

Corporate

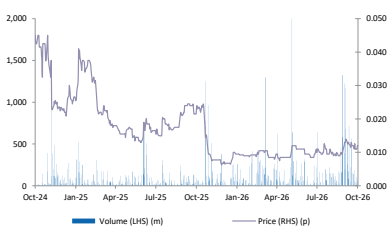
Current price **0.011p**

Sector **Oil & Gas**

Code **BUCE.L**

Listing **AIM**

Share Performance



% Change	1m	3m	12m
— BUCE.L	-15.4	+0.0	-53.2

Source: Thomson Reuters, Allenby Capital

Share Data

Market Cap (£m) **2.55**

Shares in issue (bn) **23.17**

52 weeks (p)	High	Low
	0.024	0.006

Financial year end **31 December**

Source: Company Data, Allenby Capital

Key Shareholders

Premier Miton Group	17.53%
Peel Hunt LLP	7.70%
AJ Bell Securities Ltd	7.25%
Interactive Investor Services	7.06%
Halifax Share Dealing	6.23%

Source: Company Data, Allenby Capital

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Buccaneer Energy plc (BUCE.L)

East Texas E&P play diversifies into European gas

Buccaneer is one of a select few AIM-listed E&P plays with US production. Operations are focused on the East Texas Basin, historically the second largest source of petroleum in the Lower 48 states. Over the past two years, operations have been made more productive and cost effective while this year's surge in oil prices has provided a major boost to profitability. Near-term, Buccaneer is a play on its waterflood and novel microbial organic oil recovery programmes coming on-stream in the core Pine Mills/Fouke fields. Production should increase significantly in the coming months. The East Texas Oilfield is mature but still offers development potential, albeit modest. Longer term, Buccaneer is a play on its recently announced European onshore gas strategy. Initially, we believe the focus is likely to be Italy. Trading on an enterprise value of £6.2m the stock is modestly valued relative to reserves prospectively of over 1mm barrels.

- **East Texas Field:** Buccaneer's East Texas operations lie 101 miles east of Dallas and contain the 100% owned Pine Mills and >50% Fouke area fields. The fields contain four potential production intervals typical of the wider East Texas Field. Reservoirs are characterised by high porosity and permeability and produce high-quality oil.
- **Reserves and production:** Proved reserves relate to Pine Mills and stand at 0.77mm barrels net. We believe an update is underway relating to the Fouke-Carlisle area which could lift reserves to over 1.0mm barrels. Production has been depressed by weather-related and technical challenges in 2025/2026 but in recent months it has gathered momentum and is now running at over 100 b/d. After 66 b/d in 2025, we look for production averaging 94 b/d in 2026 and 135 b/d in 2027.
- **Why European gas?** The European gas strategy reflects Buccaneer's view that major natural gas development opportunities are likely to arise in the coming years. This is a function of three key factors: a potentially tight supply/demand balance given the cessation of Gazprom supplies, an attractive pricing backdrop underpinned by the international LNG market and the EU's objective to achieve greater self-sufficiency in energy. The move into gas is being led by the Chairman and the European Technical Director, both of whom are experienced in hydrocarbons exploration/development.
- **Financials:** Buccaneer's recently reported 2026 interim statement reflected a strengthening performance compared with a challenging 2025. We see performance continuing to strengthen in H2 2026 and in 2027 driven by volume gains. The balance sheet is underpinned by a US\$4.5m credit facility from WAFD, a prominent US regional bank. We believe WAFD is supportive of Buccaneer's strategy.
- **Valuation:** Our Buccaneer valuation on an enterprise value basis is US\$10.58m or £7.98m. After deducting debt of US\$4.5m the equity portion of the valuation is US\$6.08m or £4.59m. This translates into 0.0198p/share, a premium of c. 80% to the early October 2026 price. The EV reflects US\$10.4/barrel based on actual and prospective reserves of 1.02mm barrels. Compared with large capitalisation US E&Ps, the valuation/barrel reflects a discount of ~40% based on our universe.

Year End: 31 December

(US\$'000)	2023	2024	2025	2026E	2027E
Revenue	2,816	2,038	1,514	3,080	3,942
EBITDA	(491)	(419)	(1,125)	270	723
Net cash/(debt)	(4,403)	(4,190)	(4,130)	(3,987)	(4,534)

Source: Company; Allenby Capital. Allenby Capital acts as Nomad & Joint Broker to Buccaneer Energy plc (BUCE.L).

Please refer to the last page of this communication for all required disclosures and risk warnings.

Contents

Investment thesis	3
Business profile and background	4
Directors, management and shareholders	6
East Texas Basin regional geology and production	8
Review of operations	10
European onshore gas project	15
Financials	16
Risks and challenges	21
Share price performance and valuation	22
Disclaimer	24

Investment thesis

Step-change in profitability due to performance enhancement programme and a surge in WTI: Buccaneer, with its core operations in the East Texas Basin, has undergone a major performance enhancement programme over the past two years. Production capacity has been increased with the reinstatement of shut-in wells and the Carlisle-1 well acquisition while the cost base has been overhauled. Structural measures taken to improve the cost base have coincided with a surge in WTI commodity prices. The upshot is a potential step-change in underlying profitability.

Buccaneer should be comfortably profitable H2 2026-----: Reflecting the changeover in the method of artificial lift which depressed volume, the improvement in performance was less robust than expected in H1 2026, bearing in mind the bullish WTI price backdrop. The 2026 interim report, however, suggests that production has been firming in recent months and should receive a further boost later in Q4 2026 as the Fouke waterflood comes on-stream. This, together with still historically elevated commodity prices, should conspire in a powerful increase in profitability. We expect to see Buccaneer comfortably profitable at the EBITDA level in H2 2026.

-----with the trend continuing to strengthen in 2027: The upward trend in EBITDA should continue in 2027 assuming commodity prices trend broadly in line with the WTI forward curve. We, in fact, take an optimistic view of the WTI price outlook in 2027. This is partly due to the challenges surrounding the US and Iran reaching a lasting agreement concerning Hormuz and more particularly over the nuclear issue. In addition, oil inventories are distinctly marginal presently. This could result in a scramble for supplies once production and export shipments return to normal in the Middle East. It is also entirely plausible that hostilities will continue in 2027 between Russia and Ukraine thereby constraining the former's export shipments.

Near-term play on Fouke waterflood boosting production and WTI remaining above perhaps US\$80/barrel: Near-term, we see Buccaneer very much as a play on the Fouke waterflood boosting volume as expected and WTI remaining above perhaps US\$80/barrel. As far as valuation is concerned, we note that the stock has trended higher in recent months. The valuation, however, even on an enterprise basis, remains undemanding in relation to actual and prospective reserves and the potential for a strong upturn in EBITDA. Buccaneer is currently trading on an EV of £6.19m or US\$8.20m (market capitalisation US\$3.7m plus debt of US\$4.5m). This is equivalent to US\$8.0/barrel which reflects a discount of 50% or more to large capitalisation US-based E&P plays.

Equity portion of our EV valuation is 0.0198p/share, around 80% higher than early October price: Our Buccaneer EV of US\$10.58m reflects US\$10.4/barrel and actual and prospective reserves of 1.02m barrel with the latter including allowance for a likely uplift in the coming months. The valuation coefficient of US\$10.4/barrel represents a discount of 30% to 50% to large capitalisation mid-tier US E&P plays. A sizeable discount is required to take into account major variances in scale of operations and reserves, profitability, development potential, position on the cost curve and track record. The equity portion of the valuation is US\$6.09m or £4.59m (EV-debt), equivalent to 0.0198p/share or about 80% above early October price levels.

Valuation takes no account of European onshore gas strategy: The above takes no account of the Europe onshore gas strategy. We believe that implementation is still at an embryonic stage that makes ascribing value impossible. In the coming months, however, as more information surfaces concerning projects and the licensing process the situation could change.

Business profile and background

Current focus East Texas Oilfield: Buccaneer Energy plc, an oil and gas junior, is presently focused on production in the iconic and prolific East Texas Basin situated in the northeast of the state. A forerunner of the company was Nostra Terra Oil and Gas Co plc (NTOG) that was listed on AIM in July 2007. This followed the acquisition of Nostra Terra (Overseas) Ltd, which at the time had hydrocarbons licence interests in Ukraine, held by a London-based investment company LHP Investments.

Pine Mills assets acquired in 2016: During the 2010s, NTOG acquired petroleum interests in Texas. These included mature producing assets in the Permian Basin in the west of the state and Pine Mills in the East Texas Oilfield in November 2016. In October 2015, NTOG also acquired an interest in the East Ghazalat concession in Egypt. Nostra Terra exited the concession in 2020 resulting in the company being focused purely on the US. These developments occurred before the appointment of the current management.

Performance enhancement programme-----: Since 2023, the strategic thrust of NTOG/Buccaneer has been very much until recently at least on improving the operational and financial performance of the core assets in the East Texas Basin and seeking new development opportunities in the same location. The ultimate aims have been boosting underlying cash flow and increasing the reserve base. Key aspects of the performance improvement campaign have been as follows:

- A transformative programme of workovers
- The reinstatement of idled wells
- Participation in a major waterflood programme
- Acquisition of the Carlisle-1 well
- Initiation of an innovative Organic Oil Recovery project in the northern part of the Pine Mills operations
- Downsizing interests in the Permian Basin through disposals

-----**partly offset by exceptional events in 2025 and 2026:** The measures were partly offset by extreme weather conditions in late Q1 and early Q2 2025 and generally in 2025 and 2026 by depressed commodity prices and well shut-ins. As a consequence, production was depressed. Post Q1 2026, there were signs of strengthening margins with surging WTI prices playing a key part.

Name change from Nostra Terra to Buccaneer in June 2025: In June 2025, the company name was changed from Nostra Terra Oil and Gas to Buccaneer Energy plc with a ticker symbol BUCE:AIM. The change reflected the appointment of new management under the leadership of an experienced oilman, Paul Welch. This followed the resignation of longstanding CEO Matt Lofgram in May 2024 and the strategic focus on the East Texas Basin operations.

A new strategic focus on European natural gas.

Buccaneer announced a new strategic focus in August 2026 based on onshore European natural gas exploration and development. An investigation has been made of potential natural gas development opportunities in Europe. We believe Italy is the favoured location. The initial plan is to establish three projects with a combined P50 resource potential of approximately 250 bcf (42mm boe) valued at c. US\$500m. Buccaneer has stated that its three to five-year objective is to create a mid-sized E&P concern with production of c. 5,000 boe/d.

Buccaneer's European gas strategy is considered by the company as opportune given several factors. These include the following:

- **Tight gas supply/demand relationship in Europe:** A tight gas supply/demand relationship exists in Europe following the cessation of pipeline gas supply from Russia in the wake of the Russia-Ukraine war and the imposition of Western sanctions. The tight supply backdrop would appear unlikely to change in the medium term given the severing of Gazprom pipeline connections, the apparently permanent rift in diplomatic relations between Russia and Europe and the absence of readily available alternative pipeline supplies in Western Europe. There is little spare pipeline capacity between Equinor's existing fields in the Norwegian Sea and Europe while depletion will probably become increasingly apparent post 2030 in the absence of major discoveries.

The southern North Sea Basin is very mature with resources rapidly depleting. Southern Europe, including Turkey, may be able to access more gas from North Africa and Kazakhstan/Azerbaijan but this will require heavy pipeline investment. The upshot is that Western Europe is likely to be heavily dependent on expensive LNG supplies for the foreseeable future.

- **Elevated European gas prices supportive of development activity:** A European regional gas pricing backdrop that is likely to be highly supportive of onshore natural gas development over an extended period. This reflects the tight supply/demand relationship in Europe for pipeline gas and the likely dependence on high-cost LNG imports. Taking the Dutch TTF, the key European gas benchmark, currently stands at c. US\$25/mm Btu. This is broadly equivalent to international LNG prices and about 8x the Henry Hub US benchmark. It is also equivalent to a sizeable US\$150/boe based on a 1 boe=6.0/mmBtu conversion factor.
- **Increasing emphasis in Europe on energy supply resilience:** European governments and indeed the European Union are seeking greater resilience in the energy supply network. The cessation of Gazprom pipeline supply, post the commencement Russia-Ukraine war, and the disruption to LNG shipments from the Middle East in 2026 have proved to be seminal events. Accordingly, government energy policy is tending to be liberalised in a quest for greater domestic production.

Directors, management and shareholders

Dallas operational headquarters: Buccaneer's operational headquarters is in Dallas, Texas approximately 101 miles west of the company's core asset, the Pine Mills oilfield. The headquarters office is leased. Based on the 2025 Annual Report, the headcount is only three. Key functions including Accounting and Operations are outsourced. Significantly, the small of Board of three Directors is highly qualified technically and furthermore is experienced in petroleum industry operations.

Management and directors own 5.7% of the stock: Comfortably the largest shareholder is the fund manager Premier Miton Group PLC with a holding of 17.5%, post the August 2026 equity raise. Currently, management and directors own about 5.7% of the shares outstanding. Biographies for the Board members and the newly appointed European Technical Team Director are given below:

Non-Executive Chairman; Dr Stephen Staley:

Dr Staley, a geologist and geophysicist, has been Non-Executive Chairman of Nostra Terra/Buccaneer since March 2020. He has over 40 years of management, technical and commercial experience in the junior E&P and Big oil sectors. In terms of the latter, he has worked for Conoco and BP. On the junior front, Dr Staley has founded and led several London-listed companies. These have included Upland Resources, where he was the co-founder and CEO. He is a non-executive director of AIM and ASX listed 88 Energy Ltd. Dr Staley has also been a non-executive director and consultant to Cove Energy which discovered over 50 tcf of gas offshore Mozambique during his tenure.

Dr Staley has led Buccaneer's European gas strategy and is a director of Orion Resources Ltd, a UK-based hydrocarbons and geological consultancy. This is supporting Buccaneer in the European endeavour. Dr Staley holds a BSc (Hons) in geophysics from Edinburgh University, a PhD in petroleum geology from Sheffield University and an MBA from Warwick University.

CEO; Paul Welch:

Paul Welch was appointed CEO in May 2024, having previously been a non-executive director. He is a highly experienced oilman with more than 35 years in the petroleum industry. His early experience was with Shell where he spent 15 years. Subsequently, Paul Welch served in technical roles at Hunt Oil and Pioneer Resources which was acquired by ExxonMobil in 2024. Hunt has been the dominant player in the East Texas Oilfield historically. Pioneer was one of the largest producers of unconventional oil and gas from tight reservoir formations in the Midland sector of the Permian Basin.

In recent years, Paul Welch has been active in the junior sector. In addition to his Buccaneer involvement, he has been CEO of AIM-listed Chariot Oil and SDX Energy. Paul Welch holds a BSc and a MSc in Petroleum from the Colorado School of Mines and an MBA in Finance from the Southern Methodist University (SMU), Dallas.

Non-Executive Director; Jim F Newman

Jim Newman, a petroleum engineer by background, was appointed as a Buccaneer Non-Executive Director in June 2024. He has more than 35 years' experience in the petroleum industry primarily in the oilfield services sector. He started his career at Triple N Services which subsequently was sold to Fort Worth-based Basic Energy Services LP. Here he served in various positions for 13 years. His last was Executive Vice President of Operations until he stepped down in 2021. Jim Newman is the Managing Partner of Clean Rig Power and Dos Hermanos International and the CEO of Aquafortus. He has a bachelor's degree in petroleum engineering from the Colorado School Mines and is a registered Professional Engineer in Texas.

European Technical Team Director; Roberto Bencini

Roberto Bencini, an Italian national, is an internationally recognised petroleum geologist. He has recently been appointed European Technical Director and has more than 40 years' international experience in the energy sector. His early experience was with Gulf Oil (now part of Chevron). This was followed by employment with ENI-Lasmo and Independent Resources Group. Between 1989 and 2017 he was instrumental in several major discoveries. These included the Tempa Rossa field in southern Italy, the Torrente Baganza gas field in northern Italy and the Ribolla CBM (Coal Bed Methane) play in central Italy.

Roberto has proven leadership and deep expertise in petroleum geology, exploration strategy, subsurface evaluation and resource development. Along with Dr Staley, he co-founded Orion Resources Ltd, a hydrocarbons and geological consultancy. Orion has a multi-disciplinary team of highly experienced geoscientists which will have a critical role in implementing Buccaneer's natural gas development programme in Italy and elsewhere in Europe.

East Texas Basin regional geology and production

Geological evolution of the basin

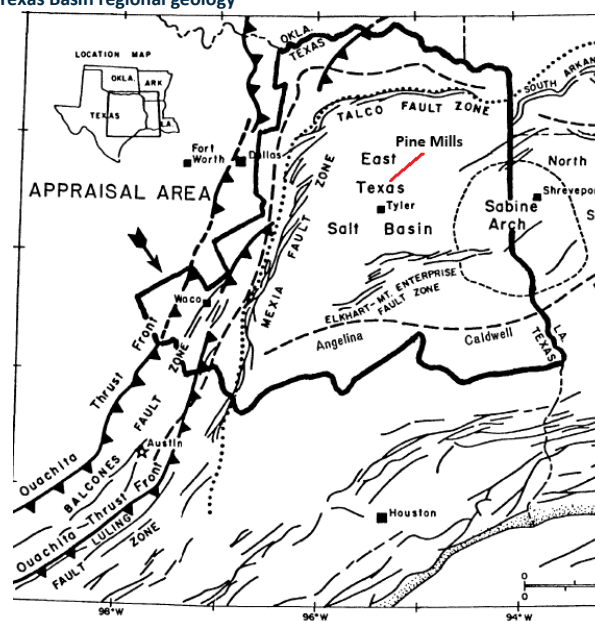
Second largest source of petroleum in the Lower 48: The East Texas Basin is located in northeast Texas and hosts the East Texas Oilfield. Since its discovery in 1930 production in East Texas has been about 5.5 bn barrels which ranks as the second largest source of petroleum historically in the Lower 48 states. Comfortably the largest source cumulatively is the Permian Basin in its various manifestations in western Texas and southeastern New Mexico.

Basin formed by Late Jurassic rifting: The evolution of the East Texas Basin began with rifting in the Late Jurassic (150 Ma) period related to the opening of the Atlantic Ocean and Gulf of Mexico. The structure of the Basin was established at this time. Marine sedimentation occurred during the Early Cretaceous (130 Ma) associated with the incursion of a shallow sea.

Late Cretaceous Sabine Arch uplift provided a source of high-quality reservoir sands: A major event in the evolution of the East Texas Basin was the formation of the Sabine Arch, a substantial anticlinal structure resulting from renewed tectonic activity during the Late Cretaceous (90 Ma) and Eocene. The Sabine Arch established new trapping and migration systems relatively close to the surface and a source of high-quality fluvial and deltaic sands which form the basis of the Woodbine formation. This is the principal petroleum reservoir in the East Texas Basin. Wells drilled along the course of the Arch proved prolific during the 1930s.

Stratigraphical controlled petroleum system based on the Woodbine reservoir and Austin Chalk seal: The East Texas Oilfield is a good example of one largely based on a stratigraphically controlled petroleum system rather than on structural traps such as faults and anticlines. The primary East Texas trapping system features the Woodbine reservoir and the overlying Austin Chalk seal. The latter is an extremely thick (300-500 ft) impermeable carbonate interval deposited in the Late Cretaceous. The hydrocarbon source rock for the East Texas Oilfield is typically Manassess shale which is an organic-rich mudstone found in the Lower Eagle Ford shale interval.

Exhibit 1: East Texas Basin regional geology



Source: USGS

What makes the East Texas Oilfield interesting

Large OOIP and high recovery rate: The East Texas Oilfield can be described as a mature giant field. Industry sources suggest oil-originally-in-place (OOIP) of >8bn barrels. Significantly, based on the cumulative production at c. 5.5 bn barrels the recovery rate has been unusually high at approaching 70%. The original discovery in 1930 based on the Daisy Bradford No 3 well was followed by intensive wildcatting activity which resulted in peak production rates of 500,000 b/d in the early 1930s.

Largest US source of petroleum between discovery in 1930 and 1950s: The East Texas Oilfield remained the largest source of petroleum during the 1940s and probably the 1950s. Production rates, however, tended to dip reflecting lower development activity and regulatory measures through reservoir management aimed at curbing rapid depletion and enhancing recovery rates. This encouraged the consolidation of operations, which facilitated the application of the secondary recovery technique of water flooding. Since inception, water flooding has been widely applied in the East Texas Oilfield and is a key reason for high recovery rates.

Production now about 5,000 b/d: Based on industry estimates, East Texas Oilfield production is running at about 5,000 b/d with the wider Basin somewhat higher. Inevitably depletion has taken hold after >90 years of operation. The remaining development potential of the field is put at about 100m-200m barrels recoverable. Opportunities are believed to exist by sweeping untapped zones in the Woodbine reservoir using waterflooding, applying tertiary techniques notably through CO₂ injection and tapping deeper reservoirs such as the Early Cretaceous Paluxy formation. In terms of untapped zones prospective areas could be on the periphery of the field. This has been less intensively drilled than the central area close to the Sabine Arch.

Competitive production economics reflected highly favourable geology: Historically, East Texas Oilfield production economics have been competitive reflecting the highly favourable geological backdrop. Key factors in this context are a relatively shallow Woodbine reservoir depth at about 3,500 ft, continuity of reservoirs, a powerful water drive from the Woodbine aquifer and above average porosity (ability to hold hydrocarbons) and permeability (ability to flow) reservoir sands. Generally, porosity is around 25% while permeability is above 1,100 millidarcies and on occasion is >2,000 millidarcies. The oil produced is medium grade with an API of c. 22°. It also has low levels of waxy paraffin and is highly suited to producing gasoline. The gas: oil ratio is low, so operations are not unduly complicated by the need for separation facilities or flaring.

Conveniently located for Gulf Coast refineries: Extraction in the field has been primarily with vertical wells reflecting the excellent reservoir permeability characteristics. This contrasts with the Permian where production is almost entirely with horizontal wells. Logistically the East Texas Oilfield and the wider Basin is conveniently located vis-à-vis the refining centres of the Gulf Coast. The distance to the Houston metropolitan area is about 200 miles.

Hunt Oil historically the leading producer: Historically, Dallas-based and privately owned Hunt Oil has probably been the leading producer in the East Texas Oilfield. Currently, the key operators in the field and the wider Basin are privately owned juniors.

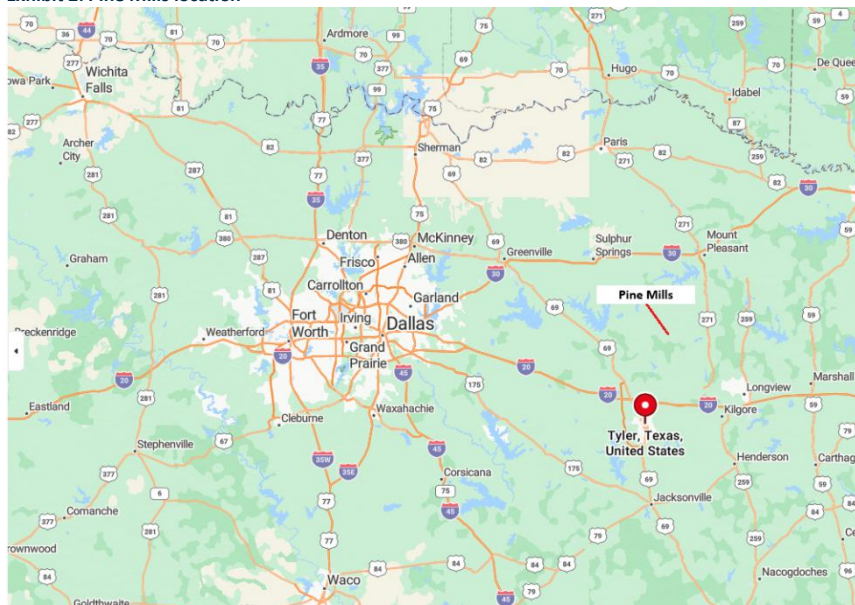
Review of operations

Pine Mills and Fouke

Location

Pine Mills and Fouke are Buccaneer's core operations 101 miles east of Dallas: Pine Mills and the adjacent Fouke area including the Carlisle 1 well, constitute the core of Buccaneer's operations. The two sites are located in the heart of the East Texas Basin about 101 miles east of Dallas in Wood County, Texas. They can be easily accessed from Dallas by Interstate Highway I-20 which traverses the East Texas Oilfield. Pine Mills lies about 45 miles northwest of the historic East Texas Oilfield operational hub of Kilgore.

Exhibit 2: Pine Mills location



Source: Google Maps

Licence and field description

Pine Mills 100% WI, royalty interest 23%: Buccaneer has a 100% working interest in the Pine Mills lease and the 2,400-acre field. Landowner royalty interests are ~23%, which is broadly in line with elsewhere in Texas. The lease is held by production. Operations are mature with the original discovery made in October 1949. The field trends north to south and is based on a faulted west dipping anticline. It extends over 3.7 miles north to south and is 0.6 miles wide. Oil is produced from 17 Pine Mills vertical wells. Assets also include five storage tanks and a service rig. Significantly, power for the site is obtained from the grid. We understand power costs are internationally competitive, as elsewhere in Texas. Given the absence of a gen-set, diesel and gasoline exposure is largely if not entirely related to site transportation and goods inward deliveries.

OOIP 38.1 mm barrels: Pine Mills has four potential reservoir intervals which are typical for East Texas. Oil originally in place (OOIP) is 38.14 mm barrels split as follows by formation:

- Sub-Clarksville 95 mm, part of the Eagle Ford formation
- Woodbine sandstone 25mm, by-passed pay potential
- Woodbine Waggoner 44mm potential development opportunities

- Paluxy 50mm, the deepest formation but not currently producing

High-quality reservoir characteristics, light oil and moderate decline rate: Formation depths range between 4,535 ft and 5,365 ft. At 5,400 ft the Woodbine formation is somewhat deeper than reported elsewhere in the East Texas Basin. Porosity and permeability at 24% and 1,100 md, points to a high-quality reservoir. The oil produced is medium grade and has an API gravity of 22° (WTI ~40°API), similar to that found elsewhere in the East Texas Basin. Significantly, the decline rate at Pine Mills is moderate at 3%-5% pa. Oil is trucked off the site by a midstream off taker for shipment to a regional storage facility. Sales are made unhedged using the WTI pricing benchmark. Realisations reflect a discount to WTI of US\$3-4/barrel which allows for a lower grade, transportation and the off-taker's fee.

Reserves and production

Proved reserves 0.77mm barrels: Buccaneer gives the cumulative production to end 2025 as 12.58mm barrels which equates to 33% of the oil originally in place. Production of a further 6.49mm barrels is contemplated by the company assuming a recovery rate of 50% which we believe is plausible in an East Texas Oilfield context. Buccaneer has reported corporate proved reserves of 0.77mm barrels the vast bulk of which relate to Pine Mills. Based on current production of c.100 b/d proved reserves would be equivalent to 21 years. Currently, production equates to 6 b/d per operating well which we believe is typical for wells in East Texas.

Organic oilfield recovery

Positive results from organic oilfield recovery programme: Buccaneer commenced a pilot organic oilfield recovery (OOR) programme in late 2025 in the northern Pine Mills area with positive results. OOR is a novel tertiary recovery process that enables the water-cut (the water: oil ratio) to be reduced and oil recovery rates to be increased. The process works by a nutrient solution (the secret sauce) being injected into the well to stimulate the growth of indigenous microbes. Specifically, as the nutrient depletes the microbes migrate in search of a new food source. During this process, concentrations of oil are broken down into micro-droplets which enhances flow to producing wells, thereby boosting the recovery rate.

OOR is potentially useful in releasing bypassed and trapped oil. In addition to enhancing recovery, OOR also potentially lowers unit costs by boosting output and lessening the need for water removal, the second largest cost category at Pine Mills. The application of OOR has the virtue of not requiring major capital expenditure.

Microbial OOR technology widely tested: OOR technology has been widely tested in the petroleum industry over the past 20 years or so with encouraging results. Buccaneer's microbial OOR technology has been provided by London-based Hunting plc (HTG.L). Indicative of the effectiveness of the technology at Pine Mills was the reduction in water cut from 90% to virtually water-free production, according to Buccaneer. Significantly, Buccaneer has indicated that it intends expanding its OOR programme across Pine Mills in progressive stages. Potentially the company is looking for a 20-30% increase in production which would imply 25-45 b/d. An upgrade to reserves is also possible.

Fouke Waterflood

Fouke WI >50%: The Fouke property lies immediately to the west of Pine Mills. Buccaneer's working interest is >50% following the acquisition in January 2026 of the Carlisle 1 well in the south of the property. Its working interest in the well is 100%.

Fouke waterflood scheduled to come on-stream in Q4 2026: A Fouke waterflood programme was initiated in early 2026 and is scheduled to come fully on-stream during Q4 2026. As noted previously, waterflooding is widely applied in the East Texas Field and is a well-established secondary recovery technology in mature fields. It is based on

injecting water into the reservoir to maintain pressure and in doing so drives oil towards production wells, thereby boosting recovery rates.

Fouke reserves/resources and production

Waterflood should boost reserves: Buccaneer reports that the remaining primary reserves for Fouke are modest at 27,900 barrels. The waterflood, however, is expected by the company to add 178,400 barrels so the resource base is probably around 206,000 barrels. This excludes the Carlisle 1 well. Earlier this year, Buccaneer has reported that based on a third party estimate the well has reserves of 51,000 barrels gross and 38,400 barrels net. Assuming the application of waterflooding, the company believes that reserves could potentially be 256,000 barrels. The total resource base for Fouke could therefore be approaching 500,000 barrels.

The Fouke operations as of late September 2026 were producing around 25 b/d reflecting the contribution from 100% owned Carlisle 1. Following the planned start-up of the Fouke waterflood, production could be around 50 b/d net. This would take Fouke production to 75 b/d including Carlisle 1. The waterflood programme should restrain depletion.

Work programme

Relatively low-cost workovers and well reinstatements: The work programme over the past three years has focused on relatively low-cost workovers and the reinstatement of idled wells at Pine Mills, the pilot OOR project also at Pine Mills and the waterflood project at Fouke. The initiatives were aimed at boosting near-term output.

Failed Allar-1 well could be revisited with a side-track: Buccaneer drilled the Allar 1 development well in late 2025 looking to extend the Fouke area pay sections to the north. Although the sand sequence was encountered in the 2nd Sub-Clarksville interval at 5,616 ft, the accumulation was deemed uncommercial as it was drilled too close to the bounding fault. Only 2 ft of reservoir section was encountered. Subsequently, acreage was acquired to the west of the fault. Buccaneer has suggested that an Allar side-track well to the west could be drilled in the future. Interestingly, the original Allar 1 well was targeting resources of > 300,000 barrels, potentially a highly significant resource for the company.

Infill drilling is a possibility: Buccaneer could possibly pursue infill drilling opportunities to access by-passed oil or trapped oil accumulations on its East Texas leases. The acquisition of new leases or joint-venture development activity is also a possibility, although Buccaneer has mentioned high valuations in the current elevated commodity price environment as being a drawback.

West and South Texas

Buccaneer has two legacy assets in west and south Texas. These are as follows:

- The Grant Area in Mitchell County West Texas where Buccaneer has a 53% working interest. Geologically, Grant is towards the eastern flank of the Midland Basin and lies between the petroleum industry hub city of Midland and Abilene. Production at Grant is modest at <10 b/d.
- The Caballos Creek asset in Atascosa County South Texas where Buccaneer has a 100% working interest in two leases. Geologically, Caballos lies to the north of the Eagle Ford shale production area. Buccaneer reported Caballos producing intermittently in 2025 with an average of only 1 b/d. The operation has experienced significant technical challenges and is for sale.

Corporate production

Historical trend

Production between 66 b/d and 121 b/d: Between 2018 and 2025 Buccaneer's production from all sources averaged 93 b/d net with a range between 66 b/d and 121 b/d net of royalties. The low occurred in 2025 when production was severely impacted by flooding resulting from a succession of storms in East Texas during the spring.

Production depressed in H1 2026 at 63 b/d-----: Production was also depressed in early 2026 when the weak oil price environment before the start of the US-Iran war in late February led to Buccaneer shutting-in several high-volume, low margin wells. The shut-ins enabled artificial lift at Pine Mills to be changed from downhole electric submersible pumps (ESP) to rod pumps. The latter are typically cheaper to operate in low volume situations. During the first half of 2026 Buccaneer reported production of 11,587 barrels net or a modest 63 b/d but according to Buccaneer performance has strengthened in recent months. As of September, we believe production may have been running at over 100 b/d net given a strengthening trend in recent months. The Carlisle-1 well acquired earlier in 2026 has contributed to the strengthening.

-----but the trend should firm in H2 2026 and in 2027: The production trend should firm significantly in Q4 2026. This reflects the Fouke waterflood programme coming on-stream and potentially a contribution from the Pine Mills OOR programme. We believe by end 2026 production corporately could be running at about 170 b/d. This reflects Pine Mills primary 90 b/d, Carlisle 1 25 b/d, Fouke waterflood 25 b/d, Pine Mills OOR 25 b/d and West Texas 5 b/d. The average for 2026 might be around 94 b/d net split H1 63 b/d and H2 125 b/d. For 2027 we look for production averaging 135 b/d net which would be a record level historically. Post 2027 production will depend partly on the decline rate and partly on new development initiatives.

What do operational costs look like?

Elevated position on the cost curve but rising volume points to an improvement: Buccaneer has occupied an elevated position on the petroleum cost curve in recent years reflecting the mature status of its fields, depressed volume and heavy workover needs. Cost competitiveness can, however, be significantly enhanced if production rates can be boosted given the large element of fixed costs in the cost structure. Key underlying positives in terms of production costs are good porosity and permeability, relatively shallow wells and modest decline rate at Pine Mills.

H1 2026 production costs US\$58/barrel: In H1 2026 production costs came in at US\$58/barrel excluding and US\$79/barrel including depreciation and depletion. Key items contained in the former are outsourced oilfield services including management, variable production costs such as diesel, water disposal, transportation, equipment maintenance and Texas severance or production tax. The tax is levied on revenue at 4.3%. Given rising volume, production costs should decline noticeably in H2 2026, although rising diesel costs will provide a partial offset. Reflecting increasing volume our forecasts call a significant decline in production costs excluding depreciation/depletion to US\$45/barrel in H2 2026 (2026 average US\$49/barrel) and US\$43/barrel in 2027.

Reflecting depressed production G&A/barrel was running at high levels in H1 2026: In addition to operational costs there is also G&A to consider. Looking at H1 2026 G&A costs were a hefty US\$47/barrel but as previously noted production was unusually depressed in the period while costs were boosted by US\$0.1m related to litigation issues related to the former CEO. These costs are non-recurring. We expect G&A/barrel to drop sharply in H2 to US\$22/barrel and to average US\$31/barrel for the full year. A further decline to US\$22/barrel is forecast for 2027. These G&A costs compare with ~US\$3/barrel typically for mid-tier US E&P's.

Forecast cash costs of US\$82/barrel in 2026 and US\$67/barrel in 2027: A combination of production costs and G&A is broadly equivalent to operational cash costs excluding workovers. The implied costs on this definition are US\$80/barrel and US\$65/barrel for 2026 and 2027 respectively. The key to improving operational economics will be to boost volume. Tentatively we would look for cash costs dropping to US\$53/barrel if production can be increased to 200 b/d net. The former comprises US\$37/barrel for production costs and US\$16/barrel for G&A.

European onshore gas project

Bold strategic move into European onshore natural gas: Buccaneer's European onshore gas development project is undoubtedly a bold move and a fundamental change of direction from the company's East Texas petroleum heritage. The CEO has referred to the European gas strategy 'as the most significant strategic step in the company's history'. In addition to taking Buccaneer into a new region and commodity, the European strategy could ultimately result in Buccaneer evolving from junior to mid-tier hydrocarbons producer status.

Buccaneer is at an early stage in implementing its strategic thrust into European gas, although considerable work has been carried out screening on key technical critical criteria potential for development opportunities. Three low-cost entry projects have been selected by Roberto Bencini and his team with combined P50 gas potential of 250 bcf or 42mm boe. Preparations for permitting applications are currently underway. We believe the initial projects are likely to be in Italy. This reflects Roberto Bencini's knowledge of Italian gas plays along with the administrative/legal backdrop to the permitting process in Italy. Roberto, note, has been heavily involved in the past with hydrocarbons development in Italy through his time at the Italian major ENI.

Italy has a long history of oil and gas development activity particularly in the Po Valley:

It should be noted that hydrocarbons and particularly natural gas development in Italy is not new. Natural gas has been produced in the Po Valley of northern Italy since 1945 originally under the state monopoly of Agip/ENI. Interestingly, the junior Po Valley Energia (PVE:ASX), brought its Selva Malvezzi gas field in the eastern Po Valley into production in 2023. Another large-scale PVE project is awaiting development in the shallow Adriatic waters offshore Venice/Ravenna. Key advantages in operating in the Po Valley are the availability of a considerable body of geological information and the presence of pipeline infrastructure and processing facilities. The regulatory backdrop to hydrocarbons development has recently been liberalised. Italian gas production accounts for about 5% of consumption.

Capital light strategy: Arguably, there are two key issues surrounding Buccaneer's European gas development strategy. These relate firstly to financing and secondly the lead time to production. In the case of the former Buccaneer intends to operate with what it has described as a 'capital-light' strategy. Following technical de-risking the intention is to secure a joint-venture partner to complete project development. Given onshore projects, final development and connection to infrastructure will be considerably less costly than offshore development in deepwater.

Permitting and licencing lead times reduced of late in Italy: In 2026 permitting and licencing lead times have been significantly reduced on energy projects in Italy with the aim of encouraging development activity. This reflects in part a simplified EIA (Environmental Impact Assessment) process which is now based on well sites rather than licences. Permitting now only has to be undertaken for a well and takes no more than a month. Concession licencing takes a further six months' maximum. We believe that the lead time from permit application to production may now be no more than 18 months against over two years previously. This applies particularly where a discovery has already been made and pipeline infrastructure is available.

Financials

2020-2025 in retrospect

Modest revenues 2020-25, most profitable 2022: Between 2020 and 2025 Buccaneer and its predecessor Nostra Terra generated modest revenues albeit not without significance for a junior. Over the period they ranged from a low of US\$1.0m in 2020 to a high of US\$4.0m in 2022. Not surprisingly, given the US E&P focus, Buccaneer's financial performance has tended to track fluctuations in WTI and production. The peak year for revenues in 2022 clearly reflected the surge in oil prices in the wake of the Covid pandemic and a significant firming trend in production. For the year WTI averaged almost US\$95/barrel, a multi-year high while production came in at 121 b/d net, a clear record. Production was driven by development work in the Fouke zone. Reflecting the positive commodity price backdrop and the buoyant trend in production, the EBITDA margin in 2022 came in at 25.8% after excluding a sizeable impairment charge of US\$0.9m. This related to a failed well completion in West Texas.

Falling production and declining prices impacted performance 2023-25: Financial performance deteriorated between 2023 and 2025 reflecting falling trends in both WTI and production. By 2025 the former was down to US\$65/barrel on average while production averaged only 66 b/d net, 45% below 2022. As already noted, production was hit hard in 2025 by storms, severe flooding and well shut-ins in East Texas during the first and second quarters. Consequently, revenue slumped in 2025 resulting in hefty losses at both the gross and EBITDA levels of US\$0.7m and US\$1.1m respectively.

Sizeable US\$4.45m WAFD Bank credit facility: Excluding share issues, Buccaneer incurred a cash outflow of US\$7.4m between 2020 and 2025. The outflow was largely offset by cumulative share issues of US\$5.8m. An increase in net indebtedness largely accounted for the balancing US\$1.6m.

Unlike most junior resource companies on AIM which use equity financing sources exclusively, Buccaneer has a sizeable senior credit facility for US\$4.45m. This is provided by the WAFD Bank (WAFD: NASDAQ) and currently has a three-year term ending in January 2028. The coupon stands at a three-percentage point premium to the US Federal Funds rate and is currently 7.0%. The size of the borrowing base is reviewed twice yearly in relation to such factors as Buccaneer's cash flow, balance sheet, profitability, production reserves and commodity prices. Significantly, the facility can be used for non-US projects.

Credit facility has existed for more than six years: WAFD is Seattle-based and has an extensive branch network in the western states and Texas. The Bank is well established and including its antecedents has existed since its foundation in 1917. WAFD trades on NASDAQ and has a market capitalisation of US\$2.3bn currently. Buccaneer has had the WAFD credit facility for more than six years. Given the supportive relationship over an extended period, we believe an extension of the existing credit facility is likely in 2028. Debt financing for oilfield development is very common in the US.

Debt accounted for ~100% of assets at end 2025: At end 2025, Buccaneer reported debt on the balance sheet of US\$4.25m which implied that it was using close to all the available WAFD facility. The debt position contrasted with a negative book value of US\$1.45m reflecting sizeable cumulative losses which had been incurred under the previous management. At end 2025 debt accounted for 100% of total balance sheet assets of US\$4.23m. The end 2025 current ratio of 0.62 (current assets significantly lower than current payables) would normally point to a weak balance sheet. Given that balance sheet financing is underpinned by the WAFD credit facility we believe this should not be an undue concern. We also note that the current ratio has tended to trend higher over the past few years.

2026-2027**H1 2026 income statement:**

Performance constrained in H1 2026 by depressed volume: Buccaneer's recently announced results for the six months to June 2026 show a strengthening performance compared with a difficult 2025. Performance, however, was less positive than might have been expected bearing in mind the bullish WTI commodity price backdrop at least for the March to June period. For the six months revenue came in at US\$1.03m up 15% on the comparable period of 2025. This lagged the 23% gain in WTI on the same basis suggesting a weak year-on-year volume performance. The undershoot was driven by the well shut-ins related to the changeover in artificial lift equipment mentioned earlier. The volume reduction was ~7%.

In H1 2026 a modest gross profit-----: Considering the drop in volume, Buccaneer performed solidly at the gross profit level in the first half of 2026. The contribution on this basis was US\$0.11m against a loss of US\$0.37m a year previously. The margin for the first half of 2026 was 10.5%. Performance in the period was buoyed by a sharp drop in production costs from ~US\$80/barrel to US\$58/barrel which reflects efficiency gains along with the changeover in artificial lift.

-----and a narrowing in the loss at the EBITDA loss: At the EBITDA level in the six months to June 2026, there was a loss of US\$0.26m, a significant narrowing from the US\$0.56m of the previous year. G&A in the latest period was US\$0.55m, up 24% from 2025. This was entirely due to litigation costs related to the previous CEO. We believe that the underlying G&A annual run rate of c.US\$1m is modest for a US E&P junior. It is also significantly less than the US\$1.38m of 2024. Reflecting Buccaneer's debt financing, significant interest expense is incurred by the company. In the first half of 2026 this came in at US\$0.15m, well down on the US\$0.18m of a year earlier reflecting a decline in the Federal Funds rate. At the PBT level in the first half of 2026, a loss of US\$0.66m was incurred. This was a significant improvement compared with the US\$0.95m in the previous year.

June 2026 balance sheet

Negative book value of US\$1.59m and debt of US\$4.52m: There were no radical changes in Buccaneer's balance sheet in the first half of 2026 despite the £0.35m equity raise in March. Shareholders' equity at end June was a negative US\$1.59m while borrowings were US\$4.52m, the bulk of which related to the WAFD credit facility. The current ratio slipped from 0.62 at end 2025 to 0.57 at end June 2026. Compared with end June 2025, the current ratio firmed from 0.42. Zero cash was shown on the balance sheet at end June.

Buccaneer raised £0.46m in new equity in August 2026 and has reported a cash position of US\$0.15m at end September 2026.

H2 2026 and full-year 2026

Performance should strengthen in H2 driven by rising volume: We expect Buccaneer's financial performance to strengthen noticeably in H2 2026 driven principally by rising volume. Production we believe was firming in late H1 and continued to do so in Q3. By end September it may have been over 100 b/d. In Q4 there should be a significant boost from the Fouke waterflood and possibly the Organic Oilfield Recovery programme. We look for production to average 125b/d net during H2. This combined with elevated WTI realisations similar to H1 would suggest net revenues of US\$2.05m, approximately double first half levels. Higher production will also leverage G&A and to some extent production costs. Based on this scenario we expect H2 gross profit and EBITDA of US\$0.77m and US\$0.53m respectively. For full-year 2026 our forecasts call for revenues of US\$3.08m, gross profit of US\$0.88m and EBITDA of US\$0.27m. At the PBT level we look for a modest profit in H2 of US\$0.11m and a full-year loss of US\$0.54m.

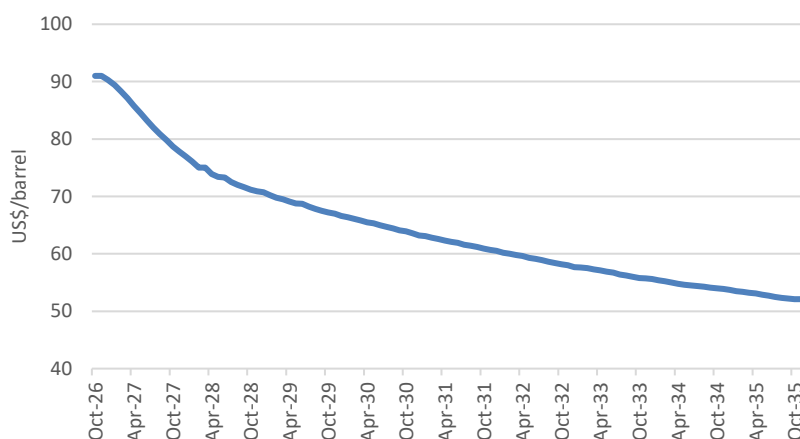
Marginal cash inflow in 2026 net of fund raises: Net of the two Buccaneer fund raises totalling US\$1.09m so far in 2026, we forecast a marginal cash inflow for the full year of

US\$0.14m. In reviewing the cash flow, it should be noted that there are no large capital expenditure commitments currently. Our forecasts at end 2026 call for shareholders' equity of a negative US\$0.90m and net debt of US\$4.0m, a slight decline from the previous year. The forecast end year 2026 current ratio of 0.82 will be the highest since 2020.

2027

Strengthening performance in 2027 in the absence of a collapse in WTI: For 2027 we look for a strengthening performance at Buccaneer in the absence of a collapse in WTI prices. Our financial forecast is based on an average for WTI of US\$80.0/barrel which is broadly in line with the NYMEX forward curve and about 12% under early October levels. Driving performance, we think will be higher production reflecting the carryover effect of the waterflood and OOP projects plus the assumed non-recurrence of the disruptions to production in 2025 and 2026. We look for production in 2027 averaging 135 b/d, up 44% on 2026. Rising production will also leverage the cost base.

Exhibit 3: WTI forward curve



Source: Refinitiv

Comfortably profitable at both the gross profit and EBITDA levels: On the above basis we forecast revenues of US\$3.9m and gross profit of US\$1.27m. The implied margin of 32.3% would be comfortably a post 2020 high. EBITDA on our forecasts for 2027 would be US\$0.72m for a margin of 18.3%, the highest since 2022. At the PBT level our forecasts call for a modest loss of US\$0.14m, a post 2020 low.

Our cash flow forecasts reflect an outflow before equity issues of US\$0.55m in 2027. This compares with about US\$1m in 2026 on the same basis. Again, we are not expecting any major capital expenditure programmes in 2027. At end 2027 we are forecasting net debt of US\$4.5m.

Exhibit 4: Summary income statement

Year-end December								
US\$ ('000)	2020	2021	2022	2023	2024	2025	2026e	2027e
Sales revenue	1025	2282	4021	2816	2038	1514	3080	3942
Production costs	-1110	-1708	-1779	-1408	-1213	-1247	-1701	-2119
Impairment	0	0	-897	0	0	0	0	0
Depletion, depreciation	-310	-400	-539	-617	-681	-713	-505	-550
Cost of sales	-1420	-2108	-3215	-2025	-1894	-1960	-2206	-2669
Gross (loss)/profit	-395	174	806	791	144	-446	875	1273
EBITDA	-1052	-532	1038	491	-419	-1125	270	723
Share based payments	-38	-68	-156	-41	-41	-18	-46	0
Administrative expense	-896	-908	-1074	-870	-1177	-1380	-1050	-1100
Foreign exchange gain/(loss)	-33	-130	26	-6	-26	6	-14	0
EBIT	-1362	-932	-398	-126	-1100	-1838	-235	173
Finance costs	-209	-175	-199	-368	-409	-362	-307	-310
Other income	269	21	51	22	0	22	0	0
Profit/(loss) before tax	-1302	-1086	-546	-472	-1509	-2178	-542	-137
Tax	0	0	0	0	0	0	0	0
Loss attributable to owners	-1302	-1086	-546	-472	-1509	-2178	-542	-137
Key data								
Production b/d	81	102	121	105	77	66	94	135
WTI price (average) US\$/barrel	39.2	68.2	94.9	77.6	76.6	65.4	90.0	80.0
Gross margin %	-38.5	7.6	20.0	28.1	7.1	-29.5	28.4	32.3
EBITDA margin %	-102.6	-23.3	25.8	17.4	-20.6	-74.3	8.8	18.3

Source: Company; Allenby Capital

Exhibit 5: Summary balance sheet

Year-end December								
US\$ ('000)	2020	2021	2022	2023	2024	2025	2026e	2027e
Assets								
Non-current assets								
Intangibles	2027	2014	2224	2389	2517	2655	2850	3100
Property, plant, equipment	780	918	1308	1230	1196	971	1071	1221
Total non-current assets	2807	2932	3532	3619	3713	3626	3921	4321
Current assets								
Trade and other receivables	341	348	558	548	479	482	647	747
Deposits and prepayments	42	16	66	28	0	0	0	0
Cash	72	45	132	26	106	117	200	200
Total current assets	455	409	756	602	585	599	847	947
Total assets	3262	3341	4288	4221	4298	4225	4768	5268
Liabilities								
Current liabilities								
Trade and other payables	573	948	1051	924	922	972	1032	1122
Borrowings	863	518	94	110	49	0	0	0
Total current liabilities	1436	1466	1145	1034	971	972	1032	1122
Non-current liabilities								
Decommissioning liabilities	266	302	340	382	428	451	451	451
Borrowings	2159	2459	3886	4319	4247	4247	4187	4734
Total non-current liabilities	2425	2761	4226	4701	4675	4698	4638	5185
Total liabilities	3861	4227	5371	5735	5646	5670	5670	6307
Net assets/(liabilities)	-599	-886	-1083	-1514	-1348	-1445	-902	-1039
Net (debt)/cash	-2950	-2932	-3848	-4403	-4190	-4130	-3987	-4534
Shareholders' equity								
Share capital	7918	8087	8142	8142	8971	10287	11372	11372
Reserves	-8517	-8973	-9225	-9656	-10319	-11732	-12274	-12411
Total equity	-599	-886	-1083	-1514	-1348	-1445	-902	-1039
Shareholders' equity and liabilities	3262	3341	4288	4221	4298	4225	4768	5268
Current ratio	0.32	0.28	0.66	0.58	0.60	0.62	0.82	0.84

Source: Company; Allenby Capital

Exhibit 6: Summary cashflow

Cash flow	2020	2021	2022	2023	2024	2025	2026e	2027e
Pre-tax (loss)/profit	-1302	-1088	-546	-473	-1509	-2178	-542	-137
Depreciation/amortisation	310	419	539	617	682	713	505	550
Impairment	0	0	897	0	0	0	0	0
Foreign exchange	30	0	26	6	26	-6	14	0
Share-based payments	38	68	156	41	41	18	46	0
Other	-49	-21	-51	-22	82	267	40	0
Operating cash flow before working capital	-973	-622	1021	169	-678	-1186	63	413
Receivables (increase)/decrease	11	66	-211	19	122	26	-85	-100
Payables increase/(decrease)	-190	285	105	-89	-424	85	60	90
Deposits and prepayments (increase)/decrease	-24	26	-50	38	-24	-30	-80	0
Interest expense	209	175	199	369	409	362	307	310
Other	108	0	0	0	0	0	0	0
Operating cash flow after working capital	-859	-70	1064	506	-595	-743	265	713
Plant and equipment	-242	-346	-719	-248	-348	-269	-100	-150
Intangibles	-400	-160	-1318	-416	-106	-611	-700	-800
Disposals	70	0	40	2	40	0	0	0
Decommissioning liabilities	27	36	38	42	0	0	0	0
Share issues net	1149	733	194	0	1631	2039	1085	0
Finance costs	-209	-175	-199	-369	-409	-362	-307	-310
Lease payments	-16	0	-16	0	0	0	0	0
Other	0	0	0	-72	0	6	-100	0
Cash flow increase/(decrease)	-480	18	-916	-555	213	60	143	-547
Opening net cash/(net debt)	-2470	-2950	-2932	-3848	-4403	-4190	-4130	-3987
Closing net cash/(net debt)	-2950	-2932	-3848	-4403	-4190	-4130	-3987	-4534

Source: Company; Allenby Capital

Risks and challenges

We see Buccaneer's key risks and challenges over the next two years as follows:

- **Downward pressure on commodity prices:** As for any commodity businesses, the key risk is a drop in prices. For Buccaneer the critical commodity is WTI crude oil. Near-term, we do not contemplate a major vulnerability given the ongoing stand-off in the US-Iran conflict, the potential for a resumption of kinetic warfare between the parties and the disruption to Russian exports related to the ongoing Russia-Ukraine conflict. Petroleum market risks could increase in 2027 assuming that US-Iran agreements are concluded on Hormuz and the nuclear issue in the coming months. We would say, however, that this is now conventional thinking and has been reflected in pronounced forward curve backwardation.

There have been plenty of false alarms concerning imminent agreements in recent months. A formal agreement between the US and Iran is by no means assured. The Saudi-Houthi conflict in Yemen is also a wild card given the risk to Saudi oil shipments through the Bab el-Mandeb Strait. Another aspect that needs to be kept in mind is that petroleum inventories are decidedly marginal currently. Post a US-Iran agreement inventory building could be much stronger than generally expected thereby providing support for demand and prices.
- **Production disruptions:** Buccaneer has been hit by technical and weather-related disruptions to production over the past two years. These issues are not entirely unprecedented and could recur.
- **European gas project:** This project is in its early stages, and little has been divulged so far on the details. As far as we are aware, the projects being evaluated based on acquiring exploration/development licences rather than buying existing production operations. Inevitably an element of uncertainty surrounds obtaining licences not least owing to competition with other players.
- **WAFD bank financing:** Buccaneer's balance sheet is underpinned by a WAFD credit facility of US\$4.25m. The dependence on WAFD for financing could conceptually leave Buccaneer vulnerable to a deterioration in the financial backdrop to the US regional banking sector. Rising Treasury bond yields may present a risk at some stage given the need to mark to market for balance sheet purposes. We are not, however, aware of any issues surrounding WAFD and note that Buccaneer enjoys what we understand to be a good relationship with the bank. We also note that the credit facility extends to January 2028 and have no reason to believe that it will not be extended.

Share price performance and valuation

Share price developments in retrospect

The stock has firmed in recent months from a depressed base-----: In recent years the peak for Buccaneer stock was 0.71p/share in May 2022. At the time it was buoyed by a very bullish WTI commodity price backdrop, historically high output and a relatively strong financial performance. Between 2022 and late 2025 Buccaneer trended noticeably down, plumbing a low of 0.00675p in December 2025. This reflected some challenging operational conditions, dilutive share issues and negative book value. Since the December 2025 low, Buccaneer has trended higher from a depressed base with the stock hitting an approximate 10-month high on September 18 of 0.014p/share. Significantly, Buccaneer was able to undertake its most recent equity raise in August in line with the prevailing mid-market price of 0.01p/share.

-----reflecting the bullish commodity price backdrop and on confidence that the underlying performance is strengthening: The firming trend in Buccaneer of late, we believe, has been driven largely by the bullish petroleum price backdrop and growing confidence that the underlying operational and financial performance is on a strengthening trend. Key factors here are the restructuring measures taken over the past two years, the successful Carlisle 1 well acquisition and the waterflood and organic operational recovery programmes.

Valuation

Buccaneer's valuation should be assessed based on EV rather market capitalisation: As of early October 2026, Buccaneer Energy has a market capitalisation of £2.78m or US\$3.68m based on a share price of 0.012p and 23.17bn shares outstanding. Given the scale of the WAFD credit financing, Buccaneer's valuation should, however, be assessed based on the enterprise value (EV). Using debt of US\$4.52m or £3.41m shown in the interim report, Buccaneer's EV is currently about £6.19m or US\$8.20m. This clearly implies micro-cap status. Arguably, therein lies the attraction of the stock assuming that there has been a fundamental transformation in Buccaneer's cost structure and production capacity and that a collapse in oil prices is not imminent.

We believe there are two ways of looking at Buccaneer's valuation currently. One is using a NPV calculation for the East Texas assets and the other a price/barrel calculation benchmarked against the comparables. A third route based on book value is not available given negative net worth. Interestingly, Buccaneer has reported a recently estimated NPV10 for the Texas assets made by WAFD as part of its borrowing base review. The estimate given is US\$11.8m or £8.91m, a sizeable premium to either Buccaneer's market capitalisation or EV. The estimate reflected the WTI forward curve at the time.

WAFD NPV implies US\$15/barrel of proved reserves which is more in line with a mid-tier E&P than a junior: Based on proved reserves of 0.77mm barrels the WAFD NPV translates into US\$15.3/barrel which compares with US\$10.6/barrel using the EV valuation. The former valuation/barrel is more indicative of the US mid-tier E&P sector which includes large capitalisation stocks with highly profitable, large-scale operations and substantial reserves. In our view Buccaneer's valuation on a price/barrel basis needs to be at a significant discount to the large capitalisation E&Ps plays.

Our EV valuation is US\$10.58m which after deducting debt translates to US\$6.08m: The current reserve position does not include the Carlisle-1 well together with the waterflood and organic operational recovery programmes. We understand that Buccaneer is in the throes of updating reserves for the Fouke Carlisle area. Inevitably the amount of the potential uplift is not known but we believe it is not less than 0.25 mm barrels net. This would take reserves to 1.02 mm barrels. Using this as a base our EV is US\$10.58m which reflects US\$8.20m for the existing reserve base and US\$2.38m for prospective resources of 0.25mm barrels. Rather than the US\$10.6/barrel used for the proved reserves we have applied a valuation coefficient of US\$9.5/barrel to allow for lower confidence prospective

resources. For the equity portion of the valuation, we have deducted borrowings of US\$4.50m which leaves US\$6.08m or £4.59m at an exchange rate of £1=US\$1.325. Based on 23.17 bn shares outstanding this translates into 0.0198p/share, up 80% on the early October 2026 share price.

The above valuation takes no account of the European gas strategy. Although potentially transformational, we think that for the moment it is too early stage to ascribe value given the absence of information on prospective projects and the fact that license applications have yet to be made.

Exhibit 7: US mid-tier EV/boe valuations

Stock	Symbol	Enterprise value	Proved reserves	EV/boe
		US\$ bn	boe mm	US\$
EOG Resources	EOG: NYSE	78.7	5514	14.3
Diamondback Energy	FANG: NASDAQ	70.0	3618	19.3
Devon Energy	DVN: NYSE	63.3	4993	12.7
Permian Resources	PR: NYSE	21.6	1116	19.4
APA Corp	APA: NASDAQ	19.7	1056	18.7
Matador Resources	MTDR: NYSE	11.1	703	15.8
Crescent Energy	CRGY: NYSE	9.4	976	9.6
Magnolia Oil & Gas	MGY: NYSE	8.3	250	33.2
Murphy Oil	MUR: NYSE	6.6	715	9.2
Average				16.9

Source: Company reports and Refinitiv

Notes: Enterprise values are at October 7, 2026 status. Magnolia Oil & Gas reserves include Wildfire Energy acquisition. Reserves for Crescent and Devon are before the former's acquisition of the latter's Eagle Ford assets

Share price catalysts

We see plenty of scope for positive news flow in the coming months. Key developments could be as follows:

- News relating to the start-up of waterflood operations on the Fouke property. We believe that an announcement on this could be made later in Q4 2026r. There could also be news by end December concerning the wider application of the OOP Programme.
- News concerning an update to the East Texas reserves in the Carlisle 1 Fouke area.
- News concerning licence applications in support of the European gas strategy. We would expect applications to be filed later in Q4 2026.
- Announcements relating to the granting of European gas licences probably in late Q1 2027. Note, the granting of licences will be critical in terms of initiating the European gas work programme.
- Operational updates relating to East Texas oilfield operations. The key factor in this context is production. We would expect at least one update by 2026 year-end.
- Possible update on the financial position for the year ending 2026.
- Oil prices remaining at elevated levels for longer than reflected in the forward curve. As currently constituted Buccaneer is an oil play and a beneficiary of historically elevated WTI prices.

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