

COOK INLET, ALASKA – JACK-UP UPDATE & OFFSHORE PROGRAM

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to provide an update on the “Endeavour – Spirit of Independence” (“Endeavour”) jack-up rig and its offshore Alaskan projects in the Cook Inlet.

As previously advised the jack-up rig Endeavour arrived in the port of Homer located in the southern Cook Inlet, Alaska on 24 August 2012. The Endeavour is owned via the Company’s subsidiary Kenai Offshore Ventures, LLC (“Kenai Offshore”) and is a joint venture with Singapore based Ezion Holdings Limited and the Alaska Industrial Development and Export Authority (“AIDEA”). Buccaneer is the designated Manager of Kenai Offshore.

Since the Endeavour’s arrival in Homer, the jack-up rig has been undergoing final work and regulatory inspections to allow the vessel to operate in the Cook Inlet. There has not been a jack-up rig with the operational capabilities of the Endeavour in the Cook Inlet since the early 1990’s, and the Company has been working closely with local agencies to comply with the permitting requirements specific to this kind of vessel.

The following are critical path items that need to be completed prior to the Endeavour receiving final permits to operate in the Cook Inlet:

1. **Fast Rescue Craft.** This item was purchased and installed in Singapore and was approved for Arctic service. The Company has recently received a recall notice from the manufacturer, due to undetected manufacturing deficiencies, the craft must be replaced with a factory provided upgrade;
2. **General Alarm system.** This system was repaired and certified in Singapore but failed during testing on arrival in Homer with repairs being ongoing since arrival. The system is an old system and the availability of parts has delayed repairs resulting in a decision to order and install a new system; and
3. **Firefighting system.** This was installed and certified in Singapore, however, during transit to Alaska a leak developed in a valve that was discovered upon the Endeavour’s arrival. The special fire suppressant refill and replacement valve that is needed has been ordered but delivery has been delayed.

While the delays to date have been frustrating and largely outside of Buccaneer’s control, our priority is to have a fully operational and efficient jack-up rig that ensures the safest possible working conditions for crews and the sensitive environment in which it will operate.

Drilling Schedule

The Company anticipated mobilizing the Endeavour to the North West Cook Inlet project and begin drilling to the Beluga (gas) formation prior to the end of the summer drilling season, which is anticipated to be 1 November 2012. The plan was to suspend that well at the end of the drilling season and re-enter it in April 2013 to deepen the well through the Tyonek oil formations to its target depth. Netherland, Sewell & Associates estimated a P50 Resource of 172 BCF (28.6 MMMBOE) in the Beluga formation alone.

Although drilling part of the first well in the North West Cook Inlet would still be possible prior to 1 November 2012, given the work required to complete the Endeavour for operational service it is unlikely that the Beluga formation can be fully-drilled and tested to adequately evaluate the expected reserves.

Therefore, the Company has made the decision to spud the first well at the North West Cook Inlet Unit at the commencement of the 2013 drilling summer season in April 2013 and make the Cosmopolitan project in the ice-free southern part of the Cook Inlet the first well to be drilled by the Endeavour. It is anticipated that this well will spud by late November to early December 2012, depending on certain State of Alaska regulatory approvals in that are currently in progress.

The Cosmopolitan (“Cosmo”) project is located approximately 30 miles to the north west of Homer and is approximately 50’ of water. Buccaneer has a 25.0% working interest and is the Operator.

Unit Extensions

The Company was committed to spud a well at the 100% owned Southern Cross Unit and 98.2% owned North West Cook Inlet Unit by 30 September 2012.

The Company has received a formal, written decision from the Alaska Department of Natural Resources (“DNR”) that the deadline has been extended until 31 October 2013 for both Units.

The DNR in its written decision stated:

“The State recognises the significant investment Buccaneer has made in acquiring and refurbishing the Endeavour jack-up rig, and mobilising the rig to the Cook Inlet. Delivering the Endeavour jack-up rig to the Cook Inlet has allowed for the potential to create numerous economic benefits for the State of Alaska”.

Offshore Projects

In addition to its three onshore Cook Inlet projects, the Company’s three offshore projects located in the Cook Inlet of Alaska have a total of 88.4 million barrels of oil equivalent (“BOE”) in 2P Reserves and P50 Resources.

Buccaneer operates all of its projects and each has been independently assessed for reserves and resources by respected US based engineering firms as follows:

	Acres	Working interest	Net Royalty Interest	1P Reserves (mmboe)	2P Reserves (mmboe)	3P Reserves (mmboe)	P50 Resources (mmboe)
Offshore Alaska							
Southern Cross Unit	6,932	100.00%	79.25%	6.3	12.7	24.1	14.7
North West Cook Inlet	8,568	98.20%	77.66%				45.9
Cosmopolitan	3,144	25.00%	17.63%	7.9	11.3	17.9	3.8
Total	18,644			14.2	24.0	42.0	64.4

¹ Gas to oil conversion using a gas to oil ratio of 6:1.

² Reserves and resources net to Buccaneer working interest.

³ Acreage is net to Buccaneer working interest.

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 32 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:

- *Developing the 100 % owned Kenai Loop onshore gas project with independently assessed 6.4 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 88.4 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 was completed in late August 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) 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 *The Gas to Oil conversion ratio has been amended from 8:1 to 6:1 to align with accepted industry reporting standards.*