



Toronto Stock Exchange: XRG

XINERGY LTD. RECEIVES PERMITS FOR PREPARATION PLANT AND LOADOUT FACILITIES AT SOUTH FORK METALLURGICAL COAL PROJECT

KNOXVILLE, TENNESSEE, Tuesday, October 16, 2012 – Xinergy Ltd. (TSX:XRG) ("Xinergy" or the "Company"), a Central Appalachian coal producer, today announced that its wholly-owned subsidiary, South Fork Coal Company, LLC, received requisite approvals to begin construction of its preparation plant and rail loading facility at its mid-volatility metallurgical coal project in Greenbrier County, West Virginia.

The Company will begin site preparation work immediately and plans to commence construction during the 2012 fourth quarter. Construction of the preparation plant and rail loading facility is expected to take six to nine months at a capital cost of approximately US\$20 million. Consistent with prior guidance, the Company expects to produce 300,000 to 400,000 tons of premium-quality, Sewell seam mid-vol metallurgical coal in 2013, reflecting a rate of approximately 50,000 tons per month following completion of the preparation plant and rail load-out. Xinergy continues to anticipate cash costs of approximately \$100/ton once this production rate is achieved, and believes South Fork will have capacity of approximately 80,000 tons per month.

For further details regarding reserves and quality, see the Technical Report for the project entitled "An Independent National Instrument 43-101 Report Summarizing Mineral Exploration, Development and Production Activities of South Fork Coal Company, LLC Mining Reserves, Greenbrier County, West Virginia" dated of March 16, 2011 by James S. Canterbury, P.E., M.B.A. of Summit Engineering, which is available on the SEDAR website (www.sedar.com).

Matt Goldfarb, Xinergy's CEO, commented: "Today marks a significant milestone for our Company, reflecting the perseverance and commitment of our entire West Virginia team. Bernie Mason, our President, and our engineering and permitting group in West Virginia have done an admirable job in the face of an extremely challenging regulatory environment in advancing our South Fork mid-vol project to position the Company for a long-awaited step-change in our production profile. Despite near-term weakness in metallurgical coal pricing, the Company remains bullish on the long-term fundamentals for the global steel industry and, in particular, believes that its ultra-premium South Fork mid-vol met reserves will preserve a niche market position for Xinergy through the cycle."

James S. Canterbury, P.E., M.B.A. of Summit Engineering is the Qualified Person in accordance with National Instrument 43-101 responsible for the technical content of this release and has reviewed and approved it accordingly.

About Xinergy Ltd.

Headquartered in Knoxville, Tennessee, Xinergy Ltd., through its wholly owned subsidiary Xinergy Corp. and its subsidiaries, is engaged in coal mining in eastern Kentucky, West Virginia and Virginia. Xinergy sells high quality thermal and metallurgical coal to electric utilities, steelmakers, energy trading firms and industrial companies. For more information, please visit www.xinergycorp.com.

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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, future capital costs, production rates, costs associated with production, and production capacity. 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. Forward-looking information is based on a number of factors and assumptions made by management and considered reasonable at the time such information is provided.

Important factors that could cause these differences include but are not limited to: changes in contracted sales; 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.