



ASX RELEASE – 19 DECEMBER 2013

OPERATIONAL UPDATE AND 3RD PARTY REPORT RESULTS ON KENAI LOOP RESERVES AND RESOURCES

Buccaneer Energy Limited (“Buccaneer” or “the Company”) provides the following operational update on its Cook Inlet, Alaska projects.

West Eagle - Glacier Rig

The Glacier Rig is on site at the West Eagle Unit. The Company will provide a further update when the well spuds.

The primary objective of the West Eagle #1 well targets a 150’ Upper Tyonek interval of sandstones that had gas shows in a down-dip offset well, the Standard Oil of California, Anchor River #1. Up-structure on a northeast to southwest trending ridge, the West Eagle well will test a large amplitude anomaly mapped on 233 miles of 2D seismic data. The anomaly size is estimated at more than 4,000 acres.

Under the terms of the Unit Agreement with the Alaskan Department of Natural Resources (“DNR”) the Company was required to spud the West Eagle #1 well before 1 December 2013 to retain a US\$600,000 bond. Additionally, it is required to complete the West Eagle #1 well to approximately 5,200’ by 31 January 2014 in order to retain a second US\$600,000 bond and the acreage within the approved unit. Once the well has been completed, the Company will explore its options with the DNR regarding the status of the first bond. When drilling operations are finished, testing of the well is expected to take an additional 8 days.

Cosmo #2 - Endeavour Jack-Up Rig

The Endeavour jack-up rig is currently stationed at Port Graham, Alaska. The Company is awaiting advice from the various Alaskan regulatory groups regarding approval of its applications for winter drilling operations.

The Cosmopolitan Project is located in the southern reaches of the Cook Inlet, these areas are typically considered to be ice-free during the winter. The Company, in its role as Operator of the Cosmopolitan Project, applied to the Alaskan Oil and Gas Conservation Commission (“AOGCC”) on October 8, 2013 to drill the Cosmo #2 well. It has yet to receive clear guidance from the agency with respect to its drilling plan and timing.

The Cosmo #2 well will be limited to the gas zones intersected in the Cosmo #1 well. It will be drilled as a field delineation well, so as to further understand the extent of the gas field. Deepening the well to further explore the oil-bearing sands may be done at a later date.

Partnering and Capital Management

The Company has received interest from multiple parties to both farm-in and/or acquire assets from the Company’s portfolio. The total amount of these proposals is material to the Company and its short and medium term funding requirements.

Currently, these proposals are conditional and non-binding. Accordingly, further releases will be made if and when binding agreements are executed in respect to these proposals.

Kenai Loop - Operations

The Kenai Loop #1-1 and #1-3 wells continue to produce consistently and are problem free. Additional gas sales through the winter are possible if cold weather causes an increase in demand. Additional spot sales may also be possible to industrial clients. Updates will be provided as they occur.

Kenai Loop - Reserves & Resources

The Company commissioned a revised reserve certification report from Houston based independent engineering firm Ralph E Davis. The current reserves attributed to only the 9,700' and 10,000' sand within the 9,308 acres of the Kenai Loop project, as at 1 October 2013, are as follows:

9,700' & 10,000' Sands Co-mingled

Reserves	Proven (1P)	Proven + Probable (2P)	Proven + Probable + Possible (3P)
Gas-BCF Proved Developed Producing (PDP)	13.4	13.4	27.6
MMBOE	2.2	2.2	4.6

9,700' Sand Only

Prospective Resources	Low Estimate	Best Estimate	High Estimate
Gas-BCF	18.8	37.6	56.4
MMBOE	3.1	6.3	9.4

1 Gas to oil conversion using a Gas to Oil ratio of 6 - 1

2 Net of all royalties

The PDP Reserves have an estimated Future Net Income of US\$80 million and a Present Value (at a 10% discount) of US\$63.0 million.

The Company has previously reported reserves and resources based on the working interest it has in each project. Consistent with amendments to the ASX Listing Rules that came into effect on the 1 December 2013, the above reported estimate of Reserves and Prospective Resources are on a Net basis after deducting the interest of royalty holders.

To date the Kenai Loop field has produced 4.7 BCF of Gross gas, and the current daily production rate is approximately 8.8 million cubic feet per day ("MMCFD") from the Kenai Loop #1-1 and #1-3 wells. Pressure monitoring on the 9,700' Sand in the Kenai Loop # 1-4 well has determined that the well is in communication with the 9,700' Sand from the two wells which are currently in production.

Possible Reserves and Prospective Resources are reported on an un-risked basis using a recovery factor of 90% of original gas in place. In accordance with ASX Listing Rule 5.28.2, the estimated quantities of gas that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially developable hydrocarbons.

Kenai Loop - Future Drilling Locations

Mapping of the 9700' Sand within the Company's acreage position has also been completed. This mapping provided the technical support for the above Possible Reserves and Prospective Resource estimates.

Kenai Loop - Possible Reserves

The Possible Reserves were mapped in two separate areas (areas # 4 and 6) with a total aerial extent of 735 acres and with total recoverable Possible Reserves of 19.3 BCF (3.2 MMBOE) gross; 14.2 BCF (2.4 MMBOE) net.

The Company estimates that, if successfully delineated, up to 3 wells could be required to fully drain these Possible Reserves.

Kenai Loop - Prospective Resources

The Prospective Resources were mapped in six separate areas (areas # 1-3, 5 & 7-8) with a total aerial extent of 2,038 acres with Best Estimate (P50) Prospective Resources of 53.4 BCF (8.9 MMBOE). The Company estimates that, if successfully delineated, up to 8 wells could be required to fully drain these Prospective Resources.

The Company believes that there are potentially additional multiple production horizons other than the 9700' Sand within the Tyonek Formation in the 9,308 acre lease position. As these horizons are proven to be productive, additional reserves and resources are expected to be delineated.

Kenai Loop - Operating Netbacks

The term "Operating Netback" is a measure of oil and gas sales net of royalties, production and transportation expenses and is a common metric against which to compare companies operating in the energy industry.

The Company enjoys relatively high Operating Netbacks compared to its peers operating in the US energy industry with net operating margins of approximately 75%, see Figure 1.

Kenai Loop Production

Production Month	Operating Net Back US\$/MCF
December 2012	\$7.48
January 2013	\$6.70
February 2013	\$5.83
March 2013	\$4.95
April 2013	\$4.27
May 2013	\$4.75
June 2013	\$4.62
July 2013	\$4.68
August 2013	\$4.79
September 2013	\$4.75
October 2013	\$4.79
November 2013	\$4.57
Average	\$5.07

Figure 1: Operating Net Back
Cook Inlet Regional Authority (“CIRI”) – AOGCC Hearing

The AOGCC has set down a public hearing date on 30 January 2014 to hear CIRI’s objections in respect to the Company producing from wells at its Kenai Loop project. A further release will be made when the AOGCC has made a decision after that hearing.

Management Statement

Curtis Burton, MD and CEO of Buccaneer Energy commented, “The Buccaneer management team is working with its new board to bring them up to speed on the various operations under way within the Company. We are also working with the board to reduce overhead and to map out tactical and strategic plans for the Company going forward. These plans include revisiting our capital position, our holdings and our near term development plans.”

Yours faithfully

BUCCANEER ENERGY LIMITED



**Mr Curtis Burton
Managing Director**

Competent Person

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 31 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.

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.

For further information please visit the Company's website at www.buccaneerenergy.com or Email to InvestorRelations@buccaneerEnergy.com

Additional Reporting Requirements for Kenai Loop under Chapter 5 of the ASX Listing Rules

Listing Rule	Disclosure
5.25.1	The estimate Reserves are reported as at 1 October 2013
5.25.2	All reserves and resources reported in accordance with SPE-PRMS classifications
5.25.3	Not Applicable
5.24.4	Not Applicable
5.25.5	The estimated Reserves and Prospective Resources have been reported according to the Company's economic interest net of all royalties.
5.25.6	The deterministic method was used to prepare the estimates.
5.25.7	The estimates have been converted to BOE using a gas to oil conversion ratio of 6:1.
5.31.1	An average gas price of US\$6.72/MCF was used to calculate reserves and cash flow estimates
5.31.2	The Company is the Operator of the Kenai Loop Project
5.31.3	<p>The leases containing the estimate Reserves are leases issued by:</p> <ul style="list-style-type: none"> • The State of Alaska; • The Mental Health Trust of Alaska ("MHT"); and • The Cook Inlet Regional Authority ("CIRI").

5.31.4	<ul style="list-style-type: none"> • The estimated Reserves are from reservoirs currently in production; • The initial In-Place reserves for the reservoirs containing the estimated Reserves and which contain three wells capable of production was estimated using Bottom Hole Pressure (“BHP”) data from all three wells and estimating the reserves using BHP/Z vs. Cumulative Production plot. This estimate is supported by the volumetric estimates using Net Gas Sand Isopachs for both sands; • The wells are being produced under natural pressure; and • The PDP recovery of 90% requires compression to be installed in the future and no other major capital expenditures.
5.31.5	The estimated quantities to be recovered from existing wells, facilities and through future investments are as reported above.
5.31.6	The possible and prospective reserves are planned for development drilling during the years of 2014-2016.
5.31.7	Not Applicable
5.31.8	Not Applicable
5.34	Not Applicable
5.35.1	<p>The leases containing the estimated Prospective Resources are leases issued by:</p> <ul style="list-style-type: none"> • The State of Alaska; • The Mental Health Trust of Alaska (“MHT”); and • The Cook Inlet Regional Authority (“CIRI”). <p>Based on sub surface mapping using 3D seismic Ralph E Davis opines that 12.0% of the estimated Prospective Resources are within a leases which are as yet have not been leased by the Company.</p>
5.35.2	The Kenai Loop Field reservoirs in the 9700’ Sand are made of numerous seismic anomalies (amplitudes) that have been identified using newly acquired seismic data. The Prospective Resources have been estimated using the volumetric parameters derived from the producing anomaly for the 6 anomalies identified but not yet developed.

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 3.7 MMBOE in 2P 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 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 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.

Buccaneer Energy has two onshore wells at Kenai Loop producing at a combined rate of 10.0 MMCFD (1,666 BOEPD). The Company expects this to increase to 11 - 12 MMCFD (1,833 – 2,000 BOEPD) if a third gas sales contract can be finalised in the coming months.

Buccaneer Energy also has major working interests in Texas and the Gulf of Mexico, USA.
