Caracal Announces 2013 Full Year Results

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A year of world-class success in Chad

CALGARY, March 31, 2014 /CNW/ - Caracal Energy Inc. ("Caracal" or the "Company") (LSE:CRCL) is pleased to announce its 2013 year end results, its first full year results as a listed company. A summary of the results follows, which should be read in conjunction with the full audited financial statements, related Management's Discussion & Analysis ("MD&A") and annual information form ("AIF") which are available at www.caracalenergy.com and on the Caracal's SEDAR profile at www.sedar.com.

Operational Highlights:

- Commenced production in September and exited the year with gross production of 10,000 barrels of oil per day ("bopd");
- Commenced exploration drilling with first two successful wells.
- Closed the US$300 million Agreement with Glencore Xstrata plc ("Glencore" or the "Partner") on March 28, 2013 whereby Glencore paid US$300 million for a 25% working interest in the Badila and Mangara EXAs;
- Commenced trading at a premium on the London Stock Exchange on July 9, 2013;
- Revenue generation commenced with Caracal's first lifting in December 2013, of approximately 560,000 barrels of oil net to the Company. Pricing for the crude was in line with the Company's competent person's report assumptions of Brent minus a differential of five per

Continued Success in 2014

- Oil production grew to 14,200 gross barrels of oil per day ("bopd"), as at March 5, 2014, from 12,000 bopd in January, 2014;
- targeting gross average production in 2014 of 22,000 to 26,000 bopd
- Mangara-5 a discovery in the lower Cretaceo
- Krim, a discovery in Cretaceous C, D and E s
bopd maximum oil rate respectively[2]

cent;

- [illegible] (NASDAQ:TGA) [illegible] exchange [illegible] pursuant to a plan of arrangement under the Business Corporations Act

(Alberta) (the "Arrangement"). The Arrangement would create one of the largest independent Africa focused oil producers, which together will be poised for strong growth in oil production and reserves from development and exploration in Chad and Egypt.

Gary Guidry, Chief Executive of Caracal, said:

"2013 was a very significant year for Caracal. We commenced production, closed a major farm-in agreement with Glencore and listed on the London Stock Exchange. All of which enabled us to maintain our operational development with the drilling of development and exploration wells.

"Since the year end, we have become revenue generating with the first lifting earlier this month. Production is increasing inline with our expectations and we are on track to hit our target of gross 2014 production of 22-26,000 bopd. The exploration programme has commenced and the first 8 to 10 exploration wells will test one billion barrels of unrisked mean Prospective Resources.

"Earlier this month we announced the agreement to merge with TransGlobe to create one of the largest independent Africa focused oil producers with focused operations in Chad and Egypt. Post-merger, we will continue to be entirely focused on onshore, conventional oil production, development and exploration. The combination will provide shareholders with significant organic production and reserves growth."

Selected Financial results for the three and twelve months ended December 31, 2012 and 2013

	Three months ended December 31		Year ended December 31	
	2013	2012	2013	2012
Tariff Revenue	80	-	80	-
Oil Revenue	-	-	-	-
Change in Oil Inventory	27,159	-	27,159	-
	27,239	-	27,239	-
Expenses				
Operating expenses	4,249	-	4,249	-
Transportation expenses	2,527	-	2,527	-
Depreciation and depletion	4,508	328	5,823	1,082
Salaries and benefits	8,175	4,072	21,108	13,122
Share-based compensation	3,589	2,076	11,044	8,564
General and administrative	3,949	5,523	27,996	30,493
Travel	2,590	3,167	8,586	7,821
Finance expense	7,290	7,246	28,872	8,083
Foreign exchange loss (gain)	(140)	474	1,573	228

	36,737	22,886	111,778	69,393
Net loss before tax	9,498	-	84,539	69,393
Deferred tax reduction	(329)	(5,381)	(329)	(5,381)
Net and comprehensive loss	9,169	17,505	84,210	64,012

Oil Production and Inventory

The Company commenced production from the Badila field on September 30, 2013, and net entitlement share of production for the period to December 31, 2013 was 264,575 barrels. All production for the period to December 31, 2013 was directed towards the Company's portion of the required line fill. As such, there was no sale of crude oil in 2013. The Company completed its share of line fill inventory, on February 6, 2014 following which production accumulated as "lifting entitlement" for cargo sales for the lifting on March 25, 2014. Pursuant to industry standard, the Company can draw on its share of line fill inventory if required to meet the standard cargo size and replace the draw during the next production inventory build period. Hence, the Company's net entitlement share of production for the period ended December 31, 2013 has been recognised as crude oil inventory and valued at the estimated net realisable value. As per the Joint Marketing Agreement with its joint venture partner, Glencore Energy UK Ltd. (the "JMA") in place for the sale of the Company's crude oil, the price formula uses a dated Brent average and certain adjustments, including a discount or premium to Brent for the difference in crude oil quality. In computing the estimated net realisable value the forward March 2014 Brent price as at December 31, 2013 has been used and reduced for estimated adjustments under the JMA price formula. The estimated net realizable value as at December 31, 2013 has been adjusted for the transit fees that will be due and paid once the volumes are loaded on a tanker.

The estimated net realisable value of crude oil for the period has been recorded in the statement of operations as an increase in the value of crude oil inventory and the value of the inventory is shown in the current assets within the Company's statement of financial position. The following table depicts the Company's crude oil inventory position as at December 31, 2013:

	Volumes (BBLS)	Net Realizable Value US$ '000
Opening crude oil inventory as at January 1, 2013	-	-
Entitlement production	264,575	27,159
Cargo lifting	-	-
Re-valuation	-	-
Ending crude oil Inventory as at December 31, 2013	264,575	27,159
Inland Transportation Pipeline	2013	2012
Tariff revenue	80	-

During the year ended December 31, 2013, the Company also earned revenue related to the tariff charged for the use of the Company's inland transportation pipeline operated by, its subsidiary PetroChad Transportation Company.

Oil inventory comprises production volumes accumulated in pipeline and storage facilities that have not yet been offloaded and transported to market. The first off load of oil production occurred on March 21, 2014 which resulted in the sale of approximately 560,000 barrels of oil net to the Company.

Operating and Transportation Costs, and Depreciation and Depletion

Operating and transportation costs for the Company's inaugural quarter of production were $4.2 million and $2.5 million, respectively. The unit costs of $17.43 and $9.55 per barrel for operating and transportation relate to the 264,575 barrels of oil produced in 2013 and held as oil inventory. The unit costs are expected to decrease as production increases. Production commenced in late 2013 and as such there was no operating or transportation expense recorded in the comparative periods.

Depreciation and depletion expense increased by $4.2 million and $4.7 million, respectively, for the three and twelve months ended December 31, 2013. The increase is the result of the recognition of depletion in the net book value of the Badila EXA which commenced production in September 2013. Prior there to, depreciation related primarily to corporate assets.

General and Administrative Costs

Salaries and benefits - Increased $8.0 million for the year ended December 31, 2013. The increase is a result of the Company progressing from planning, development, engineering, and procurement to staffing for operating two drilling rigs, one service rig, constructing a variety of facilities and infrastructure, and operating production facilities. With the a high level of activity throughout 2013 and beyond, the Company undertook the required recruiting campaign to attract and retain needed professionals, scaling its headcount from approximately 113 employees at the end of December 31, 2012 to approximately 287 employees at the end of December 31, 2013.

Share-based compensation - Increased for the three and twelve months ended December 31, 2013 by $1.5 million and $2.5 million respectively. The increase relates to stock options granted to employees as well as the establishment of the Long Term Incentive Plan for officers and other key executives of the Company aimed at retaining, attracting and motivating key executives responsible for executing the Company's long term business strategy.

General and administrative costs - General and administrative costs decreased by $1.6 million for the three months ended December 31, 2013 and $2.5 million for the year ended December 31, 2013. During the year ended December 31, 2012, the Company accrued $10.5 million to provide for potential penalties and fines for an issue that was resolved in the first quarter of 2013. During the third quarter of 2013, Caracal paid $9.8 million in listing fees relating to legal, financial and accounting advisory services in conjunction with listing the common shares of Caracal on the London Stock Exchange. As Caracal did not raise any capital, at that time all fees were expensed.

Travel - The increase in travel during year ended December 31, 2013 is primarily due to increased personnel traveling to Chad supervising and executing capital and operating programs. The Company's share of travel for the three months ended December 31, 2013 compared to the three months ended December 31, 2012 has decreased due to the change in the carrying interest of the Company.

Finance expense

On September 13, 2012, Caracal completed a financing through the issuance of $173.6 million unsecured convertible bonds with a maturity date of September 30, 2017, and can be called in September 2015 at par. The interest rate was subject to increases unless a qualifying public offering occurred. The qualifying public offering occurred in 2013 and the interest rate is fixed at 12.5% until maturity. In December 30, 2013, upon completion of the qualifying public offering, $28.7 million of accrued and unpaid interest was paid out in cash and shares.

Outlook

With production from Badila coming on-stream during the fourth quarter of 2013 and Mangara production targeted for the third quarter of 2014, Caracal's financial strategy for 2014 will focus its cash flow from operating activities to fund the Company's 8-10 high-impact exploration drilling prospects.

About Caracal Energy Inc.

Caracal Energy Inc. is an international exploration and development company focused on oil and gas exploration, development and production activities in the Republic of Chad, Africa. In 2011, the Company entered into three production sharing contracts ("PSCs") with the government of the Republic of Chad. These PSCs provide exclusive rights, along with its partners, to explore and develop reserves and resources over a combined area of 26,103 km2 in southern Chad. The PSCs cover two world-class oil basins with oil discoveries, and numerous exploration prospects.

The Company's shares trade on the London Stock Exchange under the symbol CRCL.

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Interval (mKB)	Maximum Oil Rate (bopd)	Flowing WHP (psig)	Choke Size (in.)	Total Flow Duration (hr)	Gas-Oil Ratio (scf/stb)	Gravity (Deg API)	Productivity Index (bopd/psi)
E (2,474 - 2,669)	1,917	160	64/64	53	100	35 - 39	1.7
C (1,896 - 2,103.5)	3,200	200	80/64	45.3	540	35 - 37	2.2

2

Interval (mKB)	Maximum Oil Rate (bopd)	Flowing WHP (psig)	Choke Size (in.)	Total Flow Duration (hr)	Gas-Oil Ratio (scf/stb)	Gravity (Deg API)
C (2,012-2,166)	1,470*	140	96/64	38	519	36
D (2,219-2,520)	702**	120	1/2	38	-	35
E (2,582 -2,630)	2,580***	120	64/64	29	100	34 - 37

* - A total of 1,600 bbls of oil and < 1 bbl of water/completion fluid recovered
** - A total of 557 bbls of oil and 1 bbl of water/completion fluid were recovered.
*** - A total of 921 bbls of oil and 8 bbls of water/completion fluid recovered

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Zones	Interval	Max Oil Rate	Flowing WHP	Choke Size	Total Flow Duration	GOR	Gravity	PI
	(mKB)	(bopd)	(psig)	(in.)	(hrs)	(scf/bbl)	(Deg API)	(bopd/psi)
D2, D3, D4, D5, D6, D8, D9	1758.0 - 1932.0	4986	580	56/64	20.0	273.00	33.6	9.90

A total of 1,774 bbls of oil and 68 barrels of completion fluid recovered

CAUTIONARY STATEMENTS:

This announcement contains certain forward-looking information and statements. Forward-looking information typically contains statements with words such as "intend", "target", "anticipate", "plan", "estimate", "expect", "potential", "could", "will", or similar words suggesting future outcomes. Information relating to reserves and resources is deemed to be forward-looking information, as it involves the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and can be profitably produced in the future. The Company cautions readers not to place undue reliance on forward-looking information which by its nature is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company. In addition, any forward-looking information is made as of the date hereof, and each of the Company and its affiliates expressly disclaim any obligation or undertaking to update, review or revise such forward-looking information contained in this announcement to reflect any change in its expectations or any change in events, conditions or circumstances on which such information is based unless required to do so by applicable law.

Forward-looking information is not based on historical facts but rather on current expectations and assumptions regarding, among other things, the timing and scope of certain of the Company's operations and the timing and level of production from the Company's properties, plans for and results of drilling activity and testing programs, future capital and other expenditures (including the amount, nature and sources of funding thereof), continued political stability, and timely receipt of any necessary government or regulatory approvals. Although the Company believes the expectations and assumptions reflected in such forward-looking information are reasonable, they may prove to be incorrect. Forward-looking information involves significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those anticipated by the Company including, but not limited to, risks associated with the oil and gas industry (e.g. operational risks in exploration and production; inherent uncertainties in interpreting geological data; changes in plans with respect to exploration or capital expenditures; interruptions in operations together with any associated insurance proceedings; reductions in production capacity, the uncertainty of estimates and projections in relation to costs and expenses and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the uncertainty associated with negotiating with foreign governments, risk associated with international activity, including the risk of political instability, the risk of adverse economic market conditions, the actual results of marketing activities and the risk of regulatory changes. Forward-looking information cannot be relied upon as a guide to future performance. Well-test results are not necessarily indicative of long-term performance or ultimate recovery. Financial outlook information contained in this report about the Company's prospective cash flows and financial position is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that any such financial outlook information contained herein should not be used for purposes other than for which it is disclosed herein. The Company does not assume responsibility for the accuracy and completeness of the forward-looking information or statements and such information and statements should not be taken as guarantees of future outcomes. Subject to applicable securities laws, the Company does not undertake any obligation to revise this forward-looking information or these forward-looking statements to reflect subsequent events or circumstances. This cautionary statement expressly qualifies the forward-looking information and statements contained in this press release.

Terms related to reserves and resources classifications referred to in this announcement are based on definitions and guidelines in the Canadian Oil and Gas Evaluation Handbook which are as follows.

"Proved reserves" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"Probable reserves" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

The qualitative certainty levels referred to in the definitions above are applicable to individual reserves entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest-level sum of individual entity estimates for which reserves estimates are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves. This category of reserves can also be denoted as 1P;

- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves. This category of reserves can also be denoted as 2P; and

- at least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves. This category of reserves can also be denoted as 3P.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

"Prospective resources" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery (geological chance of success or "COS") and a chance of development (economic, regulatory, market, facility, corporate commitment or political risks). The chance of commerciality is the product of these two risk components. The prospective resource estimates referred to herein have not been risked for either the chance of discovery or the chance of development.

There is no certainty that any portion of the prospective resources will be discovered. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development or that it will be commercially viable to produce any portion of the prospective resources.

Figures related to the Company's reserves and resources are derived from the December 31, 2013 McDaniel Report and the June 30, 2013 McDaniel Report.

A description of the uncertainties and significant positive and negative factors associated with the estimates of reserves and resources in respect of the December 31, 2013 McDaniel Report is contained in the

Company's Annual Information Form dated March 31, 2014 and a description of the uncertainties and significant positive and negative factors associated with the estimates of resources in respect of the June 30, 2013 McDaniel Report is contained in the Company's July 25, 2013 material change report. Copies of these documents are available on the internet under the Company's profile at www.sedar.com.

Information relating to reserves and resources is deemed to be forward-looking information, as it involves the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and can be profitably produced in the future. Well-test results are not necessarily indicative of long-term performance or ultimate recovery.

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