

**ASX RELEASE – 13 FEBRUARY 2014****OPERATIONS UPDATE**

Buccaneer Energy Limited (ASX: BCC) provides the following operations update.

**WEST EAGLE #1**

Drilling at West Eagle#1 continued to progress, with drilling of the surface interval completed to a depth of 2,500 feet measured depth (MD) and the interval logged prior to running casing to 2,485 feet MD. The casing was cemented in two stages and a cement bond log used to confirm adequate cement placement.

After installing blowout preventers and drilling to just below the casing, a formation leak-off test was conducted that was lower than anticipated, causing a temporary halt to drilling while the formation was squeezed. Drilling has since resumed.

At 21:00 hours on 11 February 2014 (Alaska), drilling stopped at a depth of approximately 3,700 feet MD for testing of the blowout preventer (BOP) as required each week. Upon completing the BOP test drilling will recommence.

**KENAI LOOP PROJECT**

The company continued to maintain its cumulative production rate at Kenai Loop for KL #1-1 and KL #1-3 at 8.7 million cubic feet per day (MMCFD).

With respect to Cook Inlet Region, Inc. (CIRI) and the State of Alaska's Department of Natural Resources' objections to Buccaneer producing from wells at its Kenai Loop Project, a hearing was held on 30 January 2014. The Alaska Oil and Gas Conservation Commission (AOGCC) has scheduled a second hearing for 8 April 2014 in order to consider additional information and arguments related to whether to escrow a portion of the revenue from the KL #1-1 and #1-3 wells and, if an escrow is established, the formula with which to allocate the production from each contributing tract.

So far none of the testimony or evidence presented by CIRI has altered Buccaneer's views on the merits of its case and Buccaneer will continue to aggressively protect its interests in this matter.

**FINANCIAL POSITION**

With the company's recapitalisation process proceeding, and as previously announced, the combination of funds raised from asset sales and the new debt facility put in place were used to satisfy various liabilities and provide working capital. Buccaneer's financial position as of 7 February 2014 stood at US\$5.8 million:

Financial Position (in US\$ millions)	Expenditure
<b>\$28.9</b>	<b><i>Beginning Balance 31Jan2014</i></b>
(\$8.3)	Endeavour Related
(\$4.6)	Kenai Loop
(\$3.8)	Southern Cross
(\$2.7)	West Eagle
(\$3.7)	Other Working Capital
<b>\$5.8</b>	<b><i>Ending Balance 7Feb2014</i></b>

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