



ASX RELEASE – 4 NOVEMBER 2013

KENAI LOOP PROJECT – COOK INLET REGION INC.

Buccaneer Energy Limited (“Buccaneer” or “the Company”) has leased 9,308 acres at the Kenai Loop Project through leasing agreements with the Alaska Mental Health Land Trust (“MHLT”), the State of Alaska, and the Cook Inlet Region Inc. (“CIRI”).

To date, Buccaneer has drilled four wells on the MHLT lease and placed two of these wells onto commercial production. All of Buccaneer’s activities have been properly permitted and approved by the appropriate regulatory agencies.

CIRI alleges that its lease with the Company totalling 1,275 acres terminated in January 2013. CIRI’s allegations are based on an assertion that the Company failed to meet various lease commitments. In its answer and counterclaim, which will be filed this week, the Company maintains that all relevant lease commitments have been satisfied by, among other things, the extensive work completed as a result of the drilling of four wells at Kenai Loop and the initiation of production from the Kenai Loop field.

As none of the currently producing wells are located on the CIRI lease, if CIRI successfully argues that the lease has terminated the impact on the Company is not material and will not impact the Company’s current or future development plans at Kenai Loop.

Background

The State of Alaska’s conservation statutes give administrative agencies the power to regulate the production of oil and gas to prevent waste and protect correlative rights. The Alaska Oil and Gas Conservation Commission (“AOGCC”) has jurisdiction over the drilling of oil and gas exploration and development wells statewide, whether on federal, state, municipal, or private land. Every well drilled by Buccaneer in the Kenai Loop Area has been properly permitted by the AOGCC. Buccaneer’s wells also comply with the applicable AOGCC spacing rules.

The AOGCC also has found that Conservation Order No. 231 “remains in effect”. Conservation Order No. 231 establishes pool rules based on “quarter-quarter subdivision of a governmental section” (40 acres) in the Upper Tyonek formation, versus a governmental section (640 acres).

In addition, Buccaneer has received approved spacing exceptions from the AOGCC for the Kenai Loop # 1-1 (producing), # 1-3 (producing) and # 1-4 wells (awaiting hook-up). The Kenai Loop # 1-1 and # 1-3 wells were over 1,500’ of the CIRI property boundary and the conservation orders allowed for the legal drilling, testing and commercial production from these wells. CIRI never raised objections with the AOGCC related to the proposed location of these wells.

Due to the close proximity of the Kenai Loop # 1-4 well to the CIRI property boundary, the AOGCC conservation order issued to Buccaneer approved the drilling and testing of the well, but commercial production will require a “pooling agreement” with the State of Alaska, Mental Health Trust and CIRI. Buccaneer is committed to working with all stakeholders on a cooperative agreement for this well and the unitization of the entire Kenai Loop area.

The pooling agreement is an agreement on how a fixed royalty on gas production is split between the State of Alaska, Mental Health Trust and CIRI (collectively “royalty interest owners”). If no agreement to split the fixed royalty share between the various royalty interest owners is achieved, the Company may petition the AOGCC to commence gas production from that well with royalty payments being held in escrow until a pooling agreement negotiated by and between the royalty interest owners is achieved.



Current Proceedings

Firstly, CIRI has filed a lawsuit requesting, among other things, that the court declare that Buccaneer's lease terminated and that Buccaneer's activities on its adjacent MHLT and state leases constitute trespass. Buccaneer will file an Answer and Counterclaim to this lawsuit early this week. It is Buccaneer's position that, with the drilling and production achieved at the Kenai Loop field, it has far exceeded any lease obligations to CIRI and the subject lease remains in full force and effect.

Secondly, the AOGCC recently authorized Buccaneer to drill and test the Kenai Loop # 1-4 well, which is in close proximity to the CIRI lease. CIRI has appealed this authorization to state court. In response to this appeal, the AOGCC is obligated to compile an administrative record and defend its decision in court. Buccaneer has been granted the right to participate in the appeal and will also work with the AOGCC to defend its decision.

Finally, CIRI has also filed a petition with the AOGCC alleging that the AOGCC erred by allowing Buccaneer to produce from the Kenai Loop # 1-1 and # 1-3 wells, production which commenced in early 2012. CIRI specifically contends that Buccaneer is draining gas from the 1,275 acre lease that it claims, and the Company refutes, has been terminated.

During that hearing, CIRI will also be required to explain why Conservation Order No. 231 (see above) is no longer valid and why the AOGCC should alter the pool rules established by that Conservation Order. Note that Conservation Order No. 231 has been in-place for many years and CIRI will carry a heavy burden to overturn that long-standing precedent.

There have been incorrect press reports within Alaska stating that CIRI has commenced legal action against the Company in respect this claim. CIRI has not initiated legal action against the Company; rather, CIRI has initiated an administrative proceeding at the AOGCC in an effort to advance this claim.

The Company is of the opinion that the CIRI claims have no basis and will aggressively protect its interests against CIRI's baseless actions.

Yours faithfully

BUCCANEER ENERGY LIMITED

A handwritten signature in black ink, appearing to read 'D Gallegos', with a small dot at the end.

Mr Dean Gallegos
Chairman

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.buccaneerenergy.com.



About Buccaneer

Buccaneer Energy Limited is an Australian listed company focused on developing its oil & gas assets in Alaska. The Group'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 3.7 MMBOE in Proven Reserves;*
- *Operating the offshore jack-up rig Endeavour in the Cook Inlet; and*
- *Developing its offshore Cook Inlet projects that have independently assessed 69.9 MMBOE in 2P Reserves, 23.9 MMBOE in 2C Contingent Resources & 60.6 MMBOE in P50 Prospective Resources using the acquired jack-up rig.*

Buccaneer Energy acquired the Endeavour jack-up rig through a 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.

