



ASX RELEASE – 22 AUGUST 2012

KENAI LOOP UPDATE

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to advise that the bottom-hole location for the Kenai Loop # 4 well has been finalised.

The Kenai Loop # 4 well will target 7 stacked potential pay sands in the Tyonek formation and will have a bottom-hole location approximately 2,000’ north-west of the successful Kenai Loop # 1. All of the 7 stacked potential pay sands have been identified and mapped using the recently interpreted 3D seismic data and all have hydrocarbon indicators.

The targeted pay sands within the Tyonek include the 9700’ and 10000’ sands that are currently being produced in Kenai Loop # 1 well and therefore the Company has a high level of confidence in this well location. The Kenai Loop # 4 well is anticipated to take 35-40 days to drill with an additional 10 days for testing.

The Glacier rig is currently on location at Drilling Pad #1 and the Company is finalising preparations to spud the Kenai Loop # 4 well. These preparations include filing for a change to the previous permitted bottom-hole location, mobilisation of drilling crews and various service providers. The Company will advise when it has a definitive spud date.

Background

The Kenai Loop project consists of 9,308 acres and is immediately north and adjoins the lease boundary of the Cannery Loop field that has produced 180 BCF (30 MMBOE) and approximately 5 miles north of the Kenai Unit that has produced 2.4 TCF (400 MMBOE). The Cannery Loop and Kenai Unit were owned and operated by Marathon Oil Company and both share many of the same sand packages that have been encountered and are being produced in the Company’s 100% owned Kenai Loop project.

The Company has completed a preliminary evaluation of the 3D seismic over the entire Kenai Loop project area. The initial evaluation effort has focused on the producing 9,700’ and 10,000’ sands (Tyonek formation) around the existing Kenai Loop # 1 well. Ralph E Davis Associates, Inc., when estimating the Proven (1P) and Proven and Probable (2P) Reserves to the Kenai Loop project, attributed an aerial extent of 340 acres. The 3D seismic preliminary results indicates up to 840 acres around the Kenai Loop # 1 well bore in each of the producing 9,700’ and 10,000’ sands in the Tyonek formations i.e. a total of up to 1,680 acres.

Additionally the Company has identified 11 new seismic gas anomalies from the stacked pays in the shallow Beluga and Sterling Formations and deeper Upper Tyonek formation, all of which have hydrocarbon indicators. The Company will risk assess each of these anomalies prior to finalising a future drilling program.

Fluid substitution data defining the sand package signature relating to the Tyonek zones that were logged and tested in the first Kenai Loop well drilled in 2011 has being incorporated into the 3D and being used to high-grade the drilling opportunities.

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.

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 took place on 30 July 2012 and is due to arrive in the Cook Inlet on 25 August 2012 to commence drilling operations in early September 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 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 #4 in 3Q 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*
