

**ASX RELEASE – 17 FEBRUARY 2014**
**WEST EAGLE #1 CEASES OPERATIONS**

Buccaneer Energy Limited (ASX: BCC) provides the following update on the West Eagle #1 well.

**WEST EAGLE #1**

The well reached a depth of 3,700 feet, with the primary targeted sand packages encountered as expected. Having reached this depth, Buccaneer then analysed the data available to it, and while the analysis confirmed that the sands encountered exhibited excellent reservoir qualities, there were no indications of the presence of hydrocarbons in the targeted zones.

Failure of the primary objective has significantly increased the risks associated with the deeper objectives. Accordingly, the decision has been made to not drill any deeper at this location and plug and abandon the well.

“After having enjoyed discoveries at the Kenai Loop and Cosmopolitan fields, the results of the West Eagle well are disappointing. The company will now focus its efforts towards Tyonek Deep and Kenai Loop,” said Curtis Burton, CEO of Buccaneer.

The Board of Buccaneer is considering the impact of the unsuccessful drilling of West Eagle #1 on its recapitalisation plan. Discussions with major shareholders and third parties regarding financing are in progress.

**ACES/BONDING**

The company intends to file for the ACES credits associated with the cost of the well. Buccaneer will also request the return of its bond funds from the State of Alaska. The ACES funds and return of the bond funds were not dependent upon drilling success, but are subject to the review and approval of the State regulatory agencies in the ordinary course of business.

**COSTS ASSOCIATED WITH DRILLING WEST EAGLE #1 NET ACES**

Cost/ACES Rebates	US\$Millions
Build Location/Road/Conductor+Casing/Camp	\$1.83
Mobilization Cost	\$0.43
Standby Costs - Prep Rig	\$3.40
Drilling Cost	\$3.18
P&A Cost	\$0.60
<b>Total Drilling Cost</b>	<b>\$9.44</b>
ACES Drilling Rebate	(\$2.31)
ACES NOL Rebate	(\$1.58)
Spud Bond Rebate	(\$0.60)
Target Bond Rebate	(\$0.60)
<b>Net Total After Potential Rebates</b>	<b>\$4.35</b>

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**FINANCIAL POSITION**

Buccaneer will need to have access to additional working capital in the short term in order to undertake the required steps to repay the Meridian Facility by 30 June 2014 (refer to the announcement dated 28 January 2014). This may involve, amongst other things, a sale of assets and/or capital raising.

The Board of Buccaneer is working with Meridian and the company's advisors to agree on a plan of action, details of which will be announced as soon as an agreement has been reached.

**For further information please contact:**

Ronn Bechler  
Managing Director, Market Eye  
E: [ronn.bechler@marketeye.com.au](mailto:ronn.bechler@marketeye.com.au)  
P: +61-400 009 774

*For information on Buccaneer Energy, please visit the Company's website at [www.buccaneerenergy.com](http://www.buccaneerenergy.com) or email [investorrelations@buccaneerenergy.com](mailto:investorrelations@buccaneerenergy.com).*