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COOK INLET, ALASKA – JACK-UP UPDATE

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to provide an update on the “Endeavour – Spirit of Independence” (“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.

As previously advised, since the Endeavour’s arrival in Homer in late August 2012, Buccaneer has been working with local contractors to complete various rig upgrades and repairs ahead of the final vessel inspection and certification. The Company is pleased to advise that work on rig is nearing completion and the Endeavour will soon be ready for operations.

The following is an update on the 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.** The parts required to address a manufacturer recall for the fast rescue craft, issued after the rescue craft was purchased and installed in Singapore, which have been approved by the US Coast Guard, have been shipped to location and will be installed in the next few days.
2. **General Alarm system.** The general alarm system, which had been certified in Singapore, but failed subsequent testing on arrival in Homer, has been updated and the system is now operational; 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. Repairs are pending awaiting delivery of parts.

Buccaneer believes that the Cook Inlet basin remains one of the most underdeveloped hydrocarbon basins in North America, and in the coming years the Endeavour will play a significant role in developing that potential.

The Endeavour will not only play a key role in revitalizing Cook Inlet exploration and development, but with this recent upgrades and refitting, the Endeavour is now suitable to support exploration and development operations in Arctic waters such as the Chukchi Sea off the North Slope of Alaska.

Drilling Schedule

The Company has applied to the Alaska Oil and Gas Conservation Commission (“AOGCC”) for a gas only determination for the Cosmopolitan (“Cosmo”) project. If granted this will allow the Company to spud a well at Cosmo and drill through the shallow gas zone prior to deepening the well into the deeper oil zone on approval of a revised C-Plan, also called an oil spill plan.

The revised C-Plan is for an oil spill response plan that is capable of containing an 800 BOPD spill. The Company already has an approved C-Plan for its Southern Cross and North West Cook Inlet projects for a containment of a 5,500 BOPD oil spill.

If the gas only determination is granted by the AOGCC the Endeavour will move onto the Cosmo location on the granting of a surface rights use permit by the Department of Natural Resources ("DNR"). The earliest time that the surface rights use permit can be granted is the first week of December 2012.

If the AOGCC does not grant a gas only determination for Cosmo a decision will be made either to dock the Endeavour at the deep water port at Homer or at another location until the revised C-Plan is approved and a well can be drilled at Cosmo through to the deeper oil zone. The approval of the revised C-Plan is subject to a public hearing process that is anticipated to last until mid January 2013.

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 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.

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.

¹ The Gas to Oil conversion ratio has been amended from 8:1 to 6:1 to align with accepted industry reporting standards.