



ASX RELEASE – 14 MAY 2013

COSMOPOLITAN # 1 WELL SPUDS

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to advise that the Alaskan Oil and Gas Conservation Commission (“AOGCC”) has inspected and certified the Endeavour jack-up rig for operations within Alaskan state waters, this was the final certification required for the Endeavour to be able to commence drilling operations.

The Cosmo # 1 well spud at approximately midday EST on 13 May 2013 (Sydney) and is currently at 600’ drilling ahead.

The Company will provide weekly drilling updates commencing on Tuesday 21 May 2013.

The Cosmopolitan Project (“Cosmo”) is located in 80’ feet of water approximately 30 miles to the north west of Homer. Cosmo is jointly owned with privately owned Fort Worth, Texas based BlueCrest Energy II, LP (“BlueCrest”) owning a 75% working interest and Buccaneer a 25% working interest, with Buccaneer as the Operator for the project.

Cosmo # 1 Well Plan

The Cosmo # 1 well is a vertical well that has a targeted Total Vertical Depth of 8,000’ (“TVD”), the well is anticipated to take approximately 45 days to drill and test.

Surface casing will be set at 800’ after which the well will be drilled to the top of the Tyonek Formation (“Tyonek”) at 2,000’ where casing will again be set. The first gas Tyonek gas zone should be intersected at approximately 2,150’ with multiple gas zones anticipated intersected to 6,000’.

Casing will be set at approximately 6,000’ before drilling through the proven oil bearing Starichkof and Hemlock Formations, and will reached the target depth of 8,000’ after drilling the prospective West Foreland Formation. The current plan is to take oil cores to augment the reservoir data to further optimize the future oil plan of development. At this stage it is not planned to flow test the oil formations.

On completion of drilling and logging operations the well will be plugged back to the bottom of the Tyonek gas formation. Gas zones within the Tyonek Formation that are identified as potentially commercial through drilling and logging will then be perforated and flow tested. If successfully tested the well will be temporary abandoned as a future gas producer.

Historical Technical Appraisal and Drilling

The Cosmopolitan oil accumulation was initially discovered by Pennzoil by exploration drilling in 1967.

- Oil reservoirs are the Oligocene Lower Tyonek (Starichkof sands);
- Reservoirs are non-marine sandstones with 750’ of vertical oil column;
- Oil gravity is 24-27 degrees API; and
- Pioneer estimated OOIP at 360 MMBO;

An offset well (Starichkof State Unit #1) was drilled by Pennzoil in 1967 to the northeast of the discovery well:

- Well was low on the structure and wet in the oil zones;
- Several cores in the shallower Tyonek Formation revealed excellent rock properties with porosities >20% and permeability of 100 - 1000 md;
- Conventional core was taken in the Lower Tyonek Starichkof Formation with average porosity >14% and average permeability > 36 md; and
- Gas cut mud was tested from Tyonek intervals suggesting possible gas higher on structure.

The accumulation was tested again by Arco in 2001:

- Hansen #1 well was drilled from onshore with long reach and found oil in the Starichkof and Hemlock sands;
- 2 Drill Stem Tests ("DST") in the Starichkof sands tested at 200-300 BOPD; and
- Follow up DST's in 2002 found Hemlock sands oil which tested at 300 BOPD and a subsequent Starichkof test of 125 BOPD.

The accumulation was tested again by ConocoPhillips who acquired Arco assets in 2003:

- Hansen #1A was sidetracked out of the original Hansen #1 with a long reach well drilled from onshore;
- DST in the Starichkof/Hemlock intervals tested at rates up to 1000 BOPD; and
- Extended production test stabilized at 550 BOPD.

Pioneer acquired a 40 square mile 3D survey covering the structure in 2005 and obtained a 100% ownership position in 2007

Additional drilling occurred by Pioneer in 2010:

- Hansen #1A-L1 was drilled as a long lateral out of the #1A sidetrack;
- The #1A-L1 is a horizontal well drilled within the Starichkof interval;
- An extended production test was conducted after drilling and stimulation (frac); and
- Results were a cumulative 33,504 BO produced with no water at 250 BOPD + 1 MMcfg/day additional to the Hansen #1A extended production test of 550 BOPD.

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.buccaneerenergy.com.

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 31 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.

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 MMBOE 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 two wells onshore Kenai Loop both of which are in production at a combined rate of 10.0 MMCFD (1,666 BOEPD), the Company expects this to increase to 11 - 12 MMCFD (1,833 – 2,000 BOEPD) if a third gas sales contract can be finalised in the coming months.

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.