Xinergy Announces Results for First Quarter Ended March 31, 2014

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KNOXVILLE, TENNESSEE--(Marketwired - May 15, 2014) - Xinergy Ltd. (the "Company") (TSX: XRG) -

- In January 2014, we completed construction of a $9.5 million coal preparation plant at our Raven Crest Mining, LLC ("Raven Crest") facility. The Company also resumed production from the Raven Crest surface and highwall miner operations and began processing coal from the newly constructed preparation plant. This coal processing facility allows the Company to increase the marketability of this low cost, high quality thermal coal to thermal markets in the eastern US and Europe.

- In January 2014, the Company began shipping coal from its South Fork Coal Company, LLC ("South Fork") mid-volatility metallurgical mine on a one year 60,000 ton coal supply agreement that is expected to generate $8.7 million in revenues for 2014. Additional production is currently sold into the spot market while we continue to negotiate term contracts with end users throughout North and South America and Europe as well as international commodity brokers.

- On March 6, 2014, the Company appointed Joseph Groia to the Board of Directors. With this appointment, the Board of Directors now has five members, including three independent members.

- On March 31, 2014, the Company completed the sale of 11.0 million common shares for total proceeds of $4.95 million. These funds will be used for general corporate purposes.

- Surface mining production equipment was moved from our idle Virginia mine to South Fork in the first quarter of 2014. This equipment will allow the Company to increase production at the South Fork mid-vol metallurgical mine to 40,000 - 50,000 tons per month.

- In the first quarter of 2014, the Company's sales were lower by approximately $4.0 million due to abnormally difficult weather conditions and related disruptions in rail service that delayed the scheduled shipment of approximately 51,000 tons from Raven Crest. These delayed shipments are expected to be completed in the second quarter of 2014.

- The Company continues to evaluate possible sales of non-strategic, surplus and non-core assets in addition to other transactions in efforts to strengthen our balance sheet and improve liquidity in the near term.

Xinergy Ltd., a Central Appalachian coal producer, today announced that the Company had a net loss of $(11.8) million, or $(0.22) per diluted share for the first quarter ended March 31, 2014. This is compared with a net loss of $(1.9) million, or $(0.03) per diluted share for the first quarter of 2013. First quarter 2014 adjusted EBITDA was $(3.5) million compared with $(3.6) million for the first quarter 2013. The Company's Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2014, together with its Management's Discussion and Analysis ("MD&A") for the corresponding period, have been posted on SEDAR at www.sedar.com and on the Company's website at www.xinergycorp.com.

"It is our continued goal to position Xinergy as a producer of premium mid-vol metallurgical coal and high quality thermal coal, while continuing as one of the lowest cost operators in Central Appalachia," said Bernie Mason Xinergy's president and CEO. "Some may have thought our capital expenditure related to the construction of our Raven Crest preparation plant was ill timed due to the depressed market. We saw it as an opportunity to advance our position in the thermal market, by unlocking the highwall mining potential on this project. It appears that our timing was spot on."

"We were very pleased with our equity raise during Q1, especially during a difficult time in our industry. We had tremendous interest, as we sold 11 million common shares in a private placement," continued Mason.

Financial Overview

The following tables present selected balance sheet, statement of operations and sales and operating statistics as of March 31, 2014 and December 31, 2013 and for the three months ended March 31, 2014 and March 31, 2013.

($'000)	As of March 31 2014	As of December 31 2013
Balance Sheet		
Cash and cash equivalents	$ 10,436	$ 10,485
Total current assets	$ 23,972	$ 20,941
Total assets	$ 140,362	$ 139,372
Total current liabilities	$ 16,714	$ 9,966
Total long-term liabilities	$ 229,682	$ 228,737
Shareholders' equity	$ (106,034)	$ (99,331)

($'000, except per share)	Three months ended March 31, 2014	Three months ended March 31, 2013
Statement of Operations		
Coal revenues	$ 11,710	$ 4,086
Cost of coal sales	$ 14,063	$ 5,930
Gross margin	$ (2,353)	$ (1,844)
Loss before taxes	$ (11,820)	$ (1,905)
Net loss income	$ (11,820)	$ (1,905)
Basic and diluted net loss per share	$ (0.22)	$ (0.03)

Sales & Operating Statistics	Three months ended March 31, 2014	Three months ended March 31, 2013
Tons sold	165,074	59,956
Tons produced	177,377	51,152
Sales price/ton	$ 70.94	$ 68.16
COGS/ton sold	$ 85.19	$ 98.90
Gross margin/ton sold	$ (14.25)	$ (30.74)
Cash costs/ton produced	$ 81.48	$ 108.07

Capital Expenditures

Capital expenditures for purchases of property, plant, and equipment, expenditures, exploration and evaluation assets, capital lease additions and asset acquisitions were $2.1 million for the first quarter 2014.

Liquidity and Capital Resources

At March 31, 2014, as outlined in the following table, we had total cash and cash equivalents of $10.4 million and $9.4 million of restricted cash, compared with $10.5 million and $10.0 million at December 31, 2013, respectively.

($'000)	March 31, 2014	December 31, 2013
Cash, operating	$ 10,436	$ 10,485
Cash, restricted:		
Kentucky sale proceeds	$ 10	$ 518
Kentucky sale proceeds held in escrow	$ 2,974	$ 3,001
Deposits	$ 1,440	$ 1,440
Reclamation bonds/permits collateral	$ 5,009	$ 5,009

	$ 9,433	$ 9,968

In accordance with the Notes, the restricted cash received from the Kentucky sales proceeds was used to make capital expenditures. At March 31, 2014 we have $0.01 million compared to $0.5 million on December 31, 2013, in addition to $3.0 million that is being held in escrow and will be available in June 2014.

The Company remains highly leveraged. Our Notes have an outstanding balance of $195.0 million and provide for semi-annual interest payments of $9.0 million in mid-November and mid-May. Our senior notes have an outstanding balance of $20.0 million and provide for quarterly interest payments of $0.5 million.

Late in the three months ended March 31, 2014 and early in the second quarter of 2014, the Company has begun to generate positive cash flow from operations which is expected to increase as cash cost decrease. The recently re-opened Raven Crest surface operations are expected to generate positive cash flow while maintaining a low operating cost structure as production becomes normalized. While we continue to reduce inventory at Raven Crest, we experienced shipping delays and rail service disruption in the first quarter of 2014 due to uncharacteristic weather conditions. The impact of these delays resulted in reduced revenues of approximately $4.0 million and deferred the sale and shipment of approximately 51,000 tons. We expect these delayed shipments to be made in the second and third quarter of 2014 as normal rail service resumes.

The continued worldwide demand for metallurgical coal remains below expectations resulting in lower sales price realization and decreased margins at South Fork. We continue to sell our South Fork coal into the spot markets and are negotiating with US and European end users as well as the US and international commodity brokers to sell our South Fork production under term contracts. On March 31, 2014, we received $4.95 million from the sale of common shares pursuant to a private placement. We continue to negotiate with financial institutions and advisors in efforts to arrange financing to provide adequate liquidity that when combined with existing cash balances, will be sufficient to make the $9.0 million interest payment on our Notes in November 2014. We also continue to explore strategic alternatives that may include an additional sale of equity securities, the sale of debt securities, the sale of surplus mining equipment, owned reserves and other assets and/or the restructuring of our debt.

Conference Call, Webcast and Replay

The Company will hold its quarterly conference call to discuss first quarter 2014 operating results on Friday May 16, 2014 at 10:00 a.m. EDT. The conference call will be open to the public toll free at (877) 317-6789. International callers should use (412) 317-6789, and Canadian callers should use (866) 605-3852. The conference call can also be accessed via webcast on the Company's website with a replay available shortly after the event.

About Xinergy Ltd.

Headquartered in Knoxville, Tennessee, Xinergy Ltd., through its wholly owned subsidiary Xinergy Corp. and its subsidiaries, is engaged in coal mining in West Virginia and Virginia. Xinergy sells high quality metallurgical and thermal coal to electric utilities, steelmakers, energy trading firms and industrial companies. For more information, please visit www.xinergycorp.com.

Forward-Looking Information

This news release contains forward-looking information is based on the Company's expectations and beliefs concerning future events and involves risks and uncertainties that are outside of our control and may cause actual results to materially differ from current expectations. Some of these key assumptions include, among other things: no material disruption in production, or no material variation in anticipated thermal and metallurgical coal sales volumes; no material decline 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; financing will be available on terms favorable and reasonable to the Company; 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. Additional factors include, but are not limited to the factors on page 6: 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; the availability of credit facilities for capital expenditure requirements; debt service requirements; dependence on a single rail system; 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 ("AIF") in a section entitled "Risk Factors" and other documents filed with the Canadian securities regulatory authorities available on SEDAR at www.sedar.com. Please refer to these documents for further details about the risks faced by the Company.

Non-GAAP Measures

This news release reports certain financial measures that are not recognized by Canadian generally accepted accounting principles "GAAP" to evaluate the performance of the Company. Since certain non-GAAP financial measures may not have a standardized meaning and may not be comparable to similar measures presented by other companies, Canadian securities regulations require that non-GAAP financial measures are clearly defined, quantified and reconciled with their nearest GAAP measure. Investors and other readers of this news release are cautioned that these non-GAAP financial measures should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP. Please refer to page [2], page [11], and page [24] to page [25] of the Company's MD&A which is available on SEDAR at www.sedar.com for further details with respect to the use of non-GAAP measures and for the applicable reconciliations.

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