



ASX RELEASE – 2 July 2012

KENAI LOOP UPDATE

HIGHLIGHTS

- **Glacier Drilling Rig on location**
- **All permits and clearances in place**
- **Finalising 3D data interpretation**

Buccaneer Energy Limited ("Buccaneer" or "the Company") is pleased to advise it has now received all permits and clearances to commence drilling operations at the Kenai Loop project. The Glacier # 1 drilling rig has moved onto the Kenai Loop # 1 drilling pad ready to commence operations.

The Company has received the majority of the processed 3D seismic data and is in the process of incorporating this into the Kenai Loop geological model. Data related to zones that were drilled and tested in the first two Kenai Loop wells drilled in 2011 are undergoing further refinement and the Company expects to have this data incorporated shortly; this part of the process has taken longer than expected due to using a new improved version of a specialised software package.

A final bottom-hole location for the next well will then be chosen, the Company expects to spud this well in the next 2-4 weeks.

The overall quality of the 3 D seismic data is excellent and numerous previously unidentified anomalies have now been preliminarily mapped - each with numerous drilling opportunities. The fault previously thought to have separated the Kenai Loop # 1 and Kenai Loop # 3 well but which could not be identified on the 1970's 2D seismic used to locate that well, is now clearly visible on the new 3D seismic and has been confirmed as the basis for the unsuccessful Kenai Loop # 3 well. A further update on the results of the 3D seismic will be made at a later date.

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