



ASX RELEASE – 19 OCTOBER 2012

KENAI LOOP PRODUCTION RATE INCREASE & NEW GAS CONTRACT

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to advise that it has increased the production rate at the Kenai Loop # 1 well to 6.0 million cubic feet per day (“MMCFD”). To achieve a 6.0 MMCFD production rate the choke has been increased to 9/64”.

Additional production rate increases will be considered on completion of drilling and testing of the Kenai Loop # 4 well.

The Kenai Loop # 1 well commenced production on 14 January 2012 and has been on continuous production since late February 2012 at 5.0 MMCFD on a 5/64” choke. During that time the production rate has been steady with no rate decline and the well performance has to date exceeded expectations.

The Company has also executed a new gas sales agreement with a third party to sell 1.0 MMCFD at US\$7.50 MCF, net of pipeline tariffs, for the period 15 October – 15 December 2012. On completion of this contract the additional supply will be delivered to the local gas utility ENSTAR under the Company’s existing gas sale agreement which is an annual weighted average price of \$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.

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 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. 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.

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