



ASX RELEASE – 4 MAY 2012

KENAI LOOP DRILLING PERMIT GRANTED

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to advise that it has been granted a Special Use Permit (“SUP”) by the City of Kenai in respect to its Kenai Loop Project.

The SUP allows the Company to proceed with drilling operations at its 100% owned Kenai Loop project.

Data from the recently completed 3D seismic is currently in processing with an estimated completion date in mid to late May. On completion, the data will be mapped for prospective hydrocarbon anomalies to determine the next drilling locations.

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.

¹ It is expected that royalties and operational expenses will be equivalent to 20% of gross revenue



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 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 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 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 is expected in 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 mmcfd (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 #2 in 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 a small amount of oil.

¹ *Using a Gas to Oil conversion ratio of 8:1*