NAVIGATOR

SEPTEMBER 2012 QUARTERLY REPORT

BUCCANEER ENERGY LIMITED ("BUCCANEER" OR "THE COMPANY") IS PLEASED TO PRESENT ITS QUARTERLY REPORT FOR THE 3 MONTHS TO 30 SEPTEMBER 2012.

TTHE LAST 3 MONTHS HAVE AGAIN BEEN A BUSY PERIOD FOR THE COMPANY AS WE RECOMMENCED OUR ONSHORE DRILLING PROGRAM AND PREPARE TO COMMENCE OUR OFFSHORE DRILLING PROGRAM IN THE COOK INLET, ALASKA.

THE HIGHLIGHTS UP UNTIL THE DATE OF THIS REPORT ARE AS FOLLOWS:

- Excellent production performance continues at the Kenai Loop project
- Production rate increase of 20% at Kenai Loop # 1 well
- New short term gas sales agreement with third party at US$7.50 MCF
- Commenced and completed drilling to 13,000' of the Kenai Loop # 4 well
- Preparing to run wire line logs at the Kenai Loop # 4 well
- Kenai Loop Unit application lodged
- West Eagle Unit application lodged
- Endeavour Jack-Up rig preparing to mobilise to Cosmopolitan site to drill first offshore well
- Completed Tranche 2 of $12.0 million institutional equity raise announced in July 2012
- Completed $1.5 million Share Purchase Plan ("SPP") that was significantly over subscribed

MISSION STATEMENT

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.

BUCCANEER ENERGY

KENAI LOOP PRODUCTION & NEW GAS SALE AGREEMENT

The Company commenced production from its 100% owned Kenai Loop # 1 well in mid January 2012 and has been on continuous production since late February 2012 at 5.0 MMCFD on a 5/64" choke. During that time the well has produced 1.3 BCF (216,000 BOE) of gas with the production rate being steady with no rate decline, the wells performance has to date exceeded expectations. The Kenai Loop # 1 well was in production for 100% of the September 2012 quarter.

On 15 October the production rate was increased to 6.0 MMCFD (1,000 BOEPD) production rate on a choke of 9/64". Additional production rate increases will be considered on completion of the drilling and testing of the Kenai Loop # 4 well.

Additionally, the Company executed a new gas sales agreement with a third party to sell 1.0 MMCFD at US$7.50 MCF, net of pipeline tariffs, for the period 15 October – 15 December 2012. On completion of this contract the additional supply will be delivered to the local gas utility ENSTAR under the Company's existing gas sale agreement which is an annual weighted average price of $6.24 MCF or at higher prices in the winter bid market.

During the quarter the Company received US$2.4 million in gross revenue from gas production at Kenai Loop, this represents actual production in the period June – August 2012 and includes the period of 4 days when the well was shut-in in early June for planned pipeline maintenance. Additionally it reflects summer gas pricing of US$5.96 / MCF as opposed to the winter (December – February) price the Company receives of US$7.06 / MCF. Net margins at the well head remain at approximately 75% after royalties and production expenses.

The Company's gas sales contract with ENSTAR allows for the Company deliver a minimum of 5.0 MMCFD at an annual weighted average price of US$6.24 / MCF. At 6.0 MMCFD the Kenai Loop # 1 well generates approximately US$10.2 million per annum in free cash after royalties and production expenses at the well head, with each 1.0 MMCFD rate increase resulting in a corresponding 17% increase in net cash flow.

The Company has lodged a Unit application to cover the majority of the lease position at Kenai Loop. In 2011 the Company built two drilling pads at the Kenai Loop project with each capable of having 6-8 wells drilled from them. The Kenai Loop # 1 and Kenai Loop # 3 wells were drilled from Drilling Pad # 1 as well as Kenai Loop #4 currently drilling.

KENAI LOOP PRODUCTION

KENAI LOOP # 4 WELL

The Kenai Loop # 4 well was spud on 12 September 2012 and subsequent to the spud of the well an amended permit application was made and subsequently approved to drill the well to total depth ("TD") of 13,000' measured depth ("MD") which is a total vertical depth of 12,682'. TD was reached on 28 October 2012.

The well is being prepared for an exhaustive and thorough logging program to evaluate multiple zones that have been identified after an initial review of the log while drilling ("LWD") and mud logs.

Further wire line logging is required to identify the most promising zones for more testing which might include some or all of the following tests: side wall coring, MDT pressure and fluid sample recovery, and eventual production tests.

The 9,700' and 10,000' sand equivalents from the Kenai Loop #1 discovery well and which were also intersected in the Kenai Loop #4 well are provided below.

10,294' MD This sand is the equivalent of the proven productive 9,700' sand in the Kenai Loop # 1 well and was encountered as expected.

10,617' MD This sand is the equivalent of the proven productive 10,000' sand in the Kenai Loop # 1 well and was encountered as expected.

In addition to the 9,700' and 10,000' sand equivalents, up to an additional 5 zones will be reviewed after wire line logging (porosity, gas saturation, and permeability) and are considered likely, at this point, as testing targets.

Additionally, there are several zones where sands, conglomeratic sands, and coals appear to be inter-bedded. In these zones, the coals were "frothing" gas when sampled at the surface. These zones will be examined closely during wire line logging as additional candidates for production testing.

NEXT STEPS

The Company is currently preparing to run wire line logs. This logging will allow further data i.e. permeability and porosity, to assess the above gas shows and ascertain which ones should be perforated and production tested.

On completion of wire line logging casing will be run and cemented in place. On completion of this the well will be ready for perforation and testing.

On the 30 August 2012 the Company lodged an application with the Alaskan Oil and Gas Conservation Commission ("AOGCC") for a spacing exception as the Kenai Loop # 4 well is less than 1500 feet away from a property boundary with different subsurface ownership and is within 3000 feet of an existing well (Kenai Loop # 1). The Company successfully lodged and received similar permits for both its Kenai Loop # 1 and Kenai Loop # 3 wells in a timely manner.

Unfortunately the location exception application lodged by the Company on 30 August 2012 for the Kenai Loop # 4 well was not processed on a timely basis. Subsequently the earliest time that perforation and testing can commence will be 27 November 2012 as there is a requirement to seek public comment to determine whether a public hearing is required. The Company went through the same process for Kenai Loop # 1 and # 3 wells and no public hearing was required.

The Company will take the opportunity to progress the installation of additional production facilities and pipeline connections at Kenai Loop, the equipment for which was pre ordered prior to the commencement of drilling, so as not to delay start-up of production from Kenai Loop # 4 (on the assumption of a successful test) and the Company's ability to sell gas into the winter gas market where higher prices are achievable.

KENAI LOOP #1 WELL HEAD


KENAI LOOP #1 & KENAI LOOP #3 WELL HEAD HUTS

GLACIER RIG 1 ON LOCATION DRILLING KENAI LOOP #4

WEST EAGLE PROSPECT

The Company has applied to the Alaskan Department of Natural Resources ("DNR") to unitise it's 100% owned West Eagle project located on the southern Kenai Peninsula, the submission of this application included a substantial body of technical appraisal work undertaken by the Company over the last 2 years. The presented data shows the presence of a potential hydrocarbon accumulation within the project area and a drill pad location has also been identified.

The current lease terms required the Company to spud a well by 30 September 2012. On lodgement of the Unit application to the DNR this drilling deadline was automatically suspended and will be re-established as part of the Unit approval process. The Company expects that on approval of a Unit by the DNR the Company will be required to spud a well at West Eagle in early to mid 2013 and the drilling of this well will maintain the entirety of the leases within the approved Unit.

Although the Company had definite plans to move forward with the drilling program in the near term, the DNR indicated that a final unit decision may not be forthcoming until late in the fourth quarter 2012. The extension will allow Buccaneer to undertake further interpretation of seismic data and complete well design before spudding in early to mid-2013.

COSMOPOLITAN PROJECT

The acquisition of the Cosmopolitan ("Cosmo") project was completed in late August 2012. The Cosmo project is located approximately 30 miles to the north west of Homer and is approximately 50' of water. The acquisition was made jointly with privately owned Fort Worth, Texas based BlueCrest Energy II, LP ("BlueCrest") with Buccaneer acquiring a 25% working interest and BlueCrest a 75% working interest, with Buccaneer acting as operator on the project.

In mid October the Company, in its role as Operator, lodged a Plan of Operations ("POO") with the Alaskan Department of Natural Resources ("DNR") and a revised C-Plan with the Alaska Department of Environmental Conservation ("ADEC"). The C-Plan is a plan of response in the event of an oil spill while drilling the well, the Company has an approved C-Plan in place for both its Southern Cross and North West Cook Inlet Units.

The Company lodged the revised C-Plan for Cosmo with ADEC in mid October 2012 seeking a minor amendment that would minimize the additional review process. ADEC has subsequently determined that the revision is a major amendment that requires a longer notice and review process.

This process can take approximately 90 days to complete. In lieu of waiting the Company is seeking a gas only determination from the Alaskan Oil and Gas Commission ("AOGCC") that would allow the first well to be drilled through the gas zones at approximately 6,000', this drilling should take approximately 4-6 weeks while the revised C-Plan is approved. Once the revised C-Plan is approved the well can then be deepened through the oil zone below 6,500'

Buccaneer has worked closely with the state regulatory agencies to identify issues relevant to the permitting of our proposed Cook Inlet operations. ADEC completed a comprehensive review of the C-Plan to ensure compliance with all regulatory requirements, and it subsequently issued an approval that is fully supported by a robust administrative record.

Buccaneer has taken every reasonable precaution to ensure its planned operations will be completed without any harm to the unique natural resources of the Cook Inlet. The Company's spill plan contemplates using the services of CISPRI in the highly unlikely event of a spill. CISPRI is the primary response action contractor for all other major Cook Inlet operators, including Tesoro and Hilcorp.

Furthermore, the Company's proposed drilling plans for its Cosmopolitan prospect were designed using down-hole data developed during previous drilling operations at Cosmopolitan. The characteristics of the reservoirs into which will be drilled, including reservoir pressures, are known factors and the proposed well design, mud program and surface well control equipment will further minimize the risk of any potential spill.

ENDEAVOUR JACK-UP RIG

The POO includes the provision to drill 2 wells at Cosmopolitan. The permitting of a second well does not commit the Company to drill, but due to the long lead times gives an option to drill a second well prior to the end of winter drilling season in February /March 2013. BlueCrest has only committed to the first well during the November 2012 – March 2013 period.

The Company is tentatively scheduling the spudding of the first well at Cosmo as 1 December 2012 on the condition that the Endeavour Jack-Up rig and the Cosmo No. 1 Well has received all the required certifications and permits by that time, including a gas only determination from the AOGCC.

ENDEAVOUR JACK-UP RIG

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.

The Endeavour mobilised from Singapore aboard the Kang Sheng Kou on 31 July 2012 and arrived at Homer in the southern reaches of the Cook Inlet on 25 August 2012.

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

- **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;
- **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
- **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.

The delays in receiving certifications 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.

The Company plans to move the Endeavour onto the Cosmopolitan well location in mid November 2012. When on location at Cosmo the Endeavour's drilling equipment can then be assembled and tested as a complete drilling unit, each part of the drilling assembly i.e. mud pumps, top drive etc were individually tested and certified in Singapore. On completion of this the first well at Cosmo will be spudded.

ENDEAVOUR BEING LOADED ONTO HEAVY LIFT VESSEL

ENDEAVOUR BEING LOADED ONTO HEAVY LIFT VESSEL

ENDEAVOUR JACK-UP RIG

HELI DECK AS VIEWED FROM THE WHARF

CLOSED UP VIEW OF THE HELI DECK.
SOME PARTS HAVE BEEN PAINTED BY KFELs

The delivery of the Endeavour Jack-Up rig completes the first phase of a business plan that commenced almost 2 years ago and the acquisition of the Endeavour and the project management of the modification and repairs in Keppel FEL shipyard was managed by Buccaneer's internal management team.

The Endeavour project was funded through a joint venture company Kenai Offshore Ventures, LLC ("Kenai Offshore"). The participants in the joint venture are Singapore listed Ezion Holdings Limited, that specialises in the management of vessels energy sector globally, and the Alaska Industrial Development Export Authority ("AIDEA") who has invested a total of US$23.65 million into Kenai Offshore 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, and a public purpose, to increase job opportunities and otherwise to 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.

The Endeavour is a Marathon LeTourneau 116-C Jack-Up rig. First constructed in 1982, it was upgraded in 2004 and has been cold stacked in Malaysia since 2009.

As previously advised Kenai Offshore Ventures, LLC ("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 the following:

- In early 2012 there was a change in US Federal government regulations that required an increase in lifeboat capability for Jack-Ups operating in US waters. This required engineering and steel works to be completed 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.

ENDEAVOUR JACK-UP RIG

MOVING TOWARDS HOMER DOCK

ADDITIONAL MODIFICATIONS AND REPAIRS

As discussed above additional modifications and repairs were undertaken on the Endeavour to add significant capabilities to the rig and to extend its operating life beyond the minimum 5 year contract duration that was originally planned. They include:

- modifications to main deck to prevent overboard rain runoff/discharge from the deck mounted equipment;
- enhanced drilling fluid mixing/treating components to facilitate the use of sophisticated drilling fluid systems that reduce environmental impact and enhance drilling performance;
- upgraded electrical load capacity to handle electric heaters and newer electronic monitoring and control equipment;
- replaced outdated draw works and machinery housings to reduce environmental pollution and enhance safety;
- upgraded critical piping to facilitate a full 15k psi rating for critical cementing operations and to enhance high pressure well control capabilities;
- replaced cement pumping equipment with 15k high pressure equipment that includes enhanced controls and safety features along with electronic monitoring of operational parameters;
- upgraded living quarters to international standards required by "majors" and installed necessary heating equipment to enable year-round arctic operations;
- winterized/protected the rig for year round operation in arctic conditions, not just the summer drilling season;
- installed higher capacity lifeboats and davit launched emergency life rafts to comply with updated USCG regulations;
- completed all ABS class and registry requirements to enable operations without interruption for any further certification for the duration of the 5 year term contract – this included full dry docking to inspect/repair hull and lower legs;
- replace rig floor controls with updated equipment including high graded emergency shutdown and monitoring systems;
- installed high pressure BOP control circuitry and needed plumbing so that 10k psi and 15k psi BOP equipment can be used interchangeably;
- certified BOP equipment to new OEM standards enabling operation of the rig worldwide without further certification;
- improved rig lighting to enable year round operation in prolonged periods of darkness that exist in arctic areas;
- modified and certified machinery components to operate with arctic lubricants for year round operation;
- replaced rig-side windows on living quarters with explosion proof designed windows to meet the newest standards;
- identified and replenish/paint critical components that could not be properly maintained and painted in a year round, arctic operating environment;
- re-certifed all winches and pad-eyes to international standards for arctic operation to enable year round use;
- re-certification and load testing of all cranes to provide "as-new" ratings for full arctic use and installed enclosed operating cabins for year round use;
- full inspection and repair program for jacking systems in preparation for year round operation. Some of this was originally planned for maintenance during winter shutdown periods;
- "zero discharge" capabilities for drilling fluid/cuttings to enable operating in the Cook Inlet, Beaufort Sea and Chukchi Sea and other similar environmentally sensitive areas were added;
- the capability to capture deck rain runoff for use in water based mud systems, limits deck discharge overboard and reduces required boat/barge transport of water to the rig was added;
- refitted the helicopter deck support structure to certify support capacity and facilitate use of larger capacity helicopters; and
- completed a cleaning of the legs, spud can interior spaces and pre-load tanks removing potential "contaminants" or other "imported" marine growth from outside Alaskan waters in compliance with upcoming DNV regulations.

COMPARATIVE LEASING RATES

The Cook Inlet is considered a remote and harsh location and the most direct comparable location is the North Sea. The Cook Inlet has no operating Jack-Up rigs in the class of the Endeavour, whereas the North Sea region (including Norway) currently has 43 Jack-Up rigs operating.

Lease rates have increased by 49.7% (at the mid-point) with utilisation rates in the North Sea currently at 90% - 100%, the industry expectation is that lease day rates will continue to be firm. The acquisition of the Endeavour was negotiated (July 2011) and was completed at the low point in the Jack-Up valuation cycle.

BACKGROUND

In mid-December 2011 KOV executed a Repair Contract with Keppel FELS Shipyard in Singapore for the repair and modification of the Jack-Up rig, Endeavour. That work included:

- Bringing the Rig back into operation after being cold-stacked;
- Improvements to the crew quarters; and
- Modifications to "winterise" the Rig for Alaskan conditions.

ENDEAVOUR JACK-UP RIG

The dismantling and assessment of the drilling equipment has been completed. Refurbishment work to this drilling equipment is now being completed prior to re-installation and finalisation of the repair and modification program.

The Endeavour Jack-Up rig 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 -10o 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;
- Two blow out preventers ("**BOPs**"), both 10,000 and 15,000 PSI, giving it the capacity to drill high pressure horizons that 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.

HELI DECK AS VIEWED FROM THE WHARF

RELATED AGREEMENTS

As part of the acquisition of the Jack-Up rig Buccaneer's wholly owned subsidiary Kenai Drilling, LLC ("Kenai Drilling") has executed a Bare Boat Charter Agreement with KOV. Kenai Drilling will market the Endeavour to third party operators, with day to day operations of the Endeavour being managed by Archer Drilling under contract.

The Bare Boat Charter is for a period of 5 years during which Kenai Drilling will pay bare boat charter fees to KOV.

Kenai Drilling's obligations under this charter agreement will be mitigated by leasing the Endeavour to third party operators in the Cook Inlet. Kenai Drilling has approaches from numerous third parties in respect to the utilisation of the rig and submitted a tender for a future drilling contract.

The Company has also executed the following:

- An Exclusive Use Agreement where Buccaneer is allowed to use the Rig exclusively; and
- A minimum four well guarantee where Buccaneer is required to drill four wells with the Rig by the end of 2014.

LOCAL ALASKAN EMPLOYMENT

A significant benefit to the local Alaskan community in mobilising the Endeavour to the Cook Inlet was the ability to provide employment opportunities to the local community. The Company in association with its designated drilling sub-contractor Archer Drilling has over the last 5 months employed and trained 80 skilled workers to crew the Endeavour.

The Company stipulated that as many Alaskans be employed as possible and the Company is pleased to report that 40 Alaskan's are members of the Endeavour crew.

Additionally, while alongside Homer undertaking final repairs and modifications the Endeavour has utilised the regions electricians, plumbers, welders, security services, caterers, tugs and many other sub contractors thereby having a significant impact on the local economy within a relatively short space of time.


LIVING QUARTER


DINING ROOM

OFFSHORE DEVELOPMENT PROGRAM

TYONEK PLATFORM, COOK INLET

OFFSHORE PROGRAM SCHEDULE

The Company will 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.

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".

The NWCI unit adjoins ConocoPhillips ("CoP") North Cook Inlet field that has produced 1.85 TCF (308 MMBOE) from the Sterling and Beluga formations. The Company's NWCI project lies within the same geological structure as CoP North Cook Inlet field.

The Company has an average 98.2% working interest in NWCI and is the Operator. Netherland, Sewell & Associates has estimated a P50 Resource of 45.9 MMBOE to the Company's NWCI project with shallow gas targets in the Beluga and Sterling formations and deeper oil targets in the Lower Tyonek formations.

The Company's first drilling location at NWCI is located approximately a mile to the north from the Shell Oil Company's North Cook Inlet State # 1 well drilled in 1964 which is located within the CoP North Cook Inlet field. The Shell #1 conducted a successful production test of gas from the shallow Beluga formation and a successful production test of oil of 2,270 BOPD from the Upper Tyonek formation. Shell did not complete the well as a producer due to low oil and gas prices at that time.

ACQUISITIONS

ACQUISITION OF THE GLACIER # 1 RIG

In the March 2012 quarter the Company announced that it had executed a purchase agreement with Glacier Drilling Company, a wholly owned subsidiary of the Marathon Oil Company ("Marathon"), to acquire the Glacier Drilling Rig # 1 ("Glacier Rig") for US$7,338,000.

The Company facilitated the purchase of the Glacier Rig by a third party that specialises in the energy sector.

The new owner and a wholly owned subsidiary of the Company, Kenai Land Ventures, LLC ("Kenai Land"), that has been set up specifically for this transaction have entered into a 3 year Bare Rig agreement.

The Bare Rig lease rate to be paid by Kenai Land is at a discount to the rates charged by Glacier Drilling to the Company for drilling the Kenai Loop wells in 2011 and therefore this is seen as a financially advantageous transaction for the Company. Kenai Land has exclusive access to the Glacier Rig during this period or alternatively it can lease the rig to third parties and charge a premium to the lease rate charged by the owner to Kenai Land.

OPTION TO PURCHASE

Kenai Land has an option to purchase the Glacier Rig at any time after the first 6 months for US$7,338,000. Upon exercise of the option to purchase, a portion of the lease payments paid to the owner will be credited against the purchase price.

The Glacier Rig is a Mesa 1000 carrier mounted land drilling rig. It was built in 2000 and can drill to depths of approximately 15,000'. The rig is unique in that it was designed and built with the input of the drillers that would operate the rig on the Kenai Peninsula, Alaska. The Glacier Rig was designed to operate close to neighborhoods on Alaska's Kenai Peninsula. The small size is ideal for pad drilling, minimizing the drilling footprint and impact to its surroundings.

The Glacier Rig is being used at the Kenai Loop # 4 well and was used to drill both of the Company's Kenai Loop wells in 2011. The Company considers its acquisition as an enabling asset and ensures its ability to develop onshore projects.

INSTITUTIONAL PLACEMENT & SHARE PURCHASE PLAN

In mid July the Company advise that it had executed binding agreements for the issue of 292,682,927 shares in the Company at an issue price of $0.041 to raise a total of $12.0 million ("Placement").

The Placement was undertaken in two tranches with Tranche 1 of 141,798,925 shares to raise $5,813,756 being undertaken immediately under the Company's 15% capacity under ASX Listing Rule 7.1 and was settled on 23 July 2012.

Tranche 2 of the Placement of 150,884,002 shares to raise $6,186,244 was subject to shareholder approval at a general meeting that was held 10 September 2012.

Additionally, the Company completed a Share Purchase Plan ("SPP") to eligible shareholders capped at $1,500,000 at an issue price of $0.041. The SPP was substantially oversubscribed with the Company receiving $10.2 M in applications from over 1,000 participating shareholders.

GLACIER RIG DRILLING KENAI LOOP #1 WELL

COOK INLET, ALASKA

The following are detailed overviews of each of the Company's onshore and offshore Cook Inlet assets.

ONSHORE DEVELOPMENT PROJECTS

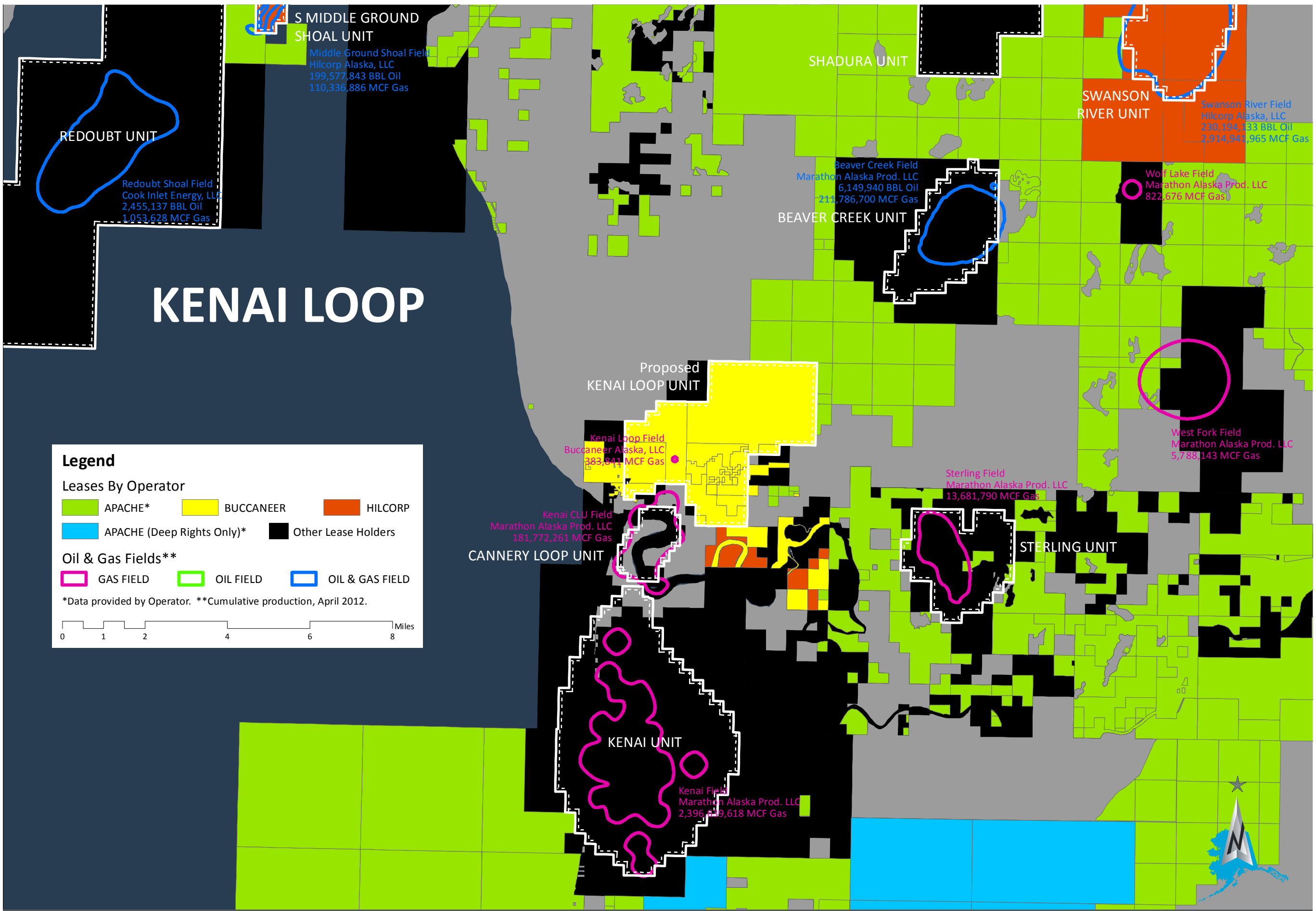
KENAI LOOP PROJECT

The Kenai Loop Project consists of 9,308 acres and is 100% owned by the Company and has an 77.5% - 82.5% Net Revenue Interest.

KENAI LOOP RESERVES

Ralph E Davis completed an independent reserve assessment of the Kenai Loop project. Ralph E Davis is a respected consulting firm providing independent reservoir engineering, geological, technical and financial services to the domestic and international energy industry since 1924.

The Company requested that Ralph E Davis review these Reserves after the unsuccessful Kenai Loop # 3 well and they have advised the Company that there is no change to these Reserves.



MAP OF KENAI LOOP

The Reserves were calculated using subsurface mapping, pressure and flow rates data attained from Kenai Loop # 1 well. The current Reserves include only two sand packages at 9,700 feet and 10,000 feet. An average drainage area of 340 acres was used to calculate the Reserves and the Company expects that a second well will be required to drain the entire 340 acres. The Company's mapping indicates the two sand packages have a total closure area of 1,600-2,000 acres.

	Proven (1P)	Proven + Probable (2P)	Proven + Probable + Possible (3P)
	31.5	38.3	51.6
Oil Equivalent MMBOE[1]	5.3	6.4	8.6

[1] Gas to Oil conversion using a Gas to Oil ratio of 6:1

BUCCANEER ENERGY

OFFSHORE DEVELOPMENT PROJECTS

ONSHORE DEVELOPMENT PROJECTS

Netherland, Sewell & Associates (NSA), one of the leading US based engineering firms, completed a third party engineering report on the reserves for both North West Cook Inlet and the Southern Cross Unit. NSA was chosen to complete this report as they are experienced in the Cook Inlet, having completed reserves estimations for a number of multi-national energy companies that have oil and gas operations offshore in the Cook Inlet of Alaska.

The combined Proven & Probable (2P) Reserve and P50 Resource for the Company's three offshore units totals 92.8 Million barrels of oil equivalent (MMBOE).

SOUTHERN CROSS UNIT

Buccaneer holds a 100.0% Working Interest in the Southern Cross Unit, the Net Revenue Interest is 79.25%. The NSA report attributed a Proved + Probable (2P) Reserves of 12.7 MMBOE and P50 Resources of 14.7 MMBOE.

HIGHLIGHTS

The Southern Cross Unit is in approximately 50' of water with no unusual technical hurdles to drill and develop reserves.

Buccaneer's initial test well will offset several wells on its leasehold that tested oil and gas but that were never produced. Buccaneer's first well is approximately 300 feet from the Pan Am 17595 # 3 (circa 1960's) which tested 230 feet oil and 1080 feet of mud cut oil from the Lower Tyonek and 165 feet of oil from the Hemlock.

It will also be structurally high to the Pan Am 17595 # 2 (circa 1960's) which tested the Lower Hemlock and recovered gas to the surface followed by fluid from which 990 feet of clean oil was recovered. Other wells on the lease tested gas from the Upper Tyonek. Buccaneer's well will be within the demonstrated hydrocarbon column for this area.

OFFSHORE DEVELOPMENT PROJECTS

The Company has a 3D seismic survey license over the Southern Cross Unit.

Southern Cross is within 5 miles of four significant oil and gas fields with combined production of 1.08 Billion BO and over 550 BCF of gas:

- 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
- Granite Point Field with production to date of 147 million BO and 131 BCF of gas.

RESERVES

Prospect	Proven (1P)		Proven + Probable (2P)		Proven + Probable + Possible (3P)	
	Oil (MMBL)	Gas (BCF)	Oil (MMBL)	Gas (BCF)	Oil (MMBL)	Gas (BCF)
Tyonek	3.4	0.5	7.2	6.7	13.5	16.4
Hemlock	1.2	9.2	2.8	9.8	6.0	11.1
Total	4.6	9.7	10.0	16.5	19.5	27.4
MMBOE*[1] Gross to 100% Working Interest	6.3		12.7		24.1	

*Million barrels of oil equivalent
[1] Natural Gas has been converted to oil using a Gas to Oil ratio of 6:1

Oil makes up approximately 78% of the 2P Reserves.

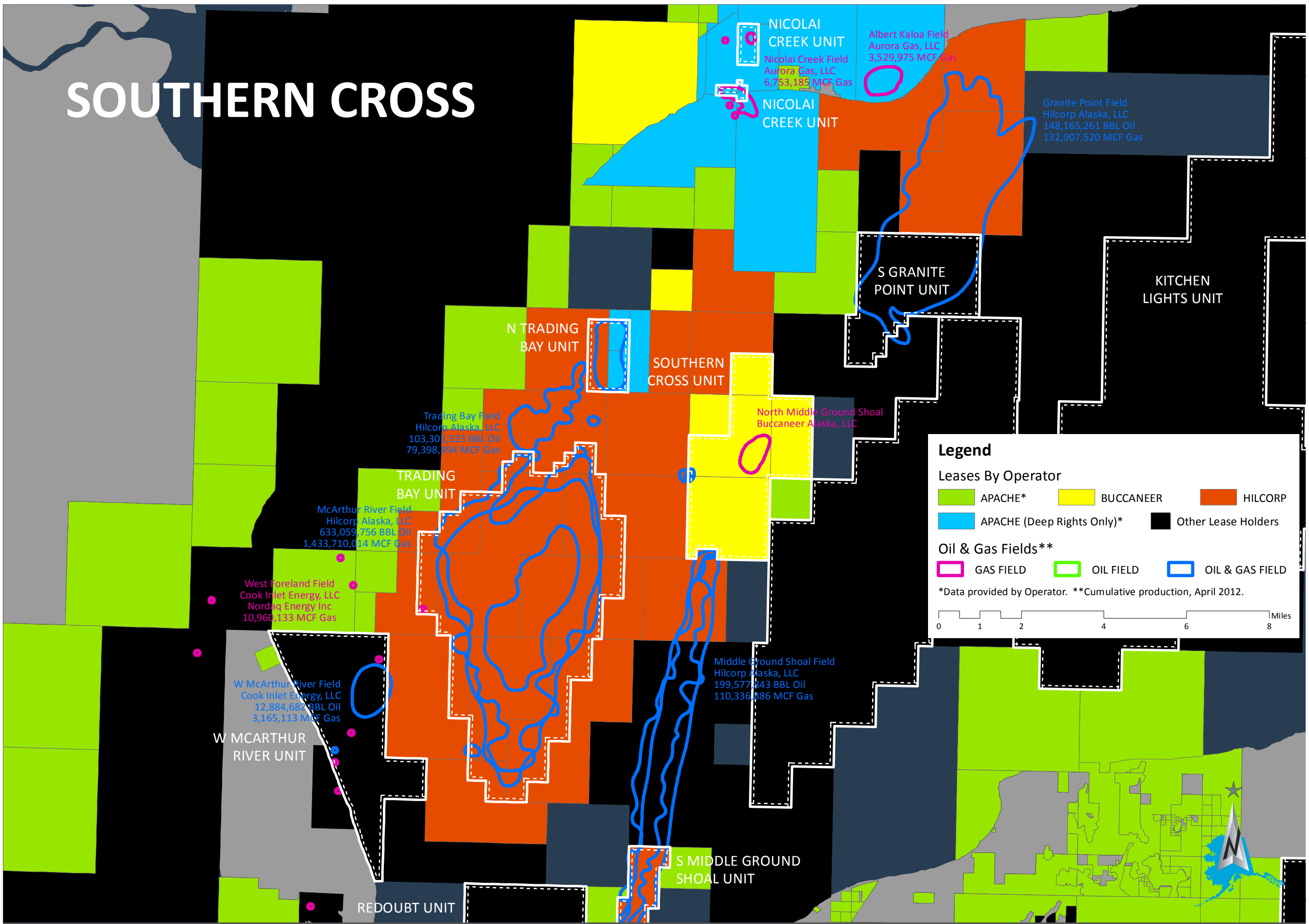
RESOURCES

The following Prospective Resources reflect the Company's Working Interest in Southern Cross Unit.
Buccaneer holds a 100.0% Working Interest in the project, the Net Revenue Interest is 79.25%:

Prospective Resource	Low Estimate (P90)		Best Estimate (P50)		High Estimate (P10)		Mean	
	Oil (MMBL)	Gas (BCF)	Oil (MMBL)	Gas (BCF)	Oil (MMBL)	Gas (BCF)	Oil (MMBL)	Gas (BCF)
Tyonek	3.2	1.2	8.9	3.3	23.7	9.0	11.6	4.4
Hemlock	1.2	0.5	4.9	1.9	18.0	6.9	7.6	2.9
Total	4.4	1.7	13.8	5.2	41.7	15.9	19.2	7.3
MMBOE*[1] Gross to 100% Working Interest	4.7		14.7		44.3		20.4	

*Million barrels of oil equivalent
[1] Natural Gas has been converted to oil using a Gas to Oil ratio of 6:1

Oil makes up approximately 94% of the P50 Resource. These resources will be produced through the same facilities constructed for the 3P reserve base detailed above, thus will have a lower incremental development cost.



SOUTHERN CROSS UNIT

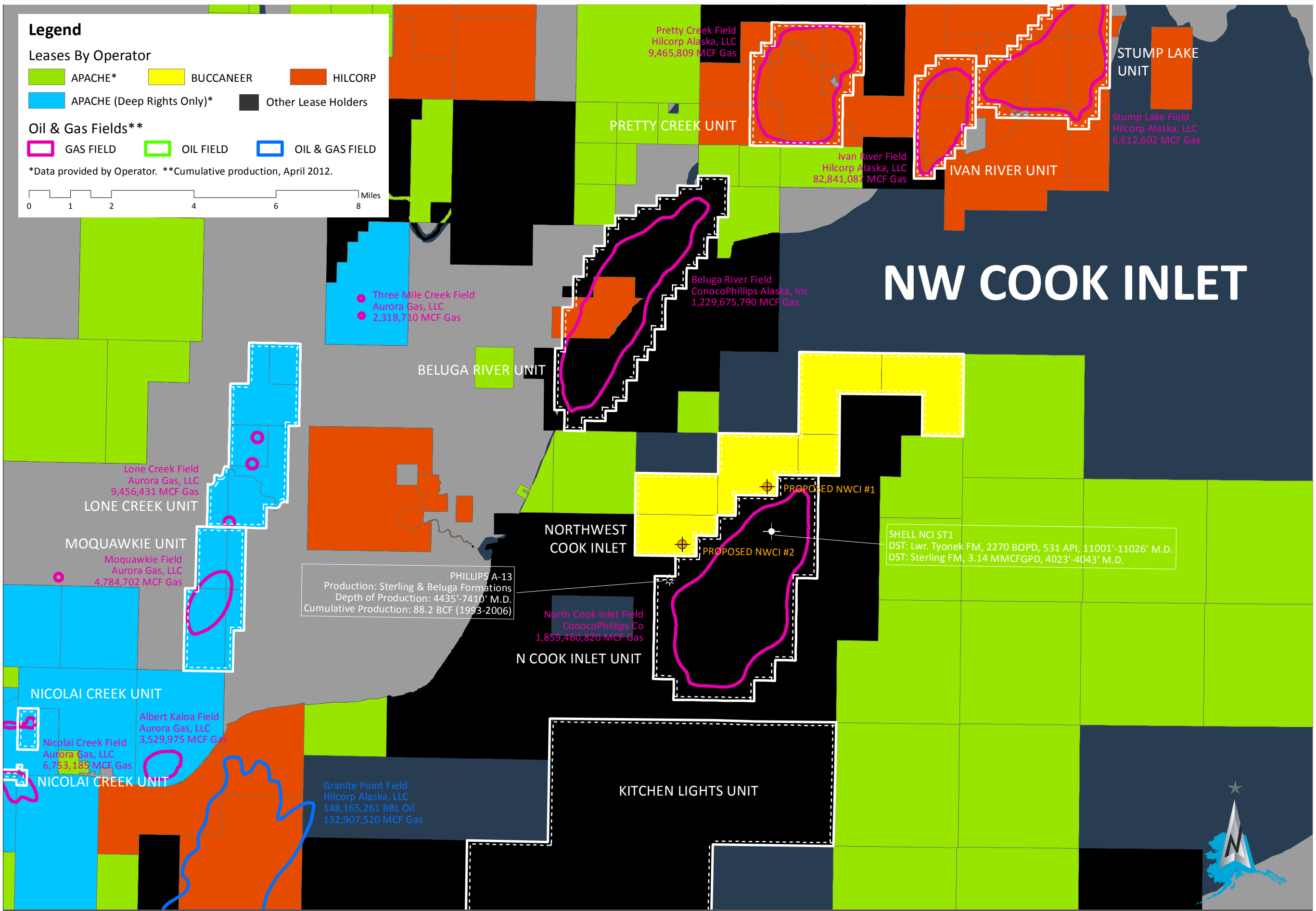
NORTH WEST COOK INLET UNIT

The following Prospective Resources reflect the Company's Working Interest in North West Cook Inlet. Buccaneer holds an 87.5% - 100.0% Working Interest in the project, with an average 98.2% Working Interest and average Net Revenue Interest of 77.66%.

RESOURCES

Prospective Resource	Low Estimate (P90)		Best Estimate (P50)		High Estimate (P10)		Mean	
	Oil (MMBL)	Gas (BCF)	Oil (MMBL)	Gas (BCF)	Oil (MMBL)	Gas (BCF)	Oil (MMBL)	Gas (BCF)
Beluga	0.0	48.9	0.0	172.5	0.0	339.0	0.0	186.3
Sunfish	3.1	3.0	7.8	7.4	14.6	13.8	8.4	8.0
Tyonek	4.0	3.8	7.7	7.3	13.0	12.3	8.2	7.8
MMBOE* Gross to 100% Working Interest	16.4		46.7		88.5		50.3	
MMBOE* Net to Buccaneer Working Interest	16.1		45.9		86.9		49.4	

*Million barrels of oil equivalent



NORTH WEST COOK INLET

NORTH WEST COOK INLET - HIGHLIGHTS

The North West Cook Inlet project is in approximately 100' water depth with no unusual technical hurdles to drill and develop.

- The lease adjoins ConocoPhillips North Cook Inlet field that is in production and has produced 1.8 trillion cubic feet (TCF) of gas.
- 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 the production from the North Cook Inlet field has come from the Sterling sands which are above 6,000' in depth. The slightly deeper Beluga Formation 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.
- 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 at the rate of 2,270 barrels of oil per day from these sands, and is approximately 1 mile from the Prospect. This deeper oil potential was never produced.

COSMOPOLITAN PROJECT

The Company is acquiring a 25.0% working interest in the Cosmopolitan Project ("Cosmo") and is being appointed Operator. Cosmo is an undeveloped oil and gas field located in 50 feet of water in the Cook Inlet of Alaska and is in close proximity to the shoreline at Anchor Point on the Kenai Peninsula. Cosmo has regional proximity to Buccaneer's other Alaskan assets and will utilise the capabilities of the Endeavour rig during the northern hemisphere winter.

The strong interest in the region, which contains the Cosmo project, is demonstrated by Apache Corporation acquiring leases surrounding and adjoining the leases near Cosmo during the last State lease sale conducted in June 2011.

RESERVES

As part of its due diligence on Cosmo, Buccaneer and BlueCrest engaged respected consulting firm Ralph E Davis to conduct an independent reserve estimate on the project. The 2P Reserves of Cosmo increase Buccaneer's independently assessed Alaskan 2P Reserves from 17.5 million barrels of oil equivalent ("MMBOE") to 31.3 MMBOE.

COSMO RESERVES ESTIMATES

	Proven (1P)	Proven + Probable (2P)	Proven + Probable + Possible (3P)
Gas - BCF	-	90.0	179.0
Oil - MMBO	31.0	44.0	70.0
Oil Equivalent MMBOE[1]	31.0	55.2	92.4
Net to Buccaneer 25.0% Working Interest	7.8	13.8	23.1

[1] Gas to Oil conversion using a Gas to Oil ratio of 8:1

These Reserves estimates for the Cosmo project are supported by drilling, production testing and 3D seismic.

PRELIMINARY DEVELOPMENT PLANS

Development of the Cosmo project involves two separate plans:

- A shallow gas development (3,000 – 4,000 feet) to be drilled with the Endeavour Jack-Up rig; and
- A deeper oil development (6,000 – 8,000 feet) that can be exploited using directionally drilled wells from the shoreline.

An offshore well using the Endeavour Jack-Up rig is planned for late 2012 that will further quantify both the oil and gas zones of the project.

Development of the Cosmo project will begin in the northern hemisphere winter of 2012 and continue through to 2014. The preliminary development plan includes drilling and producing oil wells from the existing onshore production site and drilling offshore water injection wells for reservoir pressure maintenance.

Separately, offshore gas wells will be drilled and tied back to the existing onshore site which will be connected to ENSTAR's recently completed gas transportation line.

INCREASED JACK-UP RIG UTILISATION IMPROVES ECONOMICS

The acquisition of Cosmo allows the use of the Endeavour Jack-Up rig to provide a more efficient development plan than was previously available to Pioneer. Without access to a Jack-Up rig, all wells, including water injection wells needed to be drilled as long reach directional wells from onshore. Further, the shallower gas reserves could only be reached by an offshore drilling program that will utilise the Endeavour. Utilisation of the Endeavour Jack-Up rig materially improves the economic parameters of the overall project.

The Cosmo project is located in the southern part of the Cook Inlet which is free of ice flows during winter. Cosmo will provide a winter operational location for the Endeavour Jack-Up rig to utilise the rig when ice flows in the northern part of the Cook Inlet preclude drilling during the November – March period.

This provides several years of winter drilling business and is expected to materially improve the profitability of the Company's offshore drilling division which was previously based on a 240 day drilling season.

ENDEAVOUR SPIRIT OF INDEPENDENCE BEING TOWED TO HEAVY LIFT VESSEL IN SINGAPORE 29 JULY 12

ONSHORE EXPLORATION PROJECTS ALASKA

KENAI LOOP 3D SEISMIC ACQUISITION

The Kenai Loop project consists of 9,308 acres and is immediately north and adjoins the lease boundary of the Cannery Loop field that has produced 180 BCF (30 MMBOE) and approximately 3 miles north of the Kenai Unit that has produced 2.4 TCF (400 MMBOE). The Cannery Loop and Kenai Unit were owned and operated by Marathon Oil Company and both share many of the same sand packages which have been encountered and are being produced in the Company's 100% owned Kenai Loop project.

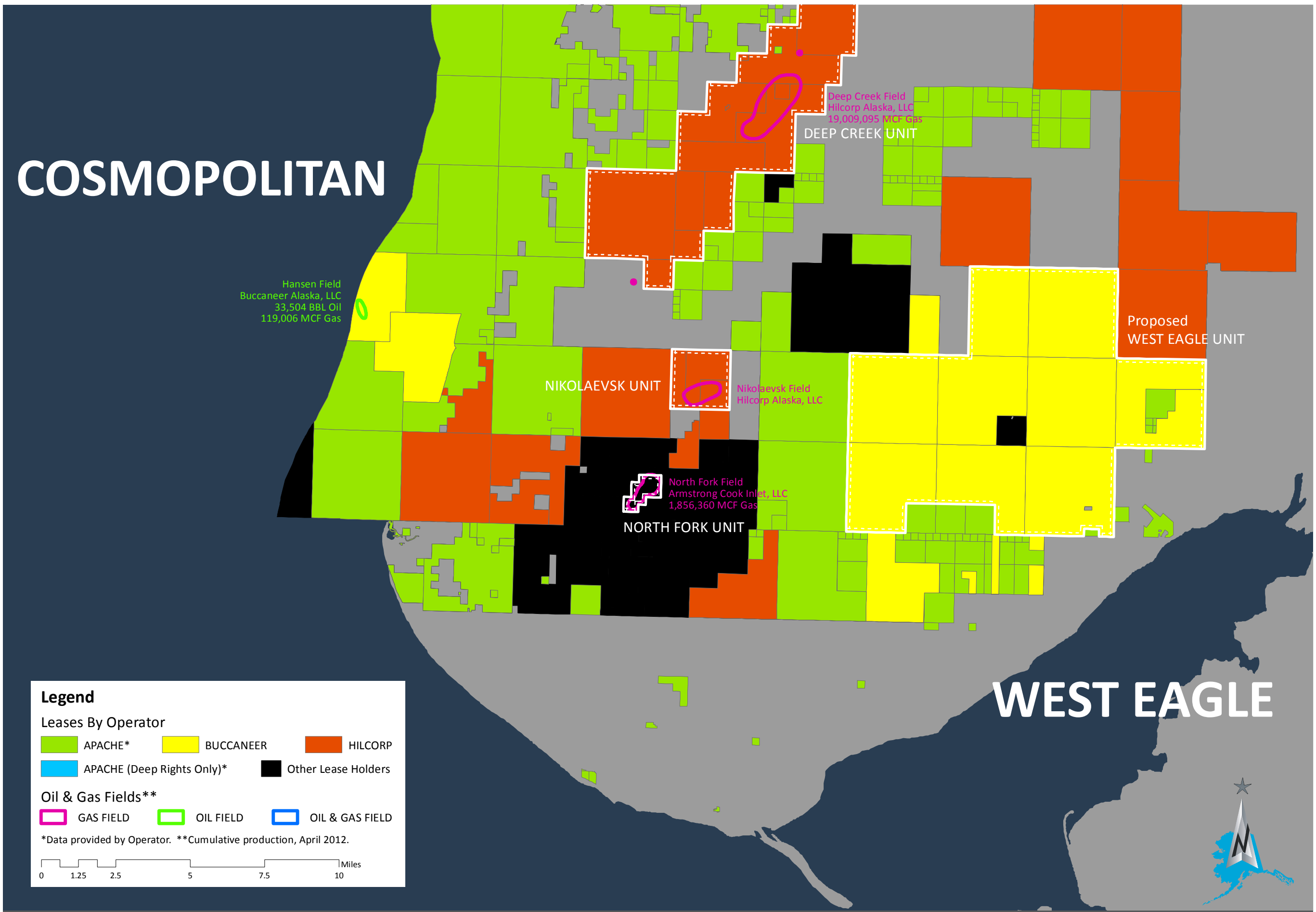
The Company completed a preliminary evaluation of the 23.4 square mile 3D seismic over the entire Kenai Loop project area. The initial evaluation effort has focused on the producing 9,700' and 10,000' sands (Tyonek formation) around the existing Kenai Loop # 1 well.

Additionally, the Company has identified 11 new seismic hydrocarbon anomalies from stacked pays in the shallow Sterling and deeper Tyonek formations. The Company will risk assess each of these anomalies including a third party peer review prior to finalising a future drilling program.

The fault previously thought to have separated the Kenai Loop # 1 and Kenai Loop # 3 well but which could not be identified on the 1970's 2D seismic used to locate that well, is now clearly visible on the new 3D seismic and has been confirmed as the reason the Kenai Loop # 3 well drilled in late 2011 was unsuccessful.

The 3D seismic survey covered a total of 23.4 square miles and included the full 9,308 acre (14.5 square miles) lease position on the Company's 100% owned Kenai Loop project located onshore Cook Inlet, Alaska. The final coverage was slightly smaller than the planned 25 square mile program due to some wetland restricted areas but well within our design to properly image the targeted productive horizons. The Company has submitted a Unit application to the State of Alaska Department of Natural Resources to retain the majority of the leasehold.

ONSHORE EXPLORATION PROJECTS ALASKA



KENAI PENINSULA

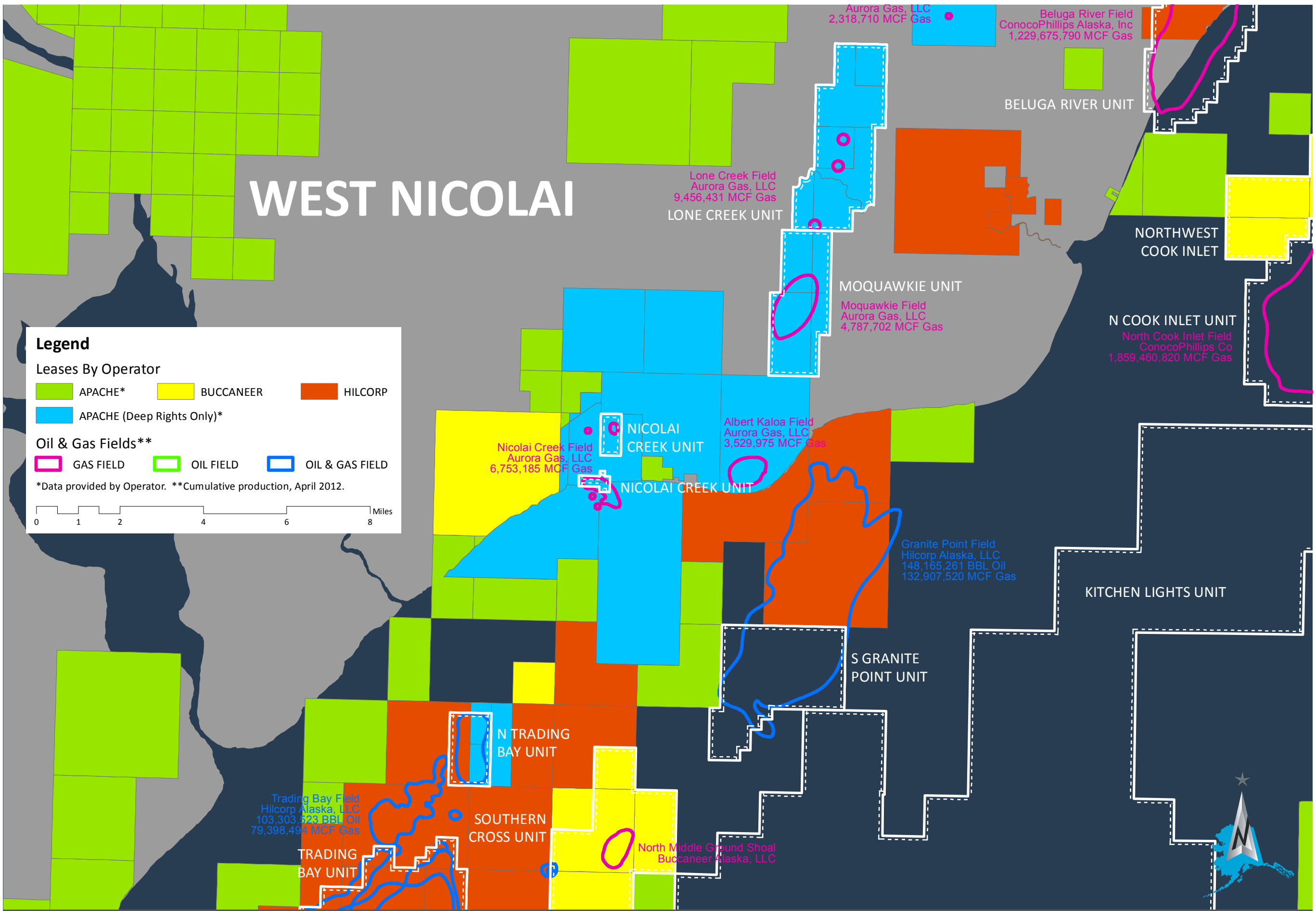
WEST EAGLE PROSPECT

The West Eagle Prospect includes 12 State Leases totalling more than 52,044 acres and is on the eastern limb of the Cook Inlet Basin. The Prospect is designed to test potential oil on trend or slightly down-dip to, possible, logged oil pay in wells drilled in the 1960's. In such a position, the sands should be thicker and better developed and on the migration pathway of any oil moving into the structure. The Company has a 100% working interest and 79.25% net revenue interest in these leases.

Gas is also expected in the shallower section. A 10,000' test will be required to test the Tyonek (5,000'; gas potential) through the Hemlock (9,800'; oil potential).

- The exploration potential is significant.
- Approximately 8 miles east of Union Oil's (Chevron) Nikolaevsk/North Fork Gas Unit and 10 miles southeast of the Deep Creek Gas Unit.
- The exploratory P10 gas reserves are approximately 330 BCF within the Tyonek Formation. The P50 reserves are 100 BCF. The exploratory P10 oil reserves are approximately 47 MMBO within the Hemlock Formation. The P50 reserves are 10 MMBO.

ONSHORE EXPLORATION PROJECTS ALASKA



WEST NICOLAI PROSPECT

WEST NICOLAI PROSPECT

West Nicolai is an onshore lease on the west side of Cook Inlet. Buccaneer has a Working Interest of 100% and 83.75% net revenue interest. The assessed P10 reserves are 25 BCF of gas. The P50 reserves are 14 BCF.

The Prospect includes one State Lease with 5,653 acres and is on the western edge of the Cook Inlet Basin. The 2D seismic data was used to map the lead which has the same productive intervals at depths of 1000 to 3000 feet as the Nicolai Creek Field about two miles to the east.

- Low-cost, high impact onshore gas project
- Analogous to the →10 BCF Nicolai Creek Gas field with multiple stacked pays
- Low development cost – nearly US$5.0 million per well for drilling and completion. Gas pipeline connection and processing facilities less than 2 miles at Nicolai Creek Gas Field
- Roads and infrastructure close-by
- Other leads on trend to the north
- Oil lead to the southeast

LOWER 48 OPERATIONS
TEXAS OFFSHORE

POMPANO & SWORDFISH PROJECT

Swordfish in summary	
Acreage	1,440
Working interest	86.67%
Net royalty interest	61.53%

Located in the Gulf of Mexico, the Pompano field lies seven miles offshore and also includes the Swordfish prospect as it adjoins the Pompano leases and has similar target formations.
The project has existing production facilities in place. All wells in this field are currently shut in and under evaluation for intervention or sidetracking operations to access the additional remaining gas Reserves in the field.

The Brazos Block 446 leases were being held beyond their initial Primary Term which expired in 2008 by two wells that were drilled prior to the lease expiry that year and produced through April 2012, though only marginally since August of 2011. The leases automatically expired 60 days after cessation of production (June, 2012). However the Company still retains a 65% interest in the two wells and the "A" Production Platform which can be utilised as a production platform for the adjoining Swordfish prospect by the execution of a surface use agreement with the State of Texas.

Expenses have been actively reduced to a minimum until the best operational plan is determined and natural gas prices in the region warrant further capital expenditure.
There are a number of drill ready prospects at Swordfish.

LOWER 48 OPERATIONS
TEXAS ONSHORE

LEE COUNTY PROJECT

Lee County in summary	
Acreage	1,712
Working interest	52.5%
Net royalty interest	38.6%

Located in central Texas, approximately 120 miles northwest of Houston, the Lee County project holds excellent potential for obtaining significant recoverable amounts of oil and gas.

The main target reservoirs are the Austin Chalk, Eagle Ford Shale, Buda, Edwards and Sligo formations.

Buccaneer has drilled three wells at Lee County with all three penetrating the entire Austin Chalk section, and two penetrating the entire Eagle Ford Shale formation. Development options are being assessed through either farm-out or a sale of the Company's working interest. Given the size and scope of the Company's Alaskan operations the development of Lee County has become less of a priority but the Company still sees good development upside in the project.

ALASKA A COMPELLING & UNIQUE GAS MARKET

COOK INLET IS AN UNDEREXPLORED BASIN

Buccaneer's Alaskan focus is on the underexplored Cook Inlet located in the south of the State.

> *2.8 BILLION BOE HAVE BEEN PRODUCED SINCE 1960 BUT THE US GEOLOGICAL SERVICE ESTIMATES 3.2 BILLION BOE REMAIN.*

The US Geological Survey reported in 2011 that the Cook Inlet region still had an estimated 600 million barrels of oil and approximately 19 trillion cubic feet of gas yet to be discovered.

Without any significant oil discoveries since 1991 and no major gas discoveries since 1979, Buccaneer's assets with existing proven Reserves and Resources are well-positioned to capitalise on this highly prospective Basin.

GAS MARKET DEMAND

Alaska has a gas market that is separate and unconnected from 'the Lower 48' gas market in the US.

While the Lower 48 gas market has significantly weakened with gas oversupply, the Alaskan market has a severe shortage of gas.

This is exemplified in ConocoPhillips' LNG facility in Alaska. It is currently only processing approximately 50 million cubic feet a day of gas, despite a capacity to deal with over four times that amount. As demand for gas outstrips supply, Alaskan utilities have warned of 'brownouts' where energy supply is deliberately restricted due to severe undersupply.

These gas supply shortages coupled with increasing demand have turned Alaska in a premium gas market – gas prices in Alaska are up to 300 per cent greater than in the Lower 48. In addition, gas supply contracts are negotiated directly between gas producers and end users, giving energy producers greater bargaining power in gas supply agreements.

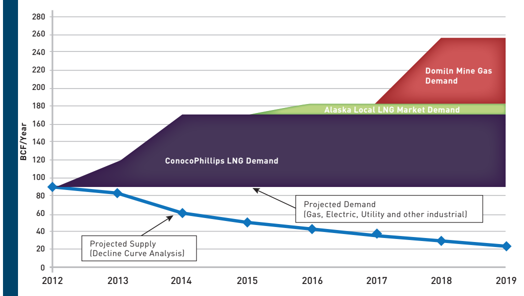
FAVOURABLE FISCAL INCENTIVES

Given the severe gas shortages expected, the Alaskan Government has responded by establishing a strong incentive environment for oil and gas explorers and producers. An advantageous taxation regime reduces severance tax for oil to less than one per cent and there are no production taxes in the Cook Inlet until 2022.

To further incentivise exploration by new entrants within Alaska, the State Government introduced the Alaskan Clear and Equitable Shares (ACES) Program in 2007. The ACES program provides cash rebates to companies undertaking exploration and development, significantly reducing the commercial discovery threshold for Buccaneer.

> *SOUTH CENTRAL ALASKA IS A PREMIUM GAS MARKET, SEPARATE AND DISTINCT FROM THE LOWER 48 STATES*

TOTAL SOUTH CENTRAL ALASKA SUPPLY & DEMAND POSITION



LNG Process, LNG Alaska,
Donlin Creek LLC; Environmental Impact Assesment, and Buccaneer Alaska Analysis

- ConocoPhillips LNG facility ~50 MMCFD versus 225 MMCFD capacity
- Significant gas discoveries needed to feed LNG facility
- Gas market to remain tight in foreseeable future

ALASKA A COMPELLING & UNIQUE GAS MARKET

> *WITH SEVERE LOCAL GAS SHORTAGES, THE ALASKAN GOVERNMENT OFFERS CASH REBATES FOR EXPLORATION, IRRESPECTIVE OF SUCCESS."*

The ACES program returns up to 65 per cent of seismic and exploration drilling costs and up to 45 per cent of facilities-related capital expenditure, such as on platforms, flow-lines and pipelines. These cash rebates are not repayable and are not contingent on success. In the last 12 months Buccaneer has received US$12.5 million back under ACES.

In addition and with specific correlation to Buccaneer's operational activity, amendments to the ACES program have established a tax credit for exploration in the Cook Inlet with a Jack-Up rig.

With the acquisition of the Endeavour Jack-Up rig and exploration activity planned in FY 2013, Buccaneer is perfectly placed to take advantage of this legislation. These special cash rebates, directly related to the use of the Jack-Up rig, provides a tax credit of up to US$25 million for new wells drilled into the pre-Tertiary strata of the Cook Inlet. These cash rebates are 50 per cent repayable over 10 years from the commencement of production.

CLEAR PATH TO COMMERCIALISATION

The Cook Inlet has a history oil and gas exploration since 1960 and as a result has a strong existing network of infrastructure, facilities and pipelines. Buccaneer's portfolio of assets are located in close proximity to that network.

Energy utilities and oil and gas majors have established existing facilities such as ConocoPhillips' LNG Facility which is operating at 25 per cent capacity, the only one of its type in North America, exports LNG to Japan. Following the retreat from nuclear power generation in Japan, the country is becoming an increasingly attractive market for gas. This situation offers gas producers in Alaska the opportunity to sell into the local Alaskan market as well as the growing Japanese LNG market.

CORPORATE

AVAILABLE CASH FACILITIES

The Company will have the following cash resources in US$ millions available for development of its Alaskan assets on completion of the following:

	Limit	Drawn	Available
Cash	-	-	$7.7
Finance Facility	$20.0	$20.0	-
ACES Revolving Credit Facility	$30.0	$7.1	$22.6
Total			**$30.3**

The Company is currently actively seeking to refinance its Finance Facility and ACES Revolving Credit Facility currently provided by Richmond Hill, LP.

The Company's total normal corporate overheads are approximately $550,000 per month. On average the Kenai Loop # 1 well currently produces approximately US$900,000 per month in free cash flow net of royalties and cost of production at the well head based on 6.0 MMCFD of production.

SUMMARY OF RESERVES & RESOURCES

As at 30 September 2012, Buccaneer had independently assessed Proven and Probable Reserves of 32.9 MMBOE and an additional P50 Resource of 60.6 MMBOE.

	Acres	Working interest	Net Royalty Interest	1P Reserves (mmboe)	2P Reserves (mmboe)	3P Reserves (mmboe)	P50 Reserves (mmboe)
Onshore Alaska							
Kenai Loop[1]	9,308	100.00%	78-80%	5.3	6.4	8.6	
West Eagle	52,044	100.00%	79.25%				
West Nicolai	5,653	100.00%	83.75%				
Offshore Alaska							
Southern Cross Unit[1]	6,932	100.00%	79.25%	6.3	12.7	24.1	14.7
North West Cook Inlet[2]	8,568	98.20%	77.66%				45.9
Cosmopolitan[1]	3,144	25.00%	17.81%	7.8	13.8	23.1	
Total	**85,649**			**19.4**	**32.9**	**55.8**	**60.6**

[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

Dean Gallegos
Director

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 pertaining to Lee County project contained in this report were compiled by Gary Rinehart, BS in Geology from University of Oklahoma and who has had more than 35 years experience in petroleum geology. Mr Rinehart has consented to the inclusion in this report of the technical matters and information herein in the form and context in which it appears.

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.

ALASKAN CLEAR EQUITABLE SHARE (ACES)

In 2007 the Alaskan Government introduced the ACES program to incentivise new entrants to explore within Alaska. This program takes the form of a rebate of between 45 - 65% of direct exploration costs and up to 55% of development costs. This is a significant incentive and substantially reduces the commercial discovery threshold.

On 19th April 2010 the Alaskan Legislature approved a significant amendment to Alaska's ACES program. The Governor signed this legislation into law on May 10, 2010.

Most significantly, the statutory amendments enacted with this legislation will establish a tax credit of up to US$25 million for new wells drilled into the pre-Tertiary strata of the Cook Inlet with a jack–up drilling rig.

THE NEW INCENTIVE PROVIDES FOR THE FOLLOWING:

- If Buccaneer drills the first well in the Cook Inlet using a Jack-Up rig, it will be eligible to claim up to US$25 million of all drilling costs (including rig mobilisation costs). If it drills the second well, the claim will be US$22.5 million, and if its drills the third well, it is entitled to claim US$20 million. A company is eligible for only one of these incentives and is required to repay one-half (50%) the incentive equally over 10 years but only if hydrocarbons are successfully produced.
- On any subsequent well in the Cook Inlet, Buccaneer will still be eligible for a rebate of 65% of all drilling costs and 45% of all other development costs.
- Buccaneer has a substantive acreage position in the Cook Inlet and is positioned to move forward with exploration drilling plans later this year.

The above incentives apply irrespective of the success of any well or development program.

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.

APPENDIX 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

Buccaneer Energy Limited ABN: 63 125 670 733
Quarter ended ("current quarter") 30 September 2012

			Current Quarter $A'000	Year to date (3 months) $A'000
	Cash flows related to operating activities			
1.1	Receipts from Product Sales and related debtors		$2,346	$2,346
1.2	Payments for	(a) Exploration and Evaluation	-$807	-$807
		(b) Development	-$2,697	-$2,697
		(c) Production	-$365	-$365
		(d) Administration	-$2,380	-$2,380
1.3	Dividends received			
1.4	Interest and other items of similar nature received		$6	$6
1.5	Interest and other costs of finance paid		-$18	-$18
1.6	Property Taxes paid (Alaska)		$0	$0
1.7	Other	(a) Net Hedge Payments	$0	$0
		(b) GST Refunds	$22	$22
	Net operating cash flows		**-$3,893**	**-$3,893**
	Cash Flows relating to investing activities			
1.8	Payments for purchases of:			
		(a) Prospects	-$2,238	-$2,238
		(b) equity investments (Jack-Up Rig)	-$1,494	-$1,494
		(c) Other fixed assets	-$31	-$31
1.9	Proceeds from sale of:			
		(a) Prospects	$0	$0
		(b) Equity investments	$0	$0
		(c) Other fixed assets	$0	$0
1.10	Loans to other entities		$0	$0
1.11	Loans repaid by other entities		$0	$0
1.12	Security Deposit Refund		-$1,324	-$1,324
	Net investing cash flows		**-$5,088**	**-$5,088**
1.13	Total operating and investing cashflows (carried forward)		**-$8,981**	**-$8,981**

+ See Chapter 19 for defined terms

APPENDIX 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

Buccaneer Energy Limited ABN: 63 125 670 733

Quarter ended ("current quarter") 30 September 2012

Consolidated statement of cash flows continued

		Current Quarter $A'000	Year to date (3 months) $A'000
1.13	Total operating and investing cashflows (carried forward)	**-$8,981**	**-$8,981**
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	$13,500	$13,500
1.15	Proceeds from sale of forfeited shares	$0	$0
1.16	Proceeds from Project Finance Facility / ACES Revolver	$13,095	$13,095
1.17	Repayment of borrowings	-$9,746	-$9,746
1.18	Dividends paid	$0	$0
1.19	Other - Share issue costs and Financing Fees	-$1,716	-$1,716
	Net financing cash flows	**$15,133**	**$15,133**
	Net increase (decrease) in cash held	$6,152	**$6,152**
1.20	Cash at beginning of quarter/year to date	$3,547	$3,547
1.21	Exchange rate adjustments to item 1.20	-$162	-$162
1.22	Cash at end of quarter	**$9,538**	**$9,538**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related parties

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	$264
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for understanding the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in which the reporting entity has an interest

+ See Chapter 19 for defined terms

APPENDIX 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

Buccaneer Energy Limited ABN: 63 125 670 733
Quarter ended ("current quarter") 30 September 2012

Financing facilities available

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities - Richmond Hill, LP		
	– ACES Revolver	$30,000	$7,087
	– Project Finance Facility	$20,000	$20,000
3.2	Credit standby arrangements	**Nil**	**Nil**

Estimated cash outflows for next quarter

4.1	Exploration and evaluation	-$8,000
4.2	Development	-$4,500
4.3	Production	$2,600
4.4	Administration	-$2,000
4.5	Operational Expenses	-$1,000
4.6	Royalties and Well Opex	-$570
4.7	Project Finance Funding	$3,000
4.8	ACES Receivables Financing	$7,500
	Total (Net Inflow)	**-$2,970**

Reconciliation of Cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	$9,538	$3,547
5.2	Deposits at call	$0	$0
5.3	Bank overdraft	$0	$0
	Total: Cash at end of quarter (item 1.22)	$9,538	$3,547

Changes in interests of mining tenements

		Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	–	–
6.2	Interests in mining tenements acquired or increased	–	–

+ See Chapter 19 for defined terms

APPENDIX 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

Buccaneer Energy Limited ABN: 63 125 670 733

Quarter ended ("current quarter") 30 September 2012

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates

		Total number	Number quoted	Issue price per security (cents) (see note 3)	Amount paid up per security (cents) (see note 3)
7.1	Preference Shares +	Nil			
7.2	Changes during the quarter				
	(a) Increases through issues				
	(b) Decreases through returns of capital, buybacks, redemptions				
7.3	+ Ordinary Securities	**1,321,445,371**	**1,321,445,371**		
7.4	Changes during the quarter				
	(a) Increases through issues	329,268,805	329,268,805	$0.041	$0.041
	(b) Decreases through returns of capital, buybacks, redemptions				
7.5	+ Convertible Debt Securities	Nil			
	- Performance Shares				
7.6	Changes during the quarter	Nil			
	(a) Increases through issues				
	(b) Decreases through returns of capital, buybacks, redemptions				
				Exercise Price	*Expiry Date*
7.7	Options				
	Options – Listed	177,731,313	177,731,313	$0.10	30-Nov-12
	Options – Macquarie Bank Limited	15,443,077	Nil	$0.11	02-Feb-13
	Options – SpringTree Special Opportunities, LP	12,000,000	Nil	$0.1325	22-Feb-13
	Options – Helmsec Global Capital	9,700,000	Nil	$0.10	15-Jul-16
	Options - NewOak Capital Markets	2,500,000	Nil	$0.10	22-Nov-13
	Options – ESOP	47,550,000	Nil	$0.10	30-Jun-13
	Options – ESOP	7,500,000	Nil	$0.11	30-Jun-16
	Listed	177,731,313			
	Unlisted	94,693,077			
7.8	Exercised during quarter	Nil	Nil	Nil	Nil
7.9	Issued during quarter	Nil	Nil		
7.10	Expired during quarter (Lapsed)	Nil	Nil		
7.11	Debentures	Nil			
7.12	Unsecured Notes	Nil	Nil		

+ See Chapter 19 for defined terms

COMPLIANCE STATEMENT

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2. This statement does give a true and fair view of the matters disclosed.

   Signed: Dean L Gallegos

   Date: 31 October 2012

NOTES

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3. **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid shares.

4. The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See Chapter 19 for defined terms

BUCCANEER ENERGY CORPORATE DIRECTORY

DIRECTORS

Alan Broome, AM – Non-Executive Director – Chairman
Curtis Burton – Managing Director
Dean Gallegos – Finance Director
Frank Culberson - Non-Executive Director

COMPANY SECRETARY

Bruce Burrell

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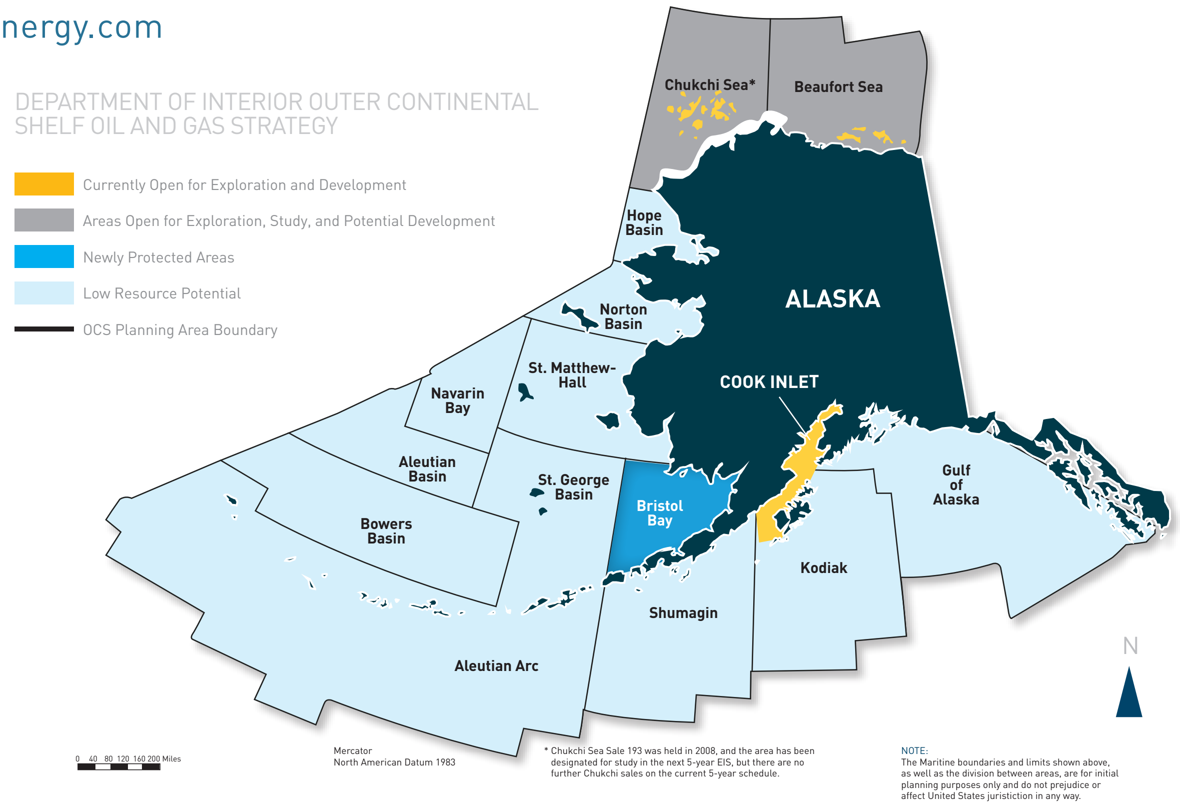

MAP OF ALASKA


ENDEAVOUR
SPIRIT OF INDEPENDENCE

BUCCANEER ENERGY