Lipari Energy, Inc. Announces Second Quarter 2013 Results

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TORONTO, ONTARIO -- (Marketwired - Aug. 12, 2013) - Lipari Energy, Inc. (TSX:LIP) ("Lipari" or the "Company") a thermal coal producer with current operations and additional development properties in the Central Appalachian region of the United States, is pleased to announce its operating results for the three months and six months ended June 30, 2013. All figures are in U.S. dollars unless otherwise stated.

Second quarter 2013 tons sold increased by 12.6% and production increased by 21.9% over second quarter 2012 to 280,603 tons and 245,791 respectively. Second quarter revenues increased by 22.9%, as a result of the increase in tonnage sold and the increase in average sales price per ton. Lipari generated earnings before interest, taxes, depreciation, depletion and amortization ("EBITDA") of $4.7 million during the second quarter of 2013. Adjusted EBITDA, after accounting for a change in the fair value of warrants, lease expenses and other adjustments, was $5.6 million during the second quarter of 2013.

"I am concerned about the current outlook for the Central Appalachia coal market, but we continue our efforts to prepare the Company to make it through this continued downturn. While it is hard to predict prices going into 2014, we can be aggressive and survive going forward. We continue to adjust our operations to adapt to coal demand," said John Liperote, CEO of Lipari.

Selected Second Quarter 2013 Operating and Financial Highlights

	Q2 2013	Q2 2012	Year-Over-Year %Char
Tons produced	245,791	201,569	21.9%
Tons sold	280,603	249,194	12.6%
Average sales price per ton	$ 77.00	$ 70.53	9.2%
Cash cost per ton produced (1)	$ 46.86	$ 52.32	(10.4%)
Total operating cost per ton sold (2)	$ 67.73	$ 67.20	0.8%
($ in 000s, except per share amounts)			
Revenues	$ 21,607	$ 17,575	22.9%
Gross margin	$ 2,603	$ 830	213.6%
EBITDA	$ 4,718	$ 2,043	130.9%
Adjusted EBITDA	$ 5,630	$ 2,990	88.3%
Net income (loss)	$ 1,269	$ (210)	NMF
Earnings (loss) per share- basic and diluted	$ 0.03	$ (0.01)	NMF

(1) Cash cost per ton produced includes all costs associated with the operation of our mines, preparation plant and rail load out facility inclusive of royalty expenses.

(2) Total operating cost per ton sold includes all cost of sales inclusive of depreciation, depletion and amortization.

Review of Operating Performance

During the second quarter of 2013, Lipari's operations sold 280,603 tons of high quality thermal coal, a 12.6% increase over the prior year's quarter of 249,194 tons. The average realized sales price per ton of coal sold was $77.00 per ton, a 9.2% increase over the prior year's average realized price of $70.53 per ton. Overall demand for coal continues to be reduced by lower natural gas prices and a modest economy.

Balance Sheet Highlights

($ in 000s)	June 30, 2013	Dec 31, 2012
Cash, equivalents, and restricted cash	$ 15,316	$ 13,946
Accounts receivable	$ 6,018	$ 6,944
Net working capital (1)	$ 10,042	$ 6,205
Total assets	$ 58,883	$ 61,210
Total debt	$ 4,857	$ 6,407
Total liabilities	$ 17,621	$ 22,043
Shareholders equity	$ 41,262	$ 39,167
Total liabilities and shareholders' equity	$ 58,883	$ 61,210

(1) Current assets less current liabilities

Selected Operating and Financial Highlights for the six months ended June 30, 2013

($ in 000s, except per share amounts)	2013	2012	Year-Over-Year %Change
Tons produced	524,959	433,671	21.1%
Tons sold	576,979	466,171	23.8%
Average sales price per ton	$ 75.74	$ 71.23	6.3%
Cash cost per ton produced (1)	$ 47.56	$ 52.38	(9.2%)
Total operating cost per ton sold (2)	$ 66.34	$ 72.09	(8.0%)
($ in 000s, except per share amounts)			
Revenues	$ 43,701	$ 33,207	31.6%
Gross margin	$ 5,422	$ (398)	NMF
EBITDA	$ 8,866	$ 2,323	281.7%
Adjusted EBITDA	$ 11,514	$ 3,611	218.9%
Net income (loss)	$ 2,070	$ (1,963)	NMF
Earnings (loss) per share-basic and diluted	$ 0.04	$ (0.04)	NMF

(1) Cash cost per ton produced includes all costs associated with the operation of our mines, preparation plant and rail load out facility inclusive of royalty expenses.

(2) Total operating cost per ton sold includes all cost of sales inclusive of depreciation, depletion and amortization.

Production and Sales Contract Portfolio

Lipari has sales commitments in place for 100% of its planned 2013 production and approximately 47% of its planned 2014 production at prices averaging approximately $77 per ton in 2013 and $79 per ton in 2014. The Company currently plans to keep production at levels to meet contracted tonnages during 2013.

Interim Consolidated Financial Statements and Management's Discussion and Analysis for the three months ending June 30, 2013 have been posted on SEDAR and are available at www.liparienergy.com.

Use of Non-IFRS Financial Measures

Our financial results are prepared in accordance with IFRS. This document refers to EBITDA, Adjusted EBITDA, Average Sales Price per Ton, and Cash Costs, which are not measures recognized under IFRS. EBITDA is earnings attributable to shareholders before interest and financing expenses, income taxes, depreciation, depletion and amortization. Adjusted EBITDA includes non-recurring income and expense items, stock based compensation, acquisition costs, and operating lease expenses. Average Sales Price per Ton is the total revenue for the period divided by the total tons sold for the period. These measures may differ from those that are used by other issuers and may not be comparable to such measures reported by other issuers. We disclose these measures, which have been derived from our financial statements and applied on a consistent basis, because we believe it is of assistance in understanding the results of our operations and financial position and are meant to provide further information about our financial results to investors. Management believes that Adjusted EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations and fund capital expenditures.

The table below presents EBITDA and Adjusted EBITDA and reconciles these non-IFRS measures from net income (loss):

(unaudited, $ in 000s)	Quarter Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Net income (loss)	$ 738	$ (210)	$ 2,070	$ (1,963)
Depreciation, depletion and amortization	3,389	2,657	5,810	5,230
Interest expense	61	90	126	172
Income tax provision (benefit)	530	(494)	860	(1,116)
EBITDA	$ 4,718	$ 2,043	$ 8,866	$ 2,323
Mine closure cost	-	-	988	-
IPO costs	-	-	-	-
Mine closure cost	-	-	-	-
Stock compensation expense	1	27	26	113
Equipment lease expense	924	962	1,848	1,871
Change in fair value of warrants	(2)	(42)	(2)	(696)
Other income	(11)	-	(212)	-
Adjusted EBITDA	$ 5,630	$ 2,990	$ 11,514	$ 3,611

About Lipari Energy:

Lipari is a thermal coal producer with current operations and additional development properties in the Central Appalachian region of the United States. Lipari has been in production since 2008 and has diversified surface and highwall mining operations. Lipari coal sales are predominantly to utilities through a mix of forward contracts and short-term sales. Lipari's growth strategy includes continued growth of its organic reserves through its enhanced drilling program, as well as from its focused and disciplined approach to strategic acquisitions. Lipari's corporate office is located in London, Kentucky.

This news release and the information contained herein does not constitute an offer of securities for sale in the United States and securities may not be offered or sold in the United States absent registration or exemption from registration.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:

This news release contains "forward-looking information" that includes information relating to future events and future financial and operating performance, including management's assessment of Lipari's future outlook. This forward-looking information is based on certain key assumptions regarding, among other things: no material disruption in production; no material variation in anticipated coal sales volumes; no material variations in markets and pricing of steam or metallurgical coal other than anticipated variations; continued availability of and no material disruption in rail service; no production, construction or shipping disruptions due to adverse weather conditions other than normal, seasonal patterns; no material delays in the current timing for completion of ongoing projects; no material delays in the receipt of anticipated mining permits from governmental agencies; no material variation in historical coal purchasing practices of customers; coal sales contracts will be entered into with new customers; parties execute and deliver contracts currently under negotiation; and no material variations in the current regulatory environment. The reader is cautioned that such assumptions, although considered reasonable by us at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period may vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors.

Important factors that could cause these differences include, but are not limited to: changes in general economic, market and business conditions; uncertainties associated with estimating the quantity and quality of coal reserves and resources; commodity prices; currency exchange rates; debt service requirements; changes to federal and state legislation; liabilities inherent in coal mine development and production; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; geological, mining and processing technical problems; ability to obtain required mine licenses, mine permits and regulatory approvals required to proceed with mining and coal processing operations; ability to comply with current and future environmental and other laws; actions by governmental or regulatory authorities including increasing taxes and changes in other regulations; the occurrence of unexpected events involved in coal mine development and production; and other factors, many of which are beyond our control. Many of these risk factors and uncertainties are discussed in our Annual Information Form in a section entitled "Risk Factors" and other documents we file with the Canadian securities regulatory authorities available on SEDAR at www.sedar.com. You should not put undue reliance on any forward-looking information. We assume no obligation to update forward-looking information to reflect actual results, changes *in assumptions or changes in other factors affecting forward looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking information, no inference should be drawn that we will make additional updates with respect to those or other forward-looking information.*

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