Xinergy Ltd. Enters Into Credit Agreement for Convertible Debt

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Conditional Upon Approval of TSX, Shareholders and Senior Secured Lender

KNOXVILLE - Nov 7, 2014) - Xinergy Ltd. (TSX:XRG) (the "Company"), a Central Appalachian coal producer, is pleased to announce that it has entered into a senior secured second lien credit agreement (the "Credit Agreement") for convertible debt with Xinergy Corp. (the "Borrower") and Aries Energy Group Venture Investor, LLC (the "Investor"). The Investor will be the direct owner of the Loan. The Credit Agreement is available under the Company's profile on SEDAR at www.sedar.com. Consummation of the financing is subject to approval of the Toronto Stock Exchange ("TSX"), the Company's shareholders and Bayside Finance, LLC ("Bayside"), the Company's most senior secured lender, as discussed more fully below.

The senior secured debt will be issued in the principal amount of US$25,000,000 and is convertible and repayable by the Borrower, at the option of the Investor, from time to time along with any accrued unpaid Cash Interest (as defined below) in respect of the Loan for the period from the date of the latest Cash Interest payment date up to the date of conversion of the Loan or the date that Cash Interest is due (the "Accrued Cash Interest") into such number of voting common shares of the Company ("Common Shares") prior to maturity on April 1, 2019 based on a price of US$0.70 per Common Share (the "Conversion Price"), subject to customary anti-dilution provisions, the Default Clause and the Ratchet Clause described below (the "Loan"). The Conversion Price, prior to adjustment, represents a 190.8% premium to the five day volume weighted average per share price ("VWAP") of US$0.2408 (based on a VWAP of $0.2739 and applying the noon buying rate quoted by the Bank of Canada of $1.00:US$0.8790 on November 5, 2014).

The Loan will carry an annual 15% interest payment, payable as follows: (a) 8% per annum payable in cash (i) semi-annually, on June 30th and December 31st of each year that the Loan remains outstanding, (ii) with respect to any portion of the Loan converted into Common Shares, on the date of any such conversion, and (iii) on the maturity date or any other date on which the Loan is paid in full (the "Cash Interest"), which the Investor will have the right to convert into Common Shares based on the then-current Conversion Price; and (b) 7% per annum payable as a Payment in Kind ("PIK") in Common Shares ("PIK Shares") (i) annually on December 31st of each year that the Loan remains outstanding, (ii) with respect to any portion of the Loan converted into Common Shares, on the date of any such conversion, and (iii) on the maturity date or any other date on which the Loan is paid in full. On each PIK interest payment date, the Borrower will deliver to the Investor a number of Common Shares equal to the quotient of (i) the amount of such interest, divided by (ii) the Market Value, with "Market Value" equal to VWAP of the Common Shares over the 20 trading days immediately preceding the date that is 15 days prior to the PIK interest payment date (the "PIK Value").

The Loan may be drawn after all the funding conditions included in the Credit Agreement, including without limitation obtaining shareholder (the "Shareholder") approval and the consent of Bayside, have been satisfied. However, the Loan will be subject to blocker clauses that will ensure the Investor cannot receive, upon conversion or other means, a number of Common Shares that would result in the Investor and its affiliates collectively owning or controlling, beneficially or as nominee, directly or indirectly, 10% or more of the issued and outstanding Common Shares that would result in the Investor or its affiliates (or any of them) being considered an "Insider" in accordance with the policies of the TSX until the Investor's Personal Information Form ("PIF") is cleared by the TSX ("Approval Share Blocker").

The Loan will be subject to a mandatory conversion, at the option of the Borrower, at any time after the Common Shares close at a price at or above US$1.75 per share (subject to adjustment for stock splits, reverse stock splits, and similar corporate events) for 20 trading days (during which day trading volume is at least 200,000 Common Shares) in any period of 30 consecutive trading days.

In addition to customary anti-dilution provisions, the Credit Agreement contains anti-dilution provisions which provide that in the event the Company issues additional securities at a purchase price less than the then-current Conversion Price, such Conversion Price will be reduced to be the price at which any new securities are issued (the "Ratchet Clause"). However, the following events will not trigger the Ratchet Clause: (a) securities issuable upon conversion of the Loan or as a payment of PIK interest or any other distribution on the Loan; (b) securities issued upon the conversion of any debenture, warrant, option, or other convertible security outstanding on the date of the Credit Agreement; (c) Common Shares issuable upon a stock split, stock dividend, or any subdivision of shares of Common Shares; and (d) Common Shares (or options to purchase such Common Shares) issued or issuable to employees or directors of, or consultants or advisors to, the Company or any of its direct or indirect subsidiaries pursuant to any plan in existence on the date the Loan is issued or thereafter approved by the Company's board of directors (the "Board"), including at least two of the Investor's nominated directors, and, if less than two of the Investor's nominated directors are then serving, the Investor.

The Conversion Price will be adjusted downward by 50% in the event there is an Investor Rights Default (as defined below) and the PIK Value will be adjusted downward by 50% in the event the specified date of determination of the PIK interest occurs during an Investor Rights Default (together, the "Default Clause"). An "Investor Rights Default" will occur if there is a default in the performance or observance of any of the agreements and covenants in Article 12 of the Credit Agreement for ten consecutive business days or more or for more than thirty business days (whether consecutive or not) during any consecutive 12-month period. The agreements and covenants in Article 12 of the Credit Agreement generally consist of:

- the Board Seat Rights (as defined below);

- the Board Matter Rights (as defined below);

- the pre-emptive rights of the Investor to maintain its interest in the Company calculated on a fully diluted basis; and

- if a new stock incentive plan is not approved and adopted by the Shareholders on or before the one hundred eightieth (180th) day after the date of the Credit Agreement.

The Credit Agreement contains provisions that limit the aggregate number of Common Shares the Investor can receive upon conversion of the principal of, or Accrued Cash Interest on, the Loan or in payment of PIK interest. The Investor cannot receive upon conversion or in payment of PIK interest a number of Common Shares that would result in the Investor and its affiliates beneficially owning, directly or indirectly, more than 50% of the Common Shares (the "Control Share Blocker"). These limitations are intended to avoid the possibility of a "change of control" of the Company occurring within the meaning of the Company's other outstanding indebtedness, and expire on the second business day prior to the Loan's maturity date.

So long as the Loan remains outstanding, the Investor will be entitled to certain nomination rights to the Board, as follows: (a) as a condition to the funding of the Loan, two (2) persons selected by the Investor will be appointed to the Board (or as soon as their PIFs are cleared by the TSX); and (b) within 180 days of the date of the Credit Agreement, the Company will hold a meeting of Shareholders to expand the Board to eight (8) seats and the Investor will be entitled to nominate three (3) directors for election to the Board (one (1) of which will be independent and one (1) of which will be a senior officer of the Company) (the "Board Seat Rights"). It will be an event of default under the Loan if the Board does not consist of the three (3) Investor nominated directors at any time on or after the 180th day following the date of the Credit Agreement.

In addition, the Credit Agreement has certain covenants providing, among other things: (a) that the Company will (i) adopt a new stock incentive plan that the Investor's nominated directors approve, (ii) appoint the Investor's nominated directors to certain committees of the Board, (iii) maintain certain director and officer insurance coverage, and (iv) enter into indemnification agreements with the Investor's nominated directors; and (b) that the Company will not, without Board approval, which approval must include the affirmative vote of at least two (2) Investor nominated directors, and, if less than two of the Investor's nominated directors are then serving, the Investor, (i) make any loan or advance to any person, including, any employee or director, except advances and similar expenditures in the ordinary course of business or under the terms of any plan, agreement or arrangement approved by the Board (including at least two (2) Investor nominated directors) and, if less than two of the Investor's nominated directors are then serving, the Investor; (ii) hire, fire, or change the compensation of the executive officers, including approving any option grants; or (iii) change the principal business of the Company, enter new lines of business, or exit the current line of business (collectively, the "Board Matter Rights").

The Credit Agreement contains a pro rata right for the Investor, based on the percentage equity ownership in the Company (assuming the conversion of all outstanding convertible debt into Common Shares and the exercise of all options outstanding under the Company's incentive plans), to participate in subsequent issuances of equity securities of the Company.

The Credit Agreement also contains other customary representations, warranties, covenants and restrictions similar to the Company's other debt facilities. The parties have also entered into a registration rights agreement to provide the Investor with demand and piggyback registration rights in respect of its security holdings in the Company.

Upon the advance of the Loan, the Borrower has agreed to reimburse the Investor and its affiliates for all reasonable expenses and to pay the Investor a commission of $1,250,000 (the "Cash Fee") paid in cash and $625,000 paid by the delivery of 2,595,967 Common Shares ("Commission Shares") assuming a value per share based on the five day VWAP of US$0.2408. In addition, the Borrower has agreed to deliver the Investor 3,000,000 common share purchase warrants of the Company (the "Warrants"). Each Warrant will allow the Investor to purchase one Common Share at a price per share equal to US$0.70 and will expire on the date that is four years following the date of issuance. The Warrants will contain customary anti-dilution provisions and a ratchet provision similar to the Ratchet Clause providing that the exercise price will be reduced to be the price at which the new Common Shares are issued.

The Loan, the Common Shares issuable upon conversion of the Loan and any Accrued Cash Interest and any PIK Shares, as applicable, will be subject to a hold period of four months and one day from the date the Loan is advanced. The Commission Shares and Warrants will be subject to a hold period of four months and one day from the date of issuance. The Borrower intends to use approximately US$9,000,000 of the net proceeds of the financing for interest payments in respect of outstanding indebtedness, and the remainder for working capital purposes.

There are currently 58,304,482 Common Shares issued and outstanding and no securities in the Company are held by the Investor and its affiliates. The table below outlines the Investor's approximate holdings in the Company in various scenarios if the Loan were converted in full into Common Shares at the end of the first year, based on the market price of the Common Shares on a partially diluted basis following completion of the Loan, and without giving effect to the Approval Share Blocker or the Control Share Blocker that may limit at any given time the aggregate number of Common Shares the Investor can receive pursuant to the Loan and subject to customary anti-dilution provisions, the Default Clause and the Ratchet Clause:

Market Price	US$0.2408(1)	US$0.50	US$0.70	US$1.00	US$1.25	US$1.75
Commission Shares	2,595,967	2,595,967	2,595,967	2,595,967	2,595,967	2,595,967
Warrants	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
PIK Shares(2)	7,268,707	3,500,000	2,500,000	1,750,000	1,400,000	1,000,000
Loan Conversion	n/a(3)	n/a(3)	n/a(3)	35,714,286	35,714,286	35,714,286
Common Shares on conversion of maximum Accrued Cash Interest	n/a(3)	n/a(3)	n/a(3)	2,857,143(4)	2,857,143(4)	2,857,143(4)
Partially diluted Common Share holdings	12,864,673	9,095,967	8,095,967	45,917,395	45,567,395	45,167,395
Percentage of Issued and Outstanding Common Shares on Partially Diluted Basis	18.1 %	13.5 %	12.2 %	44.1 %	43.9 %	43.7 %

Notes:

(1) Based on the five day VWAP of $0.2739 converted to US dollars based on the noon buying rate quoted by the Bank of Canada of $1.00:US$0.8790 on November 5, 2014.

(2) Assuming one full year of PIK interest at 7% per annum.

(3) Assume Investor would not convert Loan at a price of less than or equal to US$0.70.

(4) The 8% per annum cash interest is payable semi-annually, on June 30th and December 31st of each year that the Loan remains outstanding. Assume Investor would convert Accrued Cash Interest if Common Shares are trading at a price above US$0.70.

Based on the details outlined above, the potential dilution to the current issued and outstanding number of Common Shares could be up to approximately 78.8% if the Loan is converted at the end of the first year and the Investor could hold up to 45,917,395 Common Shares, representing approximately 44.1% of the issued and outstanding shares on a partially diluted basis, subject to any customary anti-dilution provisions, the Default Clause and the Ratchet Clause.

To illustrate the maximum dilution without taking into consideration the anti-dilution provisions, the Default Clause and the Ratchet Clause, the table below outlines the yearly share issuances if the Loan is converted immediately prior to its maturity date of April 1, 2019:

Year End	Dec 31, 2014	Dec 31, 2015	Dec 31, 2016	Dec 31, 2017	Dec 31, 2018	March 31, 2019	To
Commission Shares	2,595,967	Nil	Nil	Nil	Nil	Nil	2,595,9
Warrants	3,000,000	Nil	Nil	Nil	Nil	Nil	3,000,0
PIK Shares(1)	1,118,263(2)	7,268,707	7,268,707	7,268,707	7,268,707	1,817,177(3)	32,010,2
Loan Conversion	Nil	Nil	Nil	Nil	Nil	35,714,286	35,714,2
Common Shares issued on conversion of maximum Accrued Cash Interest(4)	476,190(2)	2,857,143	2,857,143	2,857,143	2,857,143	714,286(3)	12,619,0

Partially diluted Common Share holdings	85,939,5
Percentage of Issued and Outstanding Common Shares on Partially Diluted Basis	59

Notes:

1) Assuming PIK interest is calculated and paid at a price of US$0.2408 (five day VWAP) on each of the PIK interest payment date. However, it is unlikely that the PIK interest would be the same price on each PIK interest payment date.

2) Pro-rated from November 1, 2014 to December 31, 2014

3) Pro-rated from January 1, 2014 to March 31, 2014

4) The 8% per annum cash interest is payable semi-annually, on June 30th and December 31st of each year that the Loan remains outstanding. Assume Investor would convert Accrued Cash Interest if Common Shares are trading at a price above US$0.70. This is for maximum dilution for illustrative purposes as it would be unlikely for the Investor to convert the Accrued Cash Interest if the PIK Shares are being calculated at a price of US$0.2408.

Based on the details outlined above, the potential dilution to the current issued and outstanding number of Common Shares could be up to approximately 147.4% if the Loan is converted immediately prior to its maturity date of April 1, 2019 and the Investor could hold up 85,939,566 Common Shares, representing approximately 59.6% of the issued and outstanding shares on a partially diluted basis, subject to the Approval Share Blocker and the Control Share Blocker and any customary anti-dilution provisions, the Default Clause and the Ratchet Clause.

The Board has unanimously determined that the Loan is advisable and in the best interests of the Company and its Shareholders. The Board, which is entirely arm's-length to the Investor, met on several occasions to review and consider the Loan.

As the Loan is convertible into Common Shares of the Company, it is subject to the approval of Shareholders on a disinterested basis pursuant to the rules of the TSX as it is a private placement that could result in up to approximately 85,939,566 Common Shares being issued, including Common Shares issuable (i) on conversion of the Loan and Accrued Cash Interest, (ii) in payment of the PIK interest, and (iii) as a commission to the Investor, all as further described above, without giving effect to the Approval Share Blocker or the Control Share Blocker which maximum number of shares issuable pursuant to the transaction is subject to customary anti- dilution provisions, the Default and the Ratchet Clause.

Under the rules and policies of the TSX, consent and approval is required from Shareholders for the following reasons:

(a) pursuant to subsection 604(a)(i) of the TSX Company Manual (the "Manual"), the Loan provides for the issuance of securities that could materially affect the control of the Company as it results, or could result, in a new holding of more than 20% of the voting securities by one security holder;

(b) pursuant to subsection 607(g)(i) of the Manual, the Loan is convertible for an aggregate number of Common Shares that is greater than 25% of the number of outstanding Common Shares; and

(c) pursuant to subsection 607(e) of the Manual, the pricing in the formula for determining the number of Common Shares that the Company may issue on behalf of the Borrower to pay a portion of the principal and/or interest payments on the Loan is not in accordance with TSX policies as the pricing in the formula could be lower than the discounted market price in accordance with the Manual and also because of the inclusion of United States-style anti-dilution clauses, the Ratchet Clause and the Default Clause.

In accordance with subsection 604(d) of the Manual, the Company can give effect to the Loan without obtaining the approval of its Shareholders at a meeting of Shareholders if the Company provides the TSX with evidence that Shareholders holding more than 50% of the Common Shares (excluding those Common Shares held by the Investor) are familiar with the terms of the Loan and are in favour of proceeding with the Loan. The Company intends to begin the process of obtaining such consent from Shareholders.

The Loan also is subject to the approval of Bayside, the holder of US$20,000,000 in principal amount of the Company's most senior secured debt. The Company is in discussions with Bayside about obtaining its consent to the Loan. No assurance, however, can be given that Bayside will be willing to provide its consent on terms acceptable to the Company and the Investor, or at all.

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 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: the completion of the Loan; the consent of Bayside for the Loan; 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 an 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 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 Company's inability to complete the Loan and satisfy any related conditions; 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 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. The Company does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities law.

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