



ASX RELEASE – 4 DECEMBER 2012

KENAI LOOP - UPDATE

Buccaneer Energy Limited (“Buccaneer” or “the Company”) previously advised that the perforation and production testing of the Kenai Loop # 4 well was scheduled to commence on or about Friday 30 November 2012 (US time). While checking pressure integrity of the well casing and liner in anticipation of the start of that testing program a small leak was detected that required rectification work. That work is now being completed and on completion the well will be certified for safe performance of the planned production testing.

As a result of the above the perforation and testing of the Kenai Loop # 4 well is now scheduled to commence in the next 5 days.

Background

Wire line logging of the Kenai Loop # 4 well has identified multiple sands with indications of gas within the Tyonek Formation. This includes 5 separate sands that have an average thickness of 34’ each (‘A’ Zones) and that compare in quality to known productive sands in the Cannery Loop field that adjoins Kenai Loop, with each of these sands having gas shows while drilling. Further testing is needed to confirm these zones can be commercially produced as they were at Cannery Loop, the Cannery Loop field has produced 180 BCF (30 MMBO).

Additionally the equivalent 9,700’ and 10,000’ zones that are productive in the Kenai Loop # 1 well and producing a combined 6.5 MMCFD (1083 BOEPD) were also encountered in Kenai Loop # 4 well with both of these zones having very good gas shows while drilling. The 3D seismic indicates these sands are continuous from the Kenai Loop # 1 well to the south-east. In the Kenai Loop # 4 well, the 9,700’ sand is 24’ thick and the 10,000’ sand is 76’ thick.

Additionally the Kenai Loop # 4 well has also encountered several additional sands that appear to be gas bearing (‘B’ Zones), but do not compare with known productive sands in either the Cannery Loop or Kenai Loop fields.

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.



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 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.

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.
