



NEWS RELEASE

XINERGY LTD. ANNOUNCES Q2 2010 FINANCIAL AND OPERATIONAL RESULTS

KNOXVILLE, TENNESSEE, Wednesday, August 4, 2010 – ("Xinergy" or "the Company") announced today the release of its unaudited interim consolidated financial statements for the three- and six-month periods ended June 30, 2010, together with its Management's Discussion and Analysis for the corresponding period. These documents are posted on SEDAR at www.sedar.com and on the Company's website at www.xinergycorp.com.

During the three-month period ended June 30, 2010, the Company generated non-adjusted EBITDA of approximately \$7.1 million on approximately \$25.2 million in revenues. Basic earnings per share were \$0.01 versus (\$0.06) during the prior quarter. Xinergy is pleased to have reduced its per ton cash costs by 21% compared to the previous quarter, while improving efficiency and productivity at both Straight Creek and the newly acquired Raven Crest.

Mr. Jon Nix, Chief Executive Officer of Xinergy, commented, "We are very pleased with the second quarter results and with the performance of Raven Crest, which has proved immediately accretive to earnings and our free cash flow profile. This positive cash flow, mainly attributable to our mine planning efforts at Raven Crest, will enable Xinergy to explore and grow our permitted reserves both organically and via acquisition."

Highlights for the second quarter:

- Consolidated revenues of approximately \$25.2 million were 222% higher than the previous quarter, partially due to 138,000 tons of coal that were shipped by the Company's newly acquired Raven Crest operation, but largely due to the gross margin that increased quarter-over-quarter, from \$2.11 per ton to \$22.59 per ton;
- Consolidated income from mining operations of approximately \$0.42 million, or a profit margin of 26%;
- Lower operations cash costs (cost of product sold plus transportation costs) at \$49.94 per ton, which was 21% lower than the previous quarter;



- EBITDA adjusted for non-recurring items, including a \$3.4 million gain on acquisition and related expenses of \$994,000, resulted in an adjusted EBITDA of approximately \$4.7 million, which represents a substantial increase from a negative EBITDA of \$1.3 million in the previous quarter;
- Increase in average sales price, from \$67.83 in the previous quarter to \$86.20 per ton;
- Increase in tons sold, from 115,876 tons in the previous quarter to 292,077 tons;
- Increase in tons produced, from 155,623 tons in the previous quarter to 336,136 tons;
- Stronger financial position with cash balance as at June 30, 2010 of approximately \$15.7 million, or 83% more than as at March 31, 2010;
- Improved mine plans implemented at both Straight Creek and Raven Crest, which will continue to improve efficiency, productivity and costs.

Financial highlights – Second quarter of 2010

	2010	
	Q2	Q1
(in thousands, except per ton amounts)		
Tons produced	336	156
Tons sold	292	116
Sales price \$/ton	86.20	67.83
COGS \$/ton	63.61	65.72
Cash costs \$/ton produced	49.94	63.26
(in millions, except per share amounts)		
Revenue	\$25.2	\$7.8
Net income (loss)	\$0.4	-\$3.1
Basic net income (loss)/share	\$0.01	-\$0.06
Diluted net income (loss)/share	\$0.01	-\$0.06
Total assets	\$150.0	\$66.4
Long-term debt	\$83.2	\$8.5
Shareholders' equity	51.9	50.2

Outlook

For the remaining six months of 2010, Xinergy is currently contracted to produce and sell approximately 710,000 tons of coal from Straight Creek and Raven Crest combined. For the



remainder of 2010, average cash production costs are expected to be approximately US\$50 to US\$55 per ton with expected blended average coal sales price of approximately US\$93 per ton.

With the addition of the Raven Crest operations and the increasing efforts to continually add permitted reserves in Kentucky and West Virginia, the Company expects to produce 2.5 million to 3.0 million tons in 2011. The Company also expects to maintain cash production costs between \$50 and \$55 per ton, while maximizing quality specifications that will provide increasing market opportunities when available.

News Release

This news release is prepared as at August 4, 2010 and should be read in conjunction with the Company's unaudited financial statements for the quarter ended June 30, 2010 and notes contained therein, and Management's Discussion and Analysis (MD&A) for the same period. This news release does not constitute a MD&A as contemplated by relevant securities rules.

Xinergy is currently focused on increasing shareholder value through strategic growth opportunities. The Company continues to develop and explore its existing properties to expand its permitted reserve base and increase capacity.

About Xinergy Ltd.

Headquartered in Knoxville, Tennessee, Xinergy Ltd., through its wholly owned subsidiary, Xinergy Corp. is engaged in coal mining in Alabama, eastern Kentucky, and West Virginia. Currently, Xinergy sells high quality steam coal to electric utilities and industrial companies throughout the southeastern United States. For more information, please visit www.xinergycorp.com.

Information about Forward-looking information

This release contains "forward-looking information" that includes information relating to future events and future financial and operating performance, including managements assessment of Xinergy's future outlook. Forward-looking information should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by which, that performance or those results will be achieved. Forward-looking information is based on information available at the time it is made and/or management's good faith belief as of that time with respect to future events, and such information is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking information. Important factors that could cause these differences include but are not limited to: the business of the Company may suffer as a result of uncertainty surrounding the acquired assets; the Company may be adversely affected by other economic, business, and/or competitive factors; the worldwide demand for coal; the price of coal; the price of alternative fuel sources; the supply of coal and other competitive factors; the costs to mine and transport coal; the ability to obtain new mining permits; the costs of reclamation of previously mined properties; the risks of expanding coal production; the ability to bring new mines on line on



schedule; industry competition; the Company's ability to continue to execute its growth strategies; and general economic conditions. These and other risks are more fully described in the Company's filings with the Canadian Securities Administrators, including its Annual Information Form, available on SEDAR at www.sedar.com. You should not put undue reliance on any forward-looking information. We assume no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking information, no inference should be drawn that we will make additional updates with respect to those or other forward-looking information.

For further information contact:
Miranda Smith
647-427-0208