



ASX RELEASE – 13 FEBRUARY 2013

PRODUCTION COMMENCES AT KENAI LOOP # 4

Buccaneer Energy Limited ("Buccaneer" or the "Company") is pleased to advise that production from its 100% owned Kenai Loop # 4 well commenced on Sunday 10 February 2013 (US time). The Kenai Loop # 4 well is currently producing at an initial rate of 2.0 million cubic feet per day ("MMCFD").

The long term deliverable production rate from the Kenai Loop # 4 well is estimated to be 3.0 – 4.0 MMCFD. Kenai Loop # 4 gas production is in addition to the Company's current production of 6.5 MMCFD from the Kenai Loop # 1 well. The majority of the current total production of 8.5 MMCFD (1,400 BOEPD) is being sold to the local gas utility Enstar.

This production rate is currently limited by the installed temporary production facilities. In November 2012, the Company commenced the installation of permanent production facilities and pipeline connections at Kenai Loop; however, severe weather conditions meant that the build out of these was suspended in December 2012.

It is expected that the permanent facilities will be completed by 30 April 2013 and once permanent production facilities are in place, it is anticipated that the Kenai Loop field's total production rate may be increased to 10.0 -11.0 MMCFD (1,666 – 1,833 BOEPD). This represents a near 100% increase over the average production rate achieved in 2012.

South-central Alaska is currently experiencing severe gas shortages and the winter peak pricing of incremental gas supply reached US\$22.00/MCF in the past 60 days. The Company has a minimum deliverability of 5.0 MMCFD to Enstar under its current gas sales agreement at an annual weighted price of US\$6.24/MCF. Incremental production above this level is being sold into the winter peak pricing environment, while the Company negotiates a new long term gas sales agreement with potential purchasers.

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 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 88.4 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 drilled two producing onshore wells at Kenai Loop, in Kenai Alaska.. The field is currently expected to produce between 10.0 - 11.0 MMCFD once permanent production facilities are in place. Buccaneer plans up to three more wells to be drilled at this location during 2013

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