

ASX RELEASE – 20 DECEMBER 2011

## FIRST ACES REBATE APPROVED

Buccaneer Energy Limited ("Buccaneer" or the "Company") is pleased to advise that the Alaskan Department of Revenue has approved the Company's first rebate under the Alaskan Clear and Equitable Share ("ACES") incentive program.

The application for this rebate was lodged in August 2011 and relates to the initial drilling expenditures for the Kenai Loop # 1 well. The amount of this first ACES rebate is US\$2.85 million. This rebate forms part of the approximately \$13.5 million in accrued ACES rebates through expenditures at the Kenai Loop project, with the remaining rebates expected to be received in a number of tranches up to July 2012.

The first tranche of rebated funds are expected to be received in the next 10 – 14 days and will be used to repay the revolving credit facility with Centaurus Capital LP ("Centaurus"), a Houston-based investment fund.

In early December 2011 the Company executed a 5 year US\$50.0 million revolving credit facility with Centaurus to bridge fund rebates available to the Company under ACES. It is expected that this bridging facility will fund approximately 50 per cent of all capital expenditures on the Company's Alaskan leases.

**Buccaneer Director Dean Gallegos said:**

*"The ACES incentive program underpins the unique commercial appeal of our Alaskan projects. This first rebate demonstrates the compelling project economics that exist at our Kenai Loop project, which are awarded based on Company expenditure regardless of well success.*

*"Our innovative funding program, of which the Centarurus bridging facility is a part, significantly reduces the amount of capital Buccaneer needs to develop its Alaska leases.*

*"The first ACES rebate approval is another important milestone for the Company and demonstrates clearly how the ACES program works in practice."*

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 30 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.

*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).*

#### 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 4.8 MMBOE<sup>1</sup> in 2P Reserves;*
- *Acquiring and 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 73.3 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 a jack-up rig named the "Endeavour" which is capable of drilling in the Cook Inlet. Mobilisation of the Endeavour into the Cook Inlet is expected in 1Q / 2Q 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 BOEPD<sup>1</sup>). It is expected to be in production in December 2011. The Company plans to drill Kenai Loop #2 in 1Q/2Q 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 oil.*

<sup>1</sup> Using a Gas to Oil conversion ratio of 8:1