ABERDEENSHIRE, SCOTLAND--(Marketwired - Feb 18, 2016) - Xcite Energy Ltd. (TSX VENTURE: XEL) (LSE: XEL) (AIM: XEL)

TSX-V: XEL

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LSE-AIM: XEL

18 February 2016

Xcite Energy Ltd.
("Xcite Energy" or the "Company")

Bentley licence extension and development financing update

Xcite Energy is pleased to announce that following discussions with the Oil & Gas Authority ("OGA"), the Secretary of State for the Department of Energy and Climate Change has extended the P.1078 licence containing the Bentley field until 30 June 2017.

This licence extension is expected to assist Xcite Energy Resources plc's ("XER", the Company's wholly owned subsidiary) current process to secure the financing required for the approval of its Bentley Field Development Plan and to repay its outstanding senior secured bonds, which are due for repayment by 30 June 2016.

XER has received indicative proposals for development funding, which remain subject to agreement of commercial structuring and finalisation of due diligence, and is currently in detailed discussions to progress these proposals which, if successful, management believes would enable a fully funded first phase development plan to be submitted to the OGA in 2016. There is no assurance that any of these funding proposals currently being considered and negotiated will result in funding being secured by XER or, if funding is secured, the terms or timing of such funding.

XER has successfully completed a technical review of the first phase of the Bentley field development with the OGA to ensure that the aspects of the plan meet OGA's policy objectives to maximise the economic benefit to the UK of its oil and gas resources, taking into account the impact of the hydrocarbon development and the need to ensure secure, diverse and sustainable supplies of energy to UK businesses and consumers at competitive prices.

In view of current industry conditions, Xcite Energy continues to work with all key stakeholders in the Bentley project and has recently completed a cost review of the development plan. This has included revised quotes from contractors and suppliers of material services, equipment and drilling programmes, which it will incorporate into its next reserves report, expected to be completed during the first quarter of 2016. As a result of this cost review, the Company expects the unescalated development costs to be materially reduced to approximately $30 / barrel. This continues to demonstrate the cost effectiveness of the Bentley field development concept and the focus on maximising economic recovery from the field.

Rupert Cole, Xcite Energy CEO, commented:

"We are continuing to make progress and we remain focused on delivering a funded first phase field development plan, including repayment of the outstanding bonds. We still have a lot of work to do, but our objectives of reducing execution risk, working collaboratively and developing a fit-for-purpose, economic and efficient development concept has been critical to generate the support we need for our financing process."

Forward-Looking Statements

This 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 Company's control, or otherwise within the Company's control, for example, if 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.

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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