



ASX release – 2 June 2014

Buccaneer Energy Limited and its U.S. Subsidiaries Initiate Voluntary Chapter 11 Proceedings in the U.S. to Implement Asset Sale to Repay Debt

Business operations continuing pending asset sale

On 31 May 2014 (Houston time) Buccaneer Energy Limited (ASX: BCC) and its U.S. subsidiaries filed voluntary petitions for reorganisation under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas, Victoria Division. The Company's filing was made on the eve of a 1 June 2014 deadline established by the Alaska Oil and Gas Conservation Commission (AOGCC) requiring Buccaneer Energy to establish and maintain an escrow account with a state-regulated bank in Alaska wherein 100% of the Company's future production net revenue was to be deposited until an allocation of gas attributable to each of the adjacent landowners is made or upon further order by the AOGCC.

As part of the Chapter 11 proceedings, Buccaneer Energy has also reached an agreement in principle with its secured lender on certain critical elements of a plan of reorganisation that would result in the sale of substantially all of the Company's assets. If implemented as proposed, Buccaneer Energy anticipates this plan will enable it to satisfy obligations owed to its principal secured lender and other secured creditors, and conclude in an outcome that could result in some recovery for the Company's unsecured creditors. The Company does not intend to obtain debtor-in-possession (DIP) financing during the reorganisation as the Company expects to have sufficient cash on hand throughout the Chapter 11 proceedings to pay all of its post-petition obligations as they come due. Buccaneer will continue to operate and oversee its assets during and throughout the restructuring process.

The Company has also filed a variety of other customary "first day" motions with the U.S. Bankruptcy Court to enable it to continue to conduct business while it undertakes its reorganisation. These include motions providing for employees to continue to receive compensation and benefits in the ordinary course of business. The Company expects to file a motion with the U.S. Bankruptcy Court shortly seeking to set forth the process and timeframe within which it intends to sell substantially all of its assets.

Buccaneer Energy's legal advisor for the restructuring process is Norton Rose Fulbright, and its financial advisor is Conway MacKenzie.

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