



ASX RELEASE – 31 OCTOBER 2012

KENAI LOOP # 4 WELL – DRILLING REPORT # 7

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: 11.00am (Sydney) 31 October 2012 / 4.00pm (Anchorage) 30 October 2012.

Depth: 13,000’ Measured Depth (“MD”) / 12,683’ Total Vertical Depth (“TVD”).

Activity: Conditioning the well in preparation to run wire line logs.

Comment:

The well has reached the TD of 13,000’ MD, and is being prepared for an exhaustive and thorough logging program to evaluate multiple zones that have been identified after an initial review of the log while drilling (“LWD”) and mud logs.

Further wire line logging is required to identify the most promising zones for more testing which might include some or all of the following tests: side wall coring, MDT pressure and fluid sample recovery, and eventual production testing.

The 9,700’ and 10,000’ sand equivalents in the Kenai Loop # 4 well and which were also intersected in the Kenai Loop # 1 discovery well are provided below.

10,294’ MD This sand is the equivalent of the proven productive 9,700’ sand in the Kenai Loop # 1 well and was encountered as expected.

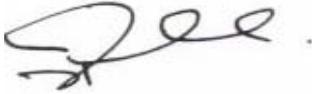
10,617’ MD This sand is the equivalent of the proven productive 10,000’ sand in the Kenai Loop # 1 well and was encountered as expected.

In addition to the 9,700’ and 10,000’ sand equivalents, up to an additional 5 zones will be reviewed using wire line logging (porosity, gas saturation and permeability) and are considered likely, at this point, as targets to production test.

Additionally, there are several zones where sands, conglomeratic sands, and coals appear to be inter-bedded. In these zones, the coals were “frothing” gas when sampled at the surface. These zones will be examined closely during wire line logging to assess if they are additional candidates for production testing.

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. 80% of this gas is being sold to a local utility at an annual weighted price of US\$6.24 / MCF and the remaining 20% to a local third party at US\$7.50 / 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. 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.

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