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TSX-V, LSE-AIM: XEL

29 May 2015

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

First Quarter Results for the 3 Month Period Ended 31 March 2015

Xcite Energy announces its first quarter results for the 3 month period ended 31 March 2015.

Highlights for the year to date

- 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.
- Confirmed NPV10 (after tax) value of reserves for the Bentley field to be 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.
- Change in functional and presentation currency for the Company and its wholly owned subsidiary (together with the Company the "Group") to US Dollars, to reflect the primary economic environment in which the Group operates. All prior period comparatives have been restated accordingly.
- Net loss in the current period of US\$0.45 million.
- Cash balance of US\$41.06 million as at 31 March 2015.

*Rupert Cole, Chief Executive Officer of Xcite Energy, commented:*

*"The reserves report is significant for us, as it incorporates much of the work we have completed over the past year with the development group, providing external validation to the recovery of the field, the development plan and execution strategy. Full field unescalated costs are expected to be approximately US\$35 per barrel have been underpinned by third party quotes and estimates in order to increase the visibility of the robust economics of this development plan for the Bentley project. We remain focused on developing the funding required to crystallise value from this asset."*

Overview of Results

On 30 April 2015, the Group announced the results of an updated Reserves and Resources Assessment Report ("RAR"), prepared by AGR TRACS International Limited. This RAR, with an effective date of 31 December 2014, confirmed 2P Reserves for the Bentley field of 265 million stock tank barrels ("MMstb"), an increase of 8 MMstb since the previous RAR dated 25 February 2014. Additionally, the after-tax net present value of the Bentley field cash flows (discounted at 10%) was confirmed to be approximately US\$2.3 billion. A further 21 MMstb of P50 Contingent Resources were assigned to the Bentley field, representing the additional economic production that could be achieved after an expected initial 35 year facilities life cut-off had been applied to the development plan.

The Group has focused on creating an efficient, cost-effective and deliverable development plan, supported by a clearly defined execution strategy with an externally validated cost base. In carrying out this work, the Group has successfully completed a significant number of technical, engineering, optimisation and value assurance programmes in conjunction with the Bentley development group. This has incorporated advanced reservoir modelling to provide more subsurface certainty and has delivered improved functional and cost definition for the project. This is part of the strategy to demonstrate the economic viability of the Bentley project and the Group remains focused on developing its commercial and funding discussions.

The following tables summarise the Group's financial performance in the 3 months ended 31 March 2015 and the restated US Dollar comparatives for the 3 months ended 31 March 2014.

|                                             | 3 months ended<br>31 March<br>2015<br>US\$m | 3 months ended<br>31 March<br>2014<br>US\$m |
|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| Income Statement Information                |                                             |                                             |
| Net loss                                    | (0.5)                                       | (0.1)                                       |
| Loss per share (basic and diluted) in cents | (0.15) cents                                | (0.02) cents                                |

|                                         | 3 months ended<br>31 March<br>2015<br>US\$m | 3 months ended<br>31 March<br>2014<br>US\$m |
|-----------------------------------------|---------------------------------------------|---------------------------------------------|
| Cash Flow Information                   |                                             |                                             |
| Net cash flow from operations           | 0.6                                         | (3.2)                                       |
| Net cash flow from investing activities | (9.9)                                       | (5.9)                                       |
| Net cash flow from financing activities | -                                           | -                                           |

|                           | As at<br>31 March<br>2015<br>US\$m | As at<br>31 December<br>2014<br>US\$m | As at<br>31 March<br>2014<br>US\$m |
|---------------------------|------------------------------------|---------------------------------------|------------------------------------|
| Balance Sheet Information |                                    |                                       |                                    |
| Total assets              | 482.6                              | 482.2                                 | 447.3                              |
| Cash and cash equivalents | 41.1                               | 50.4                                  | 28.9                               |
| Current liabilities       | 4.5                                | 3.5                                   | 80.5                               |
| Non-current liabilities   | 127.6                              | 127.8                                 | 5.8                                |
| Total net assets          | 350.5                              | 350.9                                 | 361.0                              |

The Company's unaudited Financial Results for the 3 Month Period Ended 31 March 2015 can be found at the following link:

[http://www.rns-pdf.londonstockexchange.com/rns/5411O\\_-2015-5-28.pdf](http://www.rns-pdf.londonstockexchange.com/rns/5411O_-2015-5-28.pdf)

#### Forward-Looking Statements

Certain statements contained in this announcement constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to the Company's future outlook and anticipated events or results and, in some cases, can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "target", "potential", "continue" or other similar expressions concerning matters that are not historical facts. These statements are based on certain factors and assumptions including expected growth, results of operations, performance and business prospects and opportunities. While the Company considers these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what we currently expect. These factors include risks associated with the oil and gas industry (including operational risks in exploration and development and uncertainties of estimates oil and gas potential properties), the risk of commodity price and foreign exchange rate fluctuations and the ability of Xcite Energy to secure financing. Additional information identifying risks and uncertainties are contained in the annual Management's Discussion and Analysis for Xcite Energy dated 24 March 2015 filed with the Canadian securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com). The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

Statements relating to "resources" and "reserves" are deemed to be forward-looking statements or information, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitable in the future. There are numerous uncertainties inherent in estimating quantities of proved reserves, including many factors beyond the control of the Company. The reserve data included herein represents estimates only. In general, estimates of economically recoverable oil reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary considerably from actual results. All such estimates are to some degree speculative and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil reserves attributable to any particular group of properties and classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. The actual production, revenues, taxes and development and operating expenditures of the Company with respect to these reserves will vary from such estimates, and such variances could be material.

The Company has used forecast prices and costs in calculating reserve quantities included herein. Actual future net cash flows also will be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs. The estimated future net revenue set out herein does not necessarily represent the fair market value of the Company's reserves.

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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