

ASX RELEASE – 12 SEPTEMBER 2011

OPERATIONAL UPDATE

HIGHLIGHTS

- Kenai Loop pipeline permitting completed and key production equipment acquired
- Kenai Loop acreage increased
- Pompano work-over's delayed due to weather but progressing
- Alexander # 1 horizontal completed at Lee County, evaluating oil shows

Buccaneer Energy Limited ("**Buccaneer**" or "**the Company**") is pleased to give the following update on operations:

Kenai Loop

The City of Kenai has approved the Company's pipeline easement from the Kenai Loop # 1 well location to Enstar's City Gate Station (approximately 7200 feet). The approval of the easement allows the construction of the pipeline to commence.

The Company has identified and has either purchased or agreed to purchase all critical production equipment to allow the Kenai Loop # 1 well to commence gas production. The Company is on track to start producing and selling gas in December 2011.

Kenai Loop Additional Leasing

The Company is pleased to advise that it has leased an additional 320 acres from the Mental Health Trust ("MHT") of Alaska, see attached map for lease location. This increases the acreage under lease at Kenai Loop to a gross 9,308 acres, the Company owns a 100% working interest and an average 82.0% net royalty interest in the leased acreage.

The lease terms are consistent with the terms on which the initial acreage was leased from the MHT.

Pompano

The Company has a 65.0% working interest in the SL 103229 and SL 103230 wells located in the Pompano field in the Gulf of Mexico. Both wells were drilled and placed onto production in early 2008 with production from these wells has over time declined naturally with gradual depletion of reservoir pressure and in some cases sand being carried into the wells' tubing.

The work-over of both wells have commence so as to restore production. Since commencing operations continuous interruptions have been experienced due to tropical storms passing through the Gulf of Mexico.

Pulse neutron logs have been run in the SL 103229 well B Sand, this indicates producible gas remains in the B Sand. This well requires the injection of acid to clean out the perforations to return it to production

Production was re-established in the A Sand in the SL 103230 well but was shut-in due to weather delays. On resumption of operations the A Sand will be logged and production levels monitored.

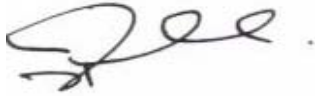
Lee County

Buccaneer has a 52.5% working interest in the Alexander # 1 well located 120 miles north-west of Houston located with the Lee County project. A vertical well was drilled through the Austin Chalk in September 2010, with excellent shows of oil produced while drilling. The original drilling plan was to drill and evaluate the Austin Chalk and Eagle Ford Shale.

A 2,500 foot horizontal well has been successfully drilled at the Alexander # 1 well in the Austin Chalk and a liner has been set. Numerous oil shows were encountered while drilling and the Company is in the process of evaluating these in conjunction with data from a test 3D seismic recently shot over the immediate area around the Alexander well. On completion of this evaluation a decision will be made to assess the production potential of the well.

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 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:

- *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 1Q 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 mmcf/d (750 - 1,000 BOEPD¹). It is expected to be in production in 4Q 2011. The Company has commenced its 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 a Gas to Oil conversion ratio of 8:1

R12W

R11W

R10W

Port Nikiski

T 7 N

BEAVER CREEK UNIT MARATHON

Beaver Creek Field
Oil: 6,095,894 BBL
Gas: 206,646,768 MCF

T 6 N

Kenai Loop

STERLING UNIT MARATHON

Sterling Field
Gas: 13,175,274 MCF

CANNERY LOOP UNIT MARATHON

CINGSA Gas Storage

Kenai Cannery Loop Field
Gas: 177,935,547 MCF

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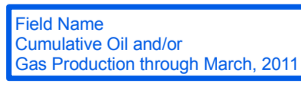
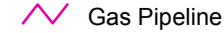
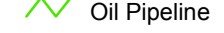










Sterling 6 Gas Storage

KENAI UNIT MARATHON

Kenai Field
Gas: 2,391,059,267 MCF

T 4 N

Cook Inlet, Alaska Buccaneer Kenai Loop Project

-  Buccaneer Alaska, LLC Oil & Gas Leases
-  Buccaneer Alaska, LLC Recent Acquisition
-  Field Name Cumulative Oil and/or Gas Production through March, 2011
-  Gas Pipeline
-  Oil Pipeline
-  Proposed Gas Pipeline
-  Gas Well
-  Well Spud/Drilling
-  Oil & Gas Platform
-  Oil & Gas Unit Boundary
-  Well Pads & Industrial Facilities
-  Gas Field
-  Oil & Gas Field
-  Oil Field
-  Gas Storage Field

2 Miles

