

Exco Resources Limited: White Dam Production Continue To Perform Extremely Well

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Perth, Australia (ABN Newswire) - Following the first gold pour at Exco Resources Limited's Exco Resources Limited (ASX: EXS) (PINK: EXRSF) 75%-owned White Dam Gold Project in April 2010, the operation has continued to perform extremely well.

Under the management of Exco's joint venture (JV) partner Polymetals Group Pty Ltd (Polymetals), the first five months of production (to 16 September, 2010) have yielded 27,474 ounces of gold. Current production levels equate to an annualised rate of >65,000 ounces (30% above the target rate of 50,000 ounces per annum).

Importantly, both mining rates and operating costs are in line with expectations. Operating costs remain well below A\$600/oz and with prevailing gold prices remaining +A\$1,350/oz, the JV partners are currently enjoying very healthy margins.

Exco's 75% share of production to date is 20,606 ounces. Through a mixture of spot and forward sales, Exco has achieved an average sale price of A\$1,382/oz, approximately 25% above budget.

The combination of higher production rates and better than expected gold prices has Exco on track to repay its share of the Barclays Capital debt facility (gold loan) some six months ahead of schedule in Q1/2011. As a result the company expects to benefit from substantial cash flows from the project throughout 2011.

Near-mine exploration and resource development activities are ongoing with a view to extending the mine life at White Dam. A number of near-mine targets at Vertigo, White Dam North and Ambush have recently been drill tested. Results, and an updated resource model for the Vertigo Deposit, will be released in due course.

Background Information

At White Dam, Exco has entered into a 75:25 operating joint venture with Polymetals Group Pty Ltd. The project, which contains a resource inventory of 325,000 ounces of gold, achieved first gold production in April 2010 following a very successful construction and commissioning period. The project was officially opened at a ceremony on 10th June 2010 and initial production rates have exceeded expectations. With costs of <A\$600/oz the project is already delivering significant revenues. The relatively short-life project is currently expected to produce a total of 120,000oz of gold at a rate of >50,000ozpa. Near mine exploration and resource development is expected to ultimately increase overall production and extend the life of the mine.

In north-west Queensland Exco holds a large, strategically located and highly prospective land package. The CCP comprises numerous tenements and mining leases, which host the flagship E1 Camp, Monakoff and Great Australia deposits. Resources delineated for the project to date total 55.7Mt, containing 472,000 tonnes of copper and 394,000 ounces of gold, with further exploration upside and indicated resource development highlighting the potential for economic extraction of a significant portion of the resources.

Exco completed a Pre-Feasibility Study (PFS) on the CCP in June 2008, which demonstrated the technical and commercial credentials of a 2Mtpa project. Encouraged by the positive PFS results, and with ongoing drilling delivering further resource upgrades, the Company commenced a Definitive Feasibility Study (DFS) on a slightly larger operation treating 2.5Mtpa to 3Mtpa through a concentrator facility located at the E1 Camp. At this expanded throughput the project will produce +25,000 tonnes of copper in concentrate per annum (25% more than envisaged by the PFS) with substantial by-product credits from gold, cobalt, magnetite and potentially uranium. The Company has now submitted its Environmental Impact Statement (EIS) in pursuit of the relevant approvals for the CCP, and is reviewing its development strategy with a view to selecting a definitive option in the coming months.

Exco also has a number of exploration joint ventures in Queensland with major companies including [Xstrata](#) (LON:XTA), [BHP Billiton Limited](#) (NYSE:BHP) (ASX:BHP) and [Ivanhoe Mines](#) (ASX:IVA). These JVs are managed by Exco's partners, creating additional development options, and allowing the Company to

maintain its primary focus on the CCP.

The Board and management of Exco, backed by the Company's major shareholders including Ivanhoe Mines, are committed to unlocking value from this highly prospective portfolio of projects, and we look forward to keeping shareholders informed of developments.

For the complete Exco announcement including tables and figures, please refer to the following link:
<http://www.abnnewswire.net/media/en/docs/63758-ASX-EXS-506021.pdf>

About Exco Resources Limited:

Exco is an Australian focused ASX-listed mining company (ASX:EXS)(PINK:EXRSF) with a dual focus on developing both the White Dam Gold Project in South Australia, and the Cloncurry Copper Project (CCP) in north-west Queensland. In addition, the Company has renewed its exploration efforts at the highly prospective Hazel Creek Project, also in north-west Queensland.

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