



ASX RELEASE – 18 JANUARY 2010

LEE COUNTY PROJECT – DRILLING UPDATE

HIGHLIGHTS

- **Oil and gas shows with fluorescence and cut in the Lower Austin Chalk, Eagleford and Buda Formations;**
- **Interpretation indicates the well is 20 feet structurally high to the Vick # 1 well drilled in 1947.**

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to provide the following operational update.

The well is currently at 6165 feet and will be drilled to a total depth of 6250 feet. Drilling operations have been delayed over the last 4 days due to a series of mechanical failures that have now been repaired. The coiled tubing unit is currently drilling ahead and is expected to be at total depth in the next 6 hours.

The Lower Austin Chalk, Eagleford and Buda Formations are the expected pay zones for this well and the presence of hydrocarbons (oil and gas) with associated fluorescence and mud cut is a positive development.

Once the well has reached total depth it is intended to log the well. The results will then be assessed, combined with an analysis of mud logs / cuttings and consultation with specialised external consultants, prior to making a decision on the completion phase of operations.

Options being considered after logging are drilling short laterals, drilling a horizontal leg in the best show, and/or stimulating production by hydraulic fracturing.

The participants in the Lee County project are as follows:

Participant	Working Interest
Buccaneer Resources*	52.50%
Sandstone Energy	38.75%
Megashine International Ltd	8.75%

* A wholly owned subsidiary of Buccaneer Energy Limited

For further information please contact Dean Gallegos on 0416 220 007 or 02 9233 2520, alternatively visit the Company’s website at www.buccenergy.com.



Yours faithfully
BUCCANEER ENERGY LIMITED

A handwritten signature in black ink, appearing to read 'Dean Gallegos', with a small dot at the end.

Mr Dean Gallegos
Director

About Buccaneer:

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.

