

**RESERVES & RESOURCES VALUE - NORTH COOK INLET DEEP OIL RIGHTS**
**HIGHLIGHTS**

- Netherland, Sewell & Associates certifying engineers;
- Reserves of 9.8 MMBOE Proven (1P) & 38.5 MMBOE Proven & Probable (2P);
- PV10 of US\$138 Million and US\$732 Million respectively;
- Proven, Probable & Possible (3P) Reserves of 95.9 MMBOE with PV10 of ~US\$2.0 Billion.

Buccaneer Energy Limited (“Buccaneer” or the “Company”) is pleased to advise that Netherland, Sewell & Associates, Inc. (“NSAI”) have completed the economic cash flows in respect to the deep oil rights within the 23,368 acres of the North Cook Inlet Unit - in which the Company is earning a 100% working interest.

NSAI has estimated the economic cash flows for the Reserves are as follows:

	Reserves		
	Proven (1P)	Proven + Probable (2P)	Proven + Probable + Possible (3P)
Oil - MMBO	7.5	30.1	75.5
Gas -BCF	13.8	50.4	122.2
<b>Oil Equivalent - MMBOE</b>	<b>9.8</b>	<b>38.5</b>	<b>95.9</b>
<b>Net Present Value @ 10% Discount in US\$Million</b>	<b>\$137.7</b>	<b>\$732.4</b>	<b>\$1,995.1</b>

The Reserves estimates - 80% of which are oil - are based on 10 historical wells that successfully penetrated the oil formations and a 3D seismic survey. They were successfully flow tested at rates of up to 4,320 barrels of oil equivalent per day (“BOEPD”) (North Cook Inlet #B-02 well) or had logging results confirming the presence of productive oil. In addition to the 10 successful wells, an additional three wells were drilled which did not flow; each had oil shows, but were outside the oil fairway. A table outlining the 13 wells and the results of each is provided in Table 1.

**Contingent Resources**

In addition, NSAI has estimated the economic cash flows for the Contingent Resources:

Total Reserve & Contingent Resources			
Total (Reserves + Contingent Resource) Oil - MMBO	15.9	49.5	117.7
Total (Reserves + Contingent Resource) Gas - BCF	25.0	77.2	189.4
<b>Total (Reserves + Contingent Resource), MMBOE</b>	<b>20.1</b>	<b>62.4</b>	<b>149.3</b>
<b>Net Present Value @ 10% Discount in US\$Million</b>	<b>\$289.7</b>	<b>\$1,116.3</b>	<b>\$2,901.5</b>

The combined estimated economic cash flows for Reserves and Contingent Resources are as follows:

Total Reserve & Contingent Resources			
Total (Reserves + Contingent Resource) Oil - MMBO	15.9	49.5	117.7
Total (Reserves + Contingent Resource) Gas - BCF	25.0	77.2	189.4
Total (Reserves + Contingent Resource), MMBOE	20.1	62.4	149.3
<b>Net Present Value @ 10% Discount in US\$Million</b>	<b>\$290.7</b>	<b>\$1,116.3</b>	<b>\$2,901.5</b>

The oil is contained in the Lower Tyonek, Hemlock, Sunfish and West Foreland Formations. Drilling on the prospect began in 1962, and the formations have since been penetrated by the 13 wells outlined above; all of which were drilled within the North Cook Inlet Unit acreage, but were never placed on production. Seven of the wells were drilled in the 1990s; the others were drilled by various majors during the discovery and delineation phase of the Cook Inlet in the 1960s.

The North Cook Inlet Unit adjoins the Company's existing North West Cook Inlet Unit where NSAI has previously provided a P50 resource estimate of 45.9 MMBOE which consists of 16.0 MMBO in oil pay zones that are contiguous to those in the North Cook Inlet Unit, and 185.0 BCF of gas in shallower gas horizons.

North Cook Inlet is one of the three off shore projects included in the Letter of Intent announced by the Company on 5 July 2013. Subject to the execution of binding agreements the Farm-In party has agreed to pay 100% of the costs associated with two wells in each of the projects for which it will earn a 49% working interest.

Yours faithfully,  
**BUCCANEER ENERGY LIMITED**



**Mr Dean Gallegos**  
**Director**

Competent Person Statement

Information contained in this report pertaining to the Alaskan projects was reviewed by Dr. Vijay Bangia, PhD in Petroleum Engineering from the University of Tulsa, who has over 31 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.

**TABLE 1**  
**HISTORICAL OIL WELLS – NORTH COOK INLET**

Well Name	Well #	Operator	Block	Year Drilled	Oil Price –Nominal	Oil Price – Inflation Adjusted to 2012	Significant Results
North Cook Inlet State	1	Shell	Northern	1964	\$3.00	\$22.20	Tested C Sand at 2,270 BOPD (57° API Gravity)
Sunfish	1	ARCO	Southern	1992	\$19.25	\$31.53	Tested Sunfish Sand at 1,200 BOPD (41° API Gravity) and 1.1 MMCFD.
North Foreland	1	ARCO	Southern	1992	\$19.25	\$31.53	Tested Sunfish Sand, C Sand and Hemlock Sand at combined rate of 4,160 BOPD (43° API Gravity) and 1.1 MMCFD.
Sunfish	3	ARCO	Southern	1994	\$15.66	\$24.27	Tested C Sand and Sunfish Sand at combined rate of 395 BOPD (42° API Gravity). No test performed on Channel Sand, but logs indicated commercial pay.
North Cook Inlet	B-01A	Phillips	Southern	1998	\$11.91	\$16.80	Tested Sunfish Sand at 2,186 BOPD (43° API Gravity) and 2.0 MMCFD.
North Cook Inlet	B-02	Phillips	Southern	1998	\$11.91	\$16.80	Tested C Sand and Sunfish Sand at combined 3,874 BOPD (40° API Gravity) and 2.7 MMCFD.
Cook Inlet State 17589	1A	Pan Am	Southern	1962-1964	\$3.00	\$22.20	Drilled as a relief well to the Cook Inlet State #1 well. Tested Tyonek C Sand, Sunfish Sand and Channel Sand at combined 439 BOPD and 3.0 MMCFD.
Cook Inlet State 17591	1	Pan Am	Southern	1964	\$3.00	\$22.20	Penetrated top part of Sunfish Sand with oil show and petrophysical pay. Well not tested due to Cook Inlet ice.
North Cook Inlet	A-12	Phillips	Southern	1970	\$3.39	\$20.08	Strong oil and gas mud log shows recorded through most of the Sunfish Sand, Channel Sand, Hemlock and West Foreland formations. Not tested as Tyonek Platform had no oil handling equipment.
North Cook Inlet	B-03	Phillips	Southern	1998	\$11.91	\$16.80	Logs confirmed presence of productive Sunfish Sand and C Sand. Not tested.
Cook Inlet State 17589	1	Pan Am	Southern	1962	\$2.85	\$21.85	Not tested as well blow-out in Channel Sand. North Cook Inlet 17589 #1A drilled as relief well.
Sunfish	2	Phillips	Southern	1992	\$19.25	\$31.53	Mechanical difficulties in drilling well through oil formations. Plugged back to allow gas production from shallower Beluga and Sterling Formations.
North Cook Inlet	B-01	Phillips	Southern	1997	\$18.64	\$26.69	Not test as Sunfish Sand absent on the very top of the structure.

## NORTH COOK INLET STRATIGRAPHIC COLUMN

PERIOD	DIVISION	FORMATION	RESERVOIR TYPE	
TERTIARY	PLIOCENE	Sterling	Gas	
	MIOCENE	Beluga	Gas	
		UPPER TYONEK LOWER LOYONEK	Channel Sands	Oil
			Sunfish Sands	Oil
			C Sands	Oil
	OLIGOCENE	Hemlock	Oil	
	EOCENE	W. Foreland	Oil	
	PALEOCENE	Chickaloon		
CRETACEOUS	UPPER	Matanuska		
	LOWER	Unnamed Shale		
JURASSIC	UPPER	Nakenek		
		Chinitna		
	MIDDLE	Tuxedni Gp	Oil Source	
	LOWER	Talkeetna		



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.buccaneerenergy.com](http://www.buccaneerenergy.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 an 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 150.8 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 two onshore wells at Kenai Loop producing at a combined rate of 10.0 MMCFD (1,666 BOEPD). The Company expects this to increase to 11 - 12 MMCFD (1,833 – 2,000 BOEPD) if a third gas sales contract can be finalised in the coming months.*

*Buccaneer Energy also has major working interests in Texas and the Gulf of Mexico, USA.*

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