



NEWS RELEASE

XINERGY LTD. ANNOUNCES FILING OF Q3 2010 FINANCIALS

EBITDA INCREASES 94% SEQUENTIALLY FROM SECOND QUARTER OF 2010

KNOXVILLE, TENNESSEE, Tuesday, October 19, 2010 – ("Xinergy" or "the Company") announced today the release of its unaudited interim consolidated financial statements for the three and nine month periods ended September 30, 2010, together with its Management's Discussion and Analysis for the corresponding periods. These documents are posted on SEDAR at www.sedar.com and on the Company's website at www.xinergyltd.com.

During the three month period ended September 30, 2010, the Company generated EBITDA of approximately \$13.7 million on approximately \$37.7 million in revenues versus the previous quarter where it generated EBITDA of \$7.1 million and \$25.2 million, respectively. This increase is largely due to significant increases in production levels, which also have strengthened the Company's working capital, cash position, and free cash flow. The Company sold 434,000 tons during the quarter, versus 185,000 tons during the same quarter of 2009 and an increase of tonnage sequentially over the second quarter of 2010 of 48%. The Company has consistently increased its production each quarter of 2010. New commitments from regional utilities have also been initiated this quarter and tonnage from these new sales contracts is expected to add to 2011 and 2012 volumes sold. For the remainder of 2010, the Company has 562,000 contracted tons outstanding at an average sales price of \$87. In 2011 and 2012, the Company has contracted tons of 1,158,000 and 146,000 at average sales prices of \$101 and \$115 per ton, respectively.

Mr. Jon Nix, Chief Executive Officer of Xinergy, commented, "Xinergy had an excellent quarter, executing at a level that met or exceeded internal forecasts and goals as they relate to sales, production levels and cash costs. Results this quarter have bolstered the Company's balance sheet and positions us well to consider accretive and contiguous acquisitions. Also, through our ongoing mine improvements and exploration program, we are delivering on our organic growth plan. We expect to continue to enhance efficiencies at our current producing assets, Straight Creek and Raven Crest, in order to maintain our position as low-cost producer in Central Appalachia."



Highlights for the third quarter:

- Increase in gross margin from mining operations from \$7.6 million, or \$22.59 per ton, in the second quarter of 2010 to \$14.2 million, or \$32.80 per ton;
- Revenues were \$37.7 million on the sale of 434,000 tons, as compared to the second quarter revenues of \$25.2 million on the sale of 292,077 tons;
- Revenues from continuing operations for the nine months ended at September 30, 2010 totalled approximately \$70.8 million, up 39.6% from \$50.7 million in same time period of 2009;
- EBITDA was \$13.7 million for the quarter, as compared to \$7.1 million in the second quarter, an increase of \$6.6 million, or 94%;
- Stronger financial position with cash balance as at September 30, 2010 of approximately \$26.3 million, or 67% more than as at June 30, 2010;
- Increase in tons produced by 26%, from 336,136 tons in the second quarter to 423,000 tons;
- Increase in tons sold by 48%, from 292,077 tons in the second quarter to 434,000 tons;
- Increase in average sales price, from \$86.20 in the second quarter to \$86.86 per ton;
- Cash costs were \$51.32 per ton as compared to \$49.94 per ton in the second quarter;
- Improved mine plans implemented at both Straight Creek and Raven Crest, which will continue to improve efficiency, productivity and costs; and
- Sold Alabama property for \$3.1 million, resulting in a gain of \$2.1 million.



Financial highlights for the quarter ended September 30, 2010

| | 2010 | 2009 | |
|-------------------------------------|----------|---------|-------------|
| | Q3 | Q3 | % Change |
| (thousands, except per ton amounts) | | | |
| Tons produced | 423 | 168 | 151.8% |
| Tons sold | 434 | 185 | 134.6% |
| Sales price/ton | 86.86 | 78.38 | 10.8% |
| COGS/ton | 54.06 | 64.89 | -16.7% |
| Cash costs/ton produced | 51.32 | 66.02 | -22.3% |
| (in millions) | | | |
| Revenue | \$37.72 | \$14.50 | 160.1% |
| Net income (loss) | -\$0.25 | -\$1.80 | 86.1% |
| Total assets | \$153.60 | \$50.96 | |
| Long-term debt | \$82.90 | \$33.14 | |
| Shareholders' equity | \$52.10 | -\$2.47 | |

Outlook

For the remaining three months of 2010, Xinergy is contracted to sell approximately 562,000 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\$87 per ton.

With the addition of the Raven Crest operations and the exploration program aimed 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. The Company is also continuing to prove up reserves on existing controlled properties and to add permitted reserves in Kentucky and West Virginia through strategic acquisition of reserves in close proximity to its existing infrastructure.

News Release

This news release is prepared as at October 19, 2010 and should be read in conjunction with the Company's unaudited financial statements for the quarter ended September 30, 2010 and notes contained therein, and Management's Discussion and Analysis (MD&A) for the same period at



www.xinergyltd.com, in the “investors” section under “Financial Information & Filings,” or at www.sedar.com under the company’s profile. 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 eastern Kentucky and West Virginia. Currently, Xinergy sells high quality steam coal to electric utilities and industrial companies throughout the south-eastern United States. For more information, please visit www.xinergyltd.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 management’s 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.

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