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LSE-AIM: XEL

23 November 2015

[Xcite Energy Ltd.](#)
("Xcite Energy" or the "Company")

Third Quarter Results for the 3 and 9 Month Periods Ended 30 September 2015

Xcite Energy announces its third quarter results for the 3 and 9 month periods ended 30 September 2015.

Highlights for the year to date

- Continuing diligence and discussions with potential field partners and funders.
- Continue with a technical assessment of the Bentley development concept with the Oil & Gas Authority.
- Agreement to farm-out an interest in the P.1979 Licence to Azinor Catalyst.
- Increase in 1P, 2P and 3P heavy oil reserves for the Bentley field to 234 MMstb, 265 MMstb and 296 MMstb, respectively, effective 31 December 2014 and based on an expected initial 35 year production period.
- NPV10 (after tax) value of reserves for the Bentley field of approximately US\$1.9 billion, US\$2.3 billion and US\$2.6 billion on a 1P, 2P and 3P basis, respectively, effective 31 December 2014.
- Net loss in the third quarter of US\$0.3 million.
- Cash balance of US\$27.9 million as at 30 September 2015.

Overview of Results

In its second quarter results, the Company provided some background to the current industry environment and explained some of the challenges it faced in securing development partners and the financing required to develop the Bentley oil field. As would be expected, with the oil price remaining at low levels, this backdrop remains materially the same. However, there is continuing evidence that costs across the industry are falling and are adjusting to the low oil price environment, and we are working to update and incorporate revised estimates into our development cost base.

The Company and the Oil and Gas Authority ("OGA") have committed a significant amount of time over the past few months to a technical review of the Bentley field development concept. Earlier in the year, the OGA identified the Bentley field development as one of its top commercial priorities, following which Xcite Energy and the OGA have undertaken a detailed assessment of the key technical aspects of the proposed development, including reservoir management, drilling and well engineering, asset management and operatorship, and a Stakeholder review by the key regulators.

Concurrent with this activity, the Company continues to engage with potential development partners and other potential sources of funding that are required to develop the Bentley oil field, including the asset financing for the principal assets, the MOPU and the FSO, and to repay the June 2016 Bonds in accordance with their terms. Technical and economic due diligence has been completed by a potential partner, which has enabled progression to commercial discussions. However, the Company believes it is prudent to keep all options open and therefore remains very actively engaged with a wide range of parties in order to maximise the opportunity to secure the required funding. Construction of the N Plus class drilling rig continues to make good progress in Singapore.

Separately, the Company recently announced a farm-in agreement with Azinor Catalyst Limited ("Azinor") to undertake a technical assessment on Licence P.1979, at its own cost, which covers Blocks 9/4a, 9/8b, and 9/9h containing the Clement, Chadwick, Cartwright and Camm prospects, in return for the right to 40% equity in the Licence. This could be increased by a further 10% equity in the Licence if both parties see additional value in undertaking an Induced Polarization survey (as a potential hydrocarbon indicator), with Azinor being responsible for all costs of the survey, if conducted. This agreement enables Xcite Energy to continue to focus on Bentley, whilst benefitting from the technical and quantitative interpretation techniques and integrated subsurface modelling provided by Azinor, to further delineate and de-risk the prospects identified by Xcite Energy, so that it can meet its obligations under the Licence.

As part of its regular economic review cycle, the Company's voluntary de-listing from the TSX-V was completed at the close of

trading on 30 September 2015, which it believed to be necessary, as trading had declined on the Canadian market to negligible levels and the associated legal, compliance and administrative costs significantly outweighed the benefits of the dual listing. The Company's continuing listing on the AIM market provides sufficient liquidity and simplified administration going forward.

The following tables summarise the financial performance of the Company and its wholly owned subsidiary, Xcite Energy Resources plc, in the 3 and 9 month periods ended 30 September 2015 and, following a change in presentation currency from 1 January 2015, the restated US Dollar comparatives for the 3 and 9 month periods ended 30 September 2014 and the restated Statement of Financial Position as at 31 December 2014.

	9 months ended 30 Sept 2015 US\$m	3 months ended 30 Sept 2015 US\$m	9 months ended 30 Sept 2014 US\$m	3 months ended 30 Sept 2014 US\$m
Income Statement Information				
Net loss	(1.1)	(0.3)	(3.5)	(4.3)
Basic and diluted earnings per share in cents	(0.4)	(0.1)	(1.2)	(1.5)

	9 months ended 30 Sept 2015 US\$m	3 months ended 30 Sept 2015 US\$m	9 months ended 30 Sept 2014 US\$m	3 months ended 30 Sept 2014 US\$m
Cash Flow Information				
Net cash flow from operations	6.6	3.3	12.1	1.7
Net cash flow from investing activities	(29.1)	(9.7)	(26.1)	(4.9)
Net cash flow from financing activities	-	-	46.7	0.3

	As at 30 Sept 2015 US\$m	As at 31 December 2014 US\$m	As at 30 Sept 2014 US\$m
Statement of Financial Position Information			
Total assets	488.6	482.2	498.8
Cash and cash equivalents	27.9	50.4	62.8
Current liabilities	136.3	5.5	126.3
Long term liabilities	2.4	125.8	4.0
Total net assets	349.8	350.9	368.5

The Company's unaudited Consolidated Financial Results for the 3 and 9 month periods ended 30 September 2015 can be found at the following link:

http://www.rns-pdf.londonstockexchange.com/rns/5057G_-2015-11-20.pdf

Forward-Looking Statements

This results announcement contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil and gas exploration and production business. Whilst the Company believes the expectations reflected herein to be reasonable in light of the information available to it at this time, the actual outcome may be materially different owing to factors beyond the group's control or otherwise within the Company's control but where, for example, the Company decides on a change of plan or strategy. Accordingly, no reliance may be placed on the figures contained in such forward-looking statements.

Cautionary Language

The calculation of the NPV10 (after tax) for the Field disclosed above takes into account the following: (a) UK Ring-Fence

Corporation Tax is charged at the rate of 30% on net taxable income; (b) UK Supplementary Charge ("SC") is charged at the rate of 20% on net taxable income with no deduction for finance charges and interest; and (c) investment allowances have been applied to offset the SC to the extent possible.

Glossary

"1P" means proved reserves, which are those quantities that are 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.

"2P" means proved plus probable reserves. Probable reserves are those quantities of 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.

"3P" means proved plus probable plus possible reserves. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

"MMstb" means millions stock tank barrels.

"NPV10" means net present value in money of the day using a 10% forward discount rate, which values do not represent fair market value.

Notes to Editors

Xcite Energy (LSE-AIM: XEL) is an oil appraisal and development company with a portfolio of heavy oilfield assets in the Northern North Sea in the UK. Xcite Energy holds a 100% working interest in the Bentley field; a heavy oil field with 2P recoverable reserves of 265 MMstb, making Bentley one of the largest undeveloped oilfields in the UK Continental Shelf.

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