



ASX RELEASE – 29 MAY 2012

BUCCANEER SECURES GLACIER DRILLING RIG #1

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to advise that it has completed arrangements to secure rights in respect of the Glacier Drilling Rig # 1 (“Glacier Rig”).

The Glacier Rig was owned by Glacier Drilling Company, a wholly owned subsidiary of the Marathon Oil Company (“Marathon”). The Company has facilitated the purchase of the Glacier Rig by a third party that specialises in the energy sector.

The new owner and a wholly owned subsidiary of the Company, Kenai Land Ventures, LLC (“Kenai Land”), that has been set up specifically for this transaction have entered into a 3 year Bare Rig agreement.

The Bare Rig lease rate to be paid by Kenai land is a discount to the rates charged by Glacier Drilling to the Company for drilling the Kenai Loop wells in 2011 and is therefore this is seen as financially advantageous transaction for the Company. Kenai Land has exclusive access to the Glacier Rig during this period or alternatively it can lease the rig to third parties and charge a premium to the lease rate it is charged by the owner.

Option to Purchase

Kenai Land has an option to purchase the Glacier Rig at any time after the first 6 months for \$7,338,000. Upon exercise of the option to purchase, a portion of the lease payments paid to that time will be credited against the purchase price.

The Glacier Rig is a Mesa 1000 carrier mounted land drilling rig. It was built in 2000 and can drill to depths of approximately 15,000’. The rig is unique in that it was designed and built with the input of the drillers that would operate the rig on the Kenai Peninsula, Alaska. Glacier Rig was designed to operate close to neighborhoods on Alaska’s Kenai Peninsula. The small size is ideal for pad drilling, minimizing the drilling footprint and impact to its surroundings.

The Glacier Rig was used to drill both of the Company’s Kenai Loop wells in 2011 and the Company considers its acquisition as an enabling asset and ensures its ability to develop onshore projects.

Buccaneer Director Dean Gallegos said:

“This transaction is yet another significant milestone and key component of our onshore Alaskan strategy, it will allow us to immediately secure an enabling asset in the Cook Inlet in what is a tight rig environment for three years. This arrangement also maintains the option to purchase the rig.

The lease back and option to purchase conserves capital for development of the Company’s Kenai Loop project, ensures timely drilling at our Kenai Loop project and also assists by controlling the costs associated with the project.”



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 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