

ASX RELEASE – 16 DECEMBER 2011

CONOCOPHILLIPS GAS SALES CONTRACT EXECUTED

HIGHLIGHTS

- **Gas Sale Contract with ConocoPhillips to supply LNG facility**
- **Starts on commencement of production in December 2011**
- **Delivery of up to 2.5 BCF until April 2012**

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to advise that it has executed a gas sales contract with ConocoPhillips, to supply natural gas to ConocoPhillips’ LNG facility located on the Kenai Peninsula approximately 10 miles north-west of Buccaneer’s 100% owned Kenai Loop project.

The contract with ConocoPhillips commences when Kenai Loop # 1 starts production in December 2011. The contract is expected to conclude on 30 April 2012, with the potential to end earlier, if construction of the Cook Inlet Natural Gas Storage (“CINGSA”) facility is completed prior to this date.

Once the CINGSA facility is on line, Buccaneer has a gas sales contract in place with ENSTAR - the largest gas utility in Alaska. ENSTAR will purchase the Kenai Loop gas and inject into CINGSA for storage and use at a later date.

Buccaneer is not obligated to sell any gas under the ConocoPhillips contract, however it gives the Company both flexibility and surety as it will allow the Kenai Loop # 1 well to flow continuously from the commencement of production, while being able to sell gas either into the ConocoPhillips gas contract or the daily auction to supply local peak demand requirements during the Northern Hemisphere winter. The daily auction to supply gas does not provide guaranteed daily volumes.

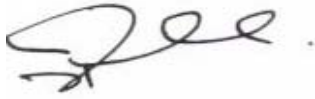
Buccaneer has the ability to sell up to 2.5 BCF to ConocoPhillips under the contract. The pricing as part of the gas sales contract is consistent with recently executed gas contracts.

Buccaneer Director Dean Gallegos said:

"This gas sales contract with ConocoPhillips is another milestone for Buccaneer. With secured contracts for the gas produced at Kenai Loop #1 from the time of first production, and the flexibility to be able to sell into the peak demand daily auction market, places Buccaneer in a strong position with substantial cash flows from December 2011 rather than April 2012.

Further, the ability to flow the well continuously will give us the opportunity of assessing the reservoir performance prior to the commencement of the ENSTAR gas contract in April 2012. If the reservoir performs as testing has indicated, it will give us the ability to increase the production rate from the anticipated minimum of 5.0 MMCFD."

Yours faithfully
BUCCANEER ENERGY LIMITED



Mr Dean Gallegos
Director

Competent Person Statement

Information contained in this report pertaining to the Alaskan projects was reviewed by Dr. Vijay Bangia, PhD in Petroleum Engineering from the University of Tulsa, who has over 30 years experience including employment by Shell Oil Company, Union Texas Petroleum, Burlington Resources and Renaissance Alaska. Dr. Bangia has approved the inclusion in this report of the technical matters and information herein in the form and context in which it appears.

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;*
- *Acquiring and 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 a jack-up rig named the "Endeavour" which is capable of drilling in the Cook Inlet. Mobilisation of the Endeavour into the Cook Inlet is expected in 1Q / 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). It is expected to be in production in December 2011. The Company plans to drill Kenai Loop #2 in 1Q/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 oil.

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