



ASX RELEASE – 25 MARCH 2010

## BUCCANEER UNDERTAKES SIGNIFICANT ACQUISITION IN ALASKA

Buccaneer Energy Limited (“Buccaneer” or “the Company”) is pleased to advise that it has executed a binding agreement to acquire a 87.5 – 100% working interest in a highly prospective portfolio of 57,600 gross acres of onshore and offshore oil and gas leases from Stellar Oil & Gas, LLC (“Stellar”), a private US based company.

### HIGHLIGHTS

- Binding agreement executed to acquire a portfolio of 57,600 gross acres of onshore and offshore leases in and around Cook Inlet, Alaska;
- Offshore leases adjoin and adjacent to significant production assets of multi-nationals including ConocoPhillips and Chevron;
- P10 reserve potential of 1.2 TCF and 149 million barrels of oil (MMBO);
- P50 reserve potential of 598 BCF and 53 MMBO;
- Buccaneer acquires a 6 man management team with a combined 105 year history of identifying, acquiring and developing projects in Alaska;
- State of Alaska offers significant financial incentives to new entrants into Alaska with cash rebates of 45 - 65% on most direct exploration costs (ACES scheme);
- Gas prices trade at around 40% premium to the remainder of the United States due to declining production and increasing demand;
- No technical hurdles exist to drill and develop reserves; usual state and federal regulatory requirements will apply to project permitting.
- Attractive acquisition price of US\$2.65 million to be paid in a combination of cash and Buccaneer shares which are subject to a voluntary escrow period;
- Drilling likely to commence in calendar 2010;
- Buccaneer continues to assess additional acquisition opportunities.

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The portfolio consists of 10,000 gross acres of offshore leases and 47,600 gross acres of onshore leases. The following table highlights the estimated reserves:

	OIL	GAS
<b>P10 Reserves</b>	149.0 MMBO	1.2 TCF
<b>P50 Reserves</b>	53.0 MMBO	598 BCF

The leases are in and around the Cook Inlet, Alaska, and are next to major producing oil & gas projects of ConocoPhillips and Chevron. The offshore leases are also close to pipeline and platform infrastructure. The Stellar leases cover 3 identified prospects and 2 significant leads and Buccaneer expects to drill its first prospect in calendar 2010.

The acquisition signals the commencement of an expansion by Buccaneer into a region that it has identified as significantly under explored, a jack-up drilling rig has not been in the Cook Inlet since 1993. The region has also been identified by numerous independent studies as having the potential to host additional world class reserves.



In 2007 the Alaskan Government introduced the ACES program to incentivise new entrants to explore within Alaska. This program takes the form of a rebate of between 45 - 65% of direct exploration costs and up to 55% on development costs. This is a significant incentive and substantially reduces the commercial discovery threshold.

Buccaneer is also pleased to confirm that the existing 6 man Stellar management team will join the Company. Collectively they have over 105 years operating experience in Alaska's onshore and offshore oil & gas industry. They will be instrumental in developing Buccaneer's Alaskan assets.

Buccaneer continues to assess further acquisition opportunities in Alaska and other markets. The Company will update shareholders in the coming weeks with more details on its Alaskan projects.

#### **ENDS**

For further information please contact Dean Gallegos on 0416 220 007 or 02 9233 2520, alternatively visit the Company's website at [www.buccenergy.com](http://www.buccenergy.com).

Yours faithfully

**BUCCANEER ENERGY LIMITED**

**Mr Dean Gallegos**  
**Director**

#### **About Buccaneer:**

Buccaneer Energy's wholly owned subsidiary Buccaneer Resources is based in Houston, Texas and is an upstream oil and gas company. It specialises in the development and expansion of behind-pipe proved and probable reserves and low-risk exploration plays with growth potential.

Buccaneer's growth strategy is focused on the progressive expansion of oil and gas production and reserves by acquiring significant working interests in low-cost, low-risk development properties that possess significant undeveloped upside.

**This report contains some references to forward looking assumptions, estimates and outcomes. These are uncertain by nature and no assurance can be given by Buccaneer Energy that its expectations, estimates and forecast outcomes will be achieved.**

Information contained in this report were compiled by Gary Rinehart, BS in Geology from University of Oklahoma and who has had more than 35 years experience in petroleum geology. Mr Rinehart has consented to the inclusion in this report of the technical matters and information herein in the form and context in which it appears.

## **ALASKA – OIL & GAS OVERVIEW**

Alaska's offshore waters and onshore prospects hold the potential to fuel the state's economy for decades and to play a key role in ensuring America has the energy it needs until alternative sources become available on a large scale

### **Facts & Economic Impact**

- Alaska's oil and gas industry has produced more than 16 billion barrels of oil and 6 trillion cubic feet of natural gas, accounting for an average of 20 percent of the entire nation's domestic production (1980 - 2000). Currently, Alaska accounts for approximately 13.4% of U.S. production.
- The oil industry continues to be the largest source of unrestricted revenue to the state, accounting for 93 percent, or \$11.2 billion, of all unrestricted state revenue in fiscal year 2008. Unrestricted general fund revenues from the oil and gas industry in fiscal year 2009 is expected to reach \$5.5 billion, 87 percent of the anticipated unrestricted revenue.
- The oil and gas industry accounts for more than 41,744 jobs, which is 9.4 percent of all employment in the state and 11.2 percent of all wages at \$2.4 billion.
- A new analysis by the University of Alaska Anchorage showed the oil industry supports as many as 110,000 jobs in Alaska (one-third of the state's workforce), including funding for three-quarters of state government jobs.
- The Alaska Permanent Fund, worth \$30 billion in spring 2009, was created in 1976 to set aside a portion of oil revenues for future generations. The fund has paid out more than \$13 billion in dividends to Alaskans.
- The oil and gas industry has invested over \$50 billion in North Slope and Cook Inlet infrastructure since the 1950s.

### **Production & Processing**

- Alaska ranks second behind Texas in daily oil production.
  - There are seven producing oil and gas fields on the Kenai Peninsula and offshore Cook Inlet. This area has produced a cumulative total of over 1.3 billion barrels of oil and 7.3 trillion cubic feet of natural gas.
  - Alaska has four refineries that produce gasoline, diesel and jet fuel for Alaska markets. Refineries are located in Nikiski, Valdez and near Fairbanks.
  - A gas liquefaction plant at Nikiski, the only one of its type in North America, supplies liquefied natural gas (LNG) to Japan each month.
  - LNG exports to Japan accounted for about a third of total Cook Inlet gas production. Total industrial use of Cook Inlet gas, including LNG exports, fertilizer manufacture and oil field operations, has remained constant at about 75 percent of total consumption since 1990. In recent years, Cook Inlet natural gas production has been steadily declining with current production at approximately 190 BCF per year.
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