the Cosmopolitan project in the southern Cook Inlet that is ice free in winter meant a winter drilling location for the Endeavour thereby increasing its utilisation. This required the work that was going to be completed in the first winter period to be brought forward to Singapore; and
- The desire to certify the Endeavour with the American Bureau of Shipping (ABS) for the maximum 5 years so no interruptions to operations will be necessary meant that all key systems needed to be taken to workshops, stripped, repaired where necessary, and then reinstalled.

Offshore Projects

In addition to its three onshore Cook Inlet projects, the Company also has three projects located offshore Cook Inlet, Alaska.



Buccaneer operates all of its projects which have independent assessed reserves and resources by respected US based engineering firms as follows:

Certified Offshore Reserves and Resources (MMBOE)

Project	Interest	MMBOE	Classification	Engineer
North West Cook Inlet	98.2%	45.9	P50 Resource	Netherland, Sewell & Assoc.
Southern Cross	100.0%	12.7	2P Reserve	Netherland, Sewell & Assoc.
Southern Cross	100.0%	14.7	P50 Resource	Netherland, Sewell & Assoc.
Cosmopolitan	25.0%	13.8	2P Reserve	Ralph E Davis Associates
Total		87.1		

Yours faithfully

BUCCANEER ENERGY LIMITED

Mr Dean Gallegos
Director



Competent Person Statement

Information contained in this report pertaining to the Alaskan projects 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.

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 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;*
- *Operating a 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"). This joint venture has acquired the jack-up rig "Endeavour" which is capable of drilling in all areas of the Cook Inlet, the Beaufort Sea and the Chukchi Sea. Mobilisation of the Endeavour into the Cook Inlet took place on 30 July 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) and the Company constructed both the pipeline and facilities at Kenai Loop, the well started production and selling gas in early January 2012. The Company plans to drill Kenai Loop #4 in 3Q 2012. 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 has an additional pipeline of 'drill-ready' gas prospects. Lee County is an onshore oil project, currently producing a small amount of oil.

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