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**TSX-V, LSE-AIM: XEL**

8 February 2010

**Xcite Energy Limited  
("Xcite Energy" or the "Company")**

**Placing of Ordinary Shares**

Xcite Energy (AIM, TSX-V: XEL), a developer of heavy oil assets in the UK North Sea, announces an offering of new ordinary shares of the Company (the "Offering") which will be offered for sale pursuant to a short form prospectus filed in all of the provinces of Canada except Québec. The Offering will also include a placing of the new ordinary shares in the United Kingdom. A receipt has been received by Xcite Energy from the applicable securities regulator for the preliminary short form prospectus filed on February 5, 2010. A copy of the preliminary short form prospectus will be available on [www.sedar.com](http://www.sedar.com).

The net proceeds from the Offering will be used primarily to fund the drilling and flow testing of a pre-development well on the Company's Bentley oil field, which the Company currently estimates will cost approximately C\$40 million, for early production system planning and engineering (approximately C\$5 million) and for general working capital purposes (approximately C\$5 million).

Octagon Capital Corporation and CIBC World Markets Inc. will act as exclusive agents of the Company with respect to sales of new ordinary shares in Canada. Arbuthnot Securities Limited will act as special selling agent of the Company and sole bookrunner in connection with the Offering in the United Kingdom.

The new ordinary shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and, may not be offered, sold or delivered, directly or indirectly, in the United States or to or for the account or benefit of any U.S. person unless the securities are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. This press release does not constitute an offer to sell or solicitation of an offer to buy any securities, nor shall there be any sale of securities in any state in the United States in which such offer, solicitation or sale would be unlawful.

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#### 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 Company's annual information form dated December 8, 2009 and in the annual Management's Discussion and Analysis for Xcite Energy dated March 26, 2009 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.