



ASX RELEASE – 24 OCTOBER 2012

### KENAI LOOP # 4 WELL – DRILLING REPORT # 6

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to provide the following update on the progress of the 100% owned Kenai Loop # 4 well:

**Time:** 9.00am (Sydney) 24 October 2012 / 2.00pm (Anchorage) 23 October 2012.

**Depth:** 12,050' Measured Depth (“MD”) / 11,733' Total Vertical Depth (“TVD”)

**Activity:** Drilling bit change at 11,545' MD. Drilling ahead to a total depth of 13,000' MD

**Comment:** Multiple gas shows have been encountered since re-commencement of drilling from intermediate casing point.

The proven productive sands in the Kenai Loop # 1 well were encountered as expected in the Kenai Loop # 4 well. The 9,700' sand in the Kenai Loop # 1 well is seen at 10,294' MD in the Kenai Loop # 4 well, the 10,000' sand in the Kenai Loop # 1 well is seen at 10,617' MD in the Kenai Loop #4 well.

The log while drilling (“LWD”) characteristics of the above sands, as seen in the Kenai Loop # 4 well, are similar to the known proven pay in these two productive sands in the Kenai Loop # 1 well.

Kenai Loop # 4 well is also targeting gas pay from zones deeper than the two producing sands in the Kenai Loop # 1 well. To date, in addition to the 9,700' and 10,000' sand equivalents detailed above, at least four (4) additional zones are indicated as likely test targets. Two (2) of these zones are above the 9,700' sand equivalent and two (2) are below the 10,000' sand equivalent, these zones were identified by the analysis of mud log and LWD information.

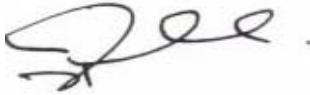
The Cannery Loop Field (less than 2 miles south of the KL #1 well) has productive Tyonek Formation sands that have been identified on the Kenai Loop 3D seismic, with hydrocarbon indicators, which have yet to be intersected in the Kenai Loop # 4 well and are below the current drilled depth.

The above information is based on mud logs and LWD equipment. On completion of drilling operations wire line logs will be run after which a decision will be made as to what zones will be tested.

The well will have a bottom-hole location approximately 2,000' north-west of the successful Kenai Loop # 1 well.

The targeted pay sands within the Tyonek included the 9,700' and 10,000' sands that are currently producing 6.0 million cubic feet per day (“MMCFD”) from the Kenai Loop # 1 well on a 9/64” choke. The majority of this gas is being sold to a local utility at an annual weighted price of US\$6.24 / MCF.

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](http://www.buccenergy.com).*

**Competent Persons Statement**

The information contained in that report pertaining to the Alaskan offshore projects was reviewed by Dr. Vijay Bangia, PhD in Petroleum Engineering from the University of Tulsa, who has over 32 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<sup>1</sup> 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 mmcfd (750 - 1,000 BOEPD<sup>1</sup>) and the Company constructed both the pipeline and facilities at Kenai Loop, the well started production and selling gas in early January 2012. The Company plans to drill Kenai Loop #4 in 3Q 2012. Full development of the onshore Kenai Loop field could exceed 10 producing wells.*

*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. Lee County is an onshore oil project, currently producing a small amount of oil.*

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