

ASX Announcement

21st September 2010

WHITE DAM PRODUCTION UPDATE

- Annualised production levels at White Dam are 30% above target
- Operating costs remain < A\$600/oz leading to very healthy margins at prevailing gold prices
- Exco has achieved an average sale price of A\$1,382/oz; approximately 25% above budget
- Exco is on track to repay its share of the Barclays gold loan by Q1/2011, approximately six months ahead of schedule

Following the first gold pour at Exco Resources Limited's (Exco) 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 (see **Table 1**). 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 at 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.

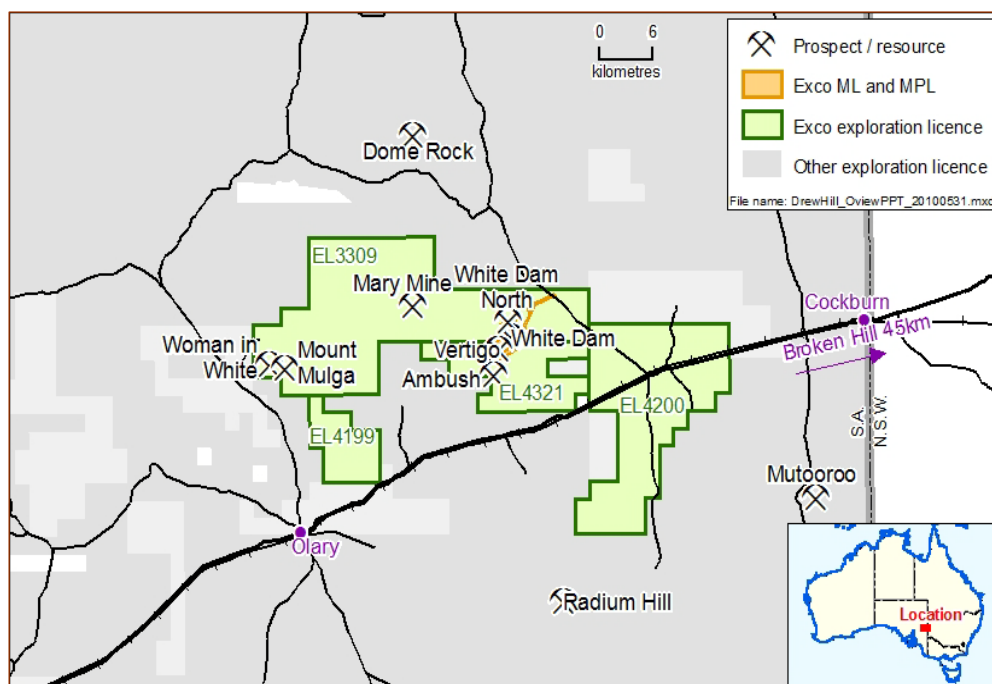
The combination of higher production rates and better than expected gold prices has Exco on track to repay its share of the Barclays Capital debt facility (gold loan) some six months ahead of schedule in Q1/2011. As a result the company expects to benefit from substantial cash flows from the project 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 (see **Figure 1**) have recently been drill tested. Results, and an updated resource model for the Vertigo Deposit, will be released in due course.

TABLE 1 – WHITE DAM PRODUCTION FIGURES (to 16 September, 2010)

100%		Year to June 2010	July 1 to Sept 16	Project To Date
Ore Tonnes Mined	(tonnes)	1,193,871	693,895	1,887,766
Mined Grade	(g/t)	1.01	0.84	0.95
Mined Ounces	(ounces)	38,768	18,740	57,507
Waste Tonnes Mined	(tonnes)	2,783,243	345,801	3,129,044
Ore placed on Leach	(tonnes)	1,193,871	693,895	1,887,766
Ounces Produced ¹	(ounces)	12,928	14,546	27,474
Exco Equity (75%)				
Ounces Produced ¹	(ounces)	9,696	10,910	20,606
Gold Loan Repayments (to 31 August 2010)	(ounces)	3,224	3,736	6,960
Ounces Sold	(ounces)	3,731	6,250	9,981
Average Sale Price (per oz)	A\$	1,397	1,363	1,382

Figure 1: Location of White Dam Gold Mine, and near-mine prospects, South Australia



On behalf of the Board of
Exco Resources Ltd

Michael Anderson
Exco Resources Limited
Managing Director
Tel: +61 (0) 8 9211 2000

Media Enquiries:
James Harris
Professional Public Relations
Tel: (08) 9388 0944

¹ **Ounces Produced** is gold poured plus the net change in gold-in-circuit during the period.

Information on Exco Resources

Exco is an Australian focused, ASX-listed mining company (ASX: EXS). The Company has a dual focus on developing both the White Dam Gold Project in South Australia, and the Cloncurry Copper Project (CCP) in north-west Queensland.

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 2.5 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, BHP Billiton Limited and Ivanhoe Mines. 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.

Further information is available at www.excoresources.com.au

FORWARD LOOKING STATEMENTS & COMPETENT PERSONS STATEMENT

This report contains forward looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

All references to dollars, cents or \$ in this report are to AUD currency, unless otherwise stated.

Information in this report relating to mineral resources and exploration results is based on data compiled by Exco's Exploration Manager Stephen Konecny who is a member of The Australasian Institute of Mining and Metallurgy. Mr Konecny has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Konecny consents to the inclusion of the data in the form and context in which it appears.