

KENAI LOOP UPDATE**HIGHLIGHTS**

- **Pipeline construction completed**
- **Final production facilities being installed**
- **Expect production to commence within 21 days**

Buccaneer Energy Limited (ASX: BCC) is pleased to advise that construction and pressure testing of the pipeline connecting the Kenai Loop # 1 well to the local gas pipeline has been completed.

Interconnecting piping, electrical and instrumentation connections, and fuel gas piping of the production facilities on the Kenai Loop #1 pad are currently being installed. This installation at the Kenai Loop #1 pad will allow for more efficient and effective hook up of additional future wells.

The sales gas meters are currently being calibrated in Canada and the gas filtering equipment is being installed at the City Gate pipeline facility prior to the functional check out of the system for final permitting approval.

It is anticipated that production and sales from Kenai Loop # 1 well will commence within the next 21 days.

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;*
- *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 mmcf/d (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