

17 December 2010

Market Release (*via electronic lodgement*)

CLONCURRY COPPER PROJECT (CCP) MAIDEN RESERVE

- Confidence in the CCP grows with a maiden reserve of **28.1Mt @ 0.83% Cu & 0.24g/t Au**. (9.2Mt in proved reserve and 18.9Mt in probable reserve)
- The reserve contains 233kt of copper and 220koz of gold
- Resources within the CCP area stand at **55.7Mt @ 0.85% Cu & 0.22 g/t Au**, of which 37.9Mt is classified as Measured or Indicated
- The Company remains proactively focused on the completion of the Definitive Feasibility Study for the CCP, and securing the necessary approvals for project development

Exco Resources Ltd (**ASX Code: EXS**) advises that a maiden reserve has been established at its flagship Cloncurry Copper Project ('CCP') located in North West Queensland. The open pit Ore Reserve estimate, as reported in accordance with the JORC Code¹, is;

28.1Mt @ 0.83% Cu & 0.24g/t Au

Full details are provided in **Table 1** below.

The delineation of the ore reserve is in line with the Company's project development strategy and represents a key milestone for assessing the development options for the CCP.

This maiden ore reserve resides only within the E1 Camp and Monakoff deposits. Work is ongoing at the Monakoff East deposit in particular with a view to adding further to the CCP reserve, whilst the Company continues to proactively evaluate the potential for inclusion of the Mt Colin resource into the project (see **Figures 1** for deposit locations).

¹ Australasian Code for Reporting of Mineral Resources and Ore Reserves, Prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC), December 2004.

Table 1 – Cloncurry Copper Project Ore Reserve Statement

E1 Camp	Tonnes (Mt)	Grade		Contained Metal	
		Cu %	Au (g/t)	Cu (kt)	Au (koz)
Proved	9.2	0.87	0.25	80	75
Probable	17.0	0.75	0.22	128	118
Total	26.2	0.79	0.23	208	193

Monakoff	Tonnes (Mt)	Grade		Contained Metal	
		Cu %	Au (g/t)	Cu (kt)	Au (koz)
Proved	-	-	-	-	-
Probable	1.9	1.35	0.43	26	27
Total	1.9	1.35	0.43	26	27

Total	Tonnes (Mt)	Grade		Contained Metal	
		Cu %	Au (g/t)	Cu (kt)	Au (koz)
Proved	9.2	0.87	0.25	80	75
Probable	18.9	0.81	0.24	153	145
Total	28.1	0.83	0.24	233	220

Notes: The Ore Reserve Estimate is based on Measured and Indicated Mineral Resources contained within mine designs above an economic cut-off. The economic cut-off is based on the multi-element value of each minable block incorporating the processing, grade control, rehabilitation, and ore rehandle costs. This defines potential ore for the dilution process.

The figures presented were rounded and include mining dilution and ore loss.

The Ore Reserve Estimate has been derived as part of a feasibility mining study prepared to a level of accuracy with estimates prepared within ±15%. The mining study is based on an operation that will produce ore concentrated on site. A mine design, production and cash flow schedules were prepared. The economic assessment achieved a positive cash flow for a range of downside sensitivities, of both prices and costs. Costs and modifying factors used in the mining study assume mining by conventional open pit methods utilising hydraulic excavators and haul trucks. Dilution has been applied by adding a skin width of 1.5m for edge dilution and a minimum mining width of 5m for ore loss. The schedule is based on an ore production rate of 3.0 Mtpa with the expected project life over 10 years.

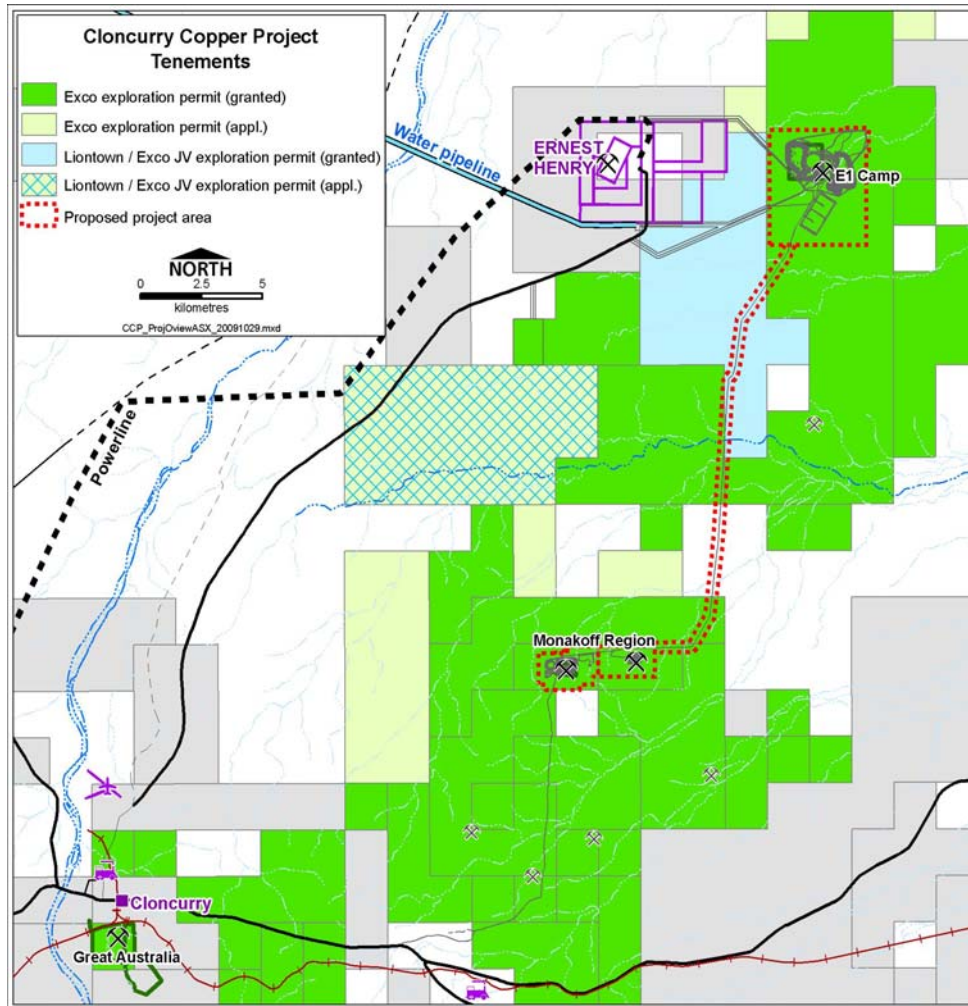
The key inputs to Ore Reserve estimation for the project and the group responsible for each input are as listed in **Table 2**.

Table 2 – Ore Reserve Modifying Factors

Factor	Responsible Group
Resource Model	Exco Resources
Mining	AMC
Metallurgy	Exco Resources
Economic	Exco Resources
Marketing (metal prices; refining terms)	Exco Resources
Legal	Exco Resources
Environmental	Exco Resources
Social/Government	Exco Resources

Mineral Resources have been converted to Ore Reserves recognising the level of confidence in the Mineral Resource estimate and reflecting any modifying factors. The Ore Reserve estimate is based on the resource estimate provided to AMC Consultants (AMC). AMC undertook a brief review of the Mineral Resources; however this was not an audit.

Figure 1: CCP location map showing key tenements, deposits and proposed infrastructure.



The metal prices and exchange rate used in determination of the Ore Reserve estimate are:

- Gold: US\$900/oz
- Copper: US\$3.00/lb
- Exchange Rate: A\$1.00 = US\$0.80

The metal prices, grades, recoveries and costs have been used to identify mineable blocks to be included in the Ore Reserve estimate.

Metallurgical recoveries are well understood and processing parameters well defined. Processing costs have been factored from pre-feasibility level assessments, and the financial viability of the project was therefore tested with a 20% increase in processing costs, and subsequent increase in economic cut-off grade. Financial modelling with the resulting inventory shows the project to still be viable and AMC conclude that the potential changes in the processing costs would not be material to the Ore Reserve estimate.

The Ore Reserve includes that part of the Mineral Resource contained within the open pit mine design. Measured Mineral Resources within the design convert to Proved Ore Reserves and Indicated Mineral Resources within the design convert to Probable Ore Reserves, after consideration of all mining, metallurgical, social, environmental, statutory and financial aspects of the project.

CCP FORWARD PROGRAMME

The Definitive Feasibility Study (DFS) currently in progress is based on a 3Mtpa operation with a concentrator facility located at the E1 Camp. At this throughput the project will produce ~25,000 tonnes of copper in concentrate per annum with substantial by-product credits from gold, magnetite, cobalt and potentially uranium. Final metallurgical optimisation and detailed engineering design are now underway.

The Environmental Impact Statement (EIS) for the project has been accepted and the Environmental Management Plan (EMP) is in progress. Liaison continues with the relevant authorities in pursuit of the necessary project approvals for the CCP.

The Company is also proactively focused on the evaluation and assessment of the development strategy and funding options for the project.

In recent months the Company has also recommenced a targeted exploration programme. Further geological and structural modeling are being undertaken with a view to maximising additional resource potential and identifying the potential for further conversion of resources to the Indicated and Measured categories. Numerous targets have been drilled and results reported, whilst others have been prioritised for future drilling.

Further results and information will be provided as they become available.

On behalf of the Board of Exco Resources Ltd

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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.

Competent Persons Statements

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

The information in this report relating to Ore Reserves is based on information compiled by Mr James Stoddart and Mr Colin Sprott. Mr Stoddart & Mr Sprott are Members of the Australasian Institute of Mining and Metallurgy and are full time employees of AMC. They have sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activities they undertook to qualify as Competent Persons as defined in The JORC Code, 2004 Edition. Mr Stoddart and Mr Sprott consent to the public release of the material contained within this report.

The information in this report relating to metallurgical recoveries and process is based on information compiled/reviewed by Mr Dale Tyson. Mr Dale Tyson is a Member of the Australasian Institute of Mining and Metallurgy and a consultant to Exco Resources Ltd. Mr Tyson has sufficient experience relevant to the metallurgy and processing of the ore under consideration, and to the activities he undertook to qualify as a Competent Person as defined in The JORC Code, 2004 Edition. Mr Tyson consents to the public release of the material contained within this report.

Competent Persons for Cloncurry Copper Project Report

Name	Employer	Area of Expertise
James Stoddart & Colin Sprott	AMC	Open Pit Mining
Christine Shore	Exco Resources	Resource Estimation
Dale Tyson	Exco Resources	Metallurgy and Process Design

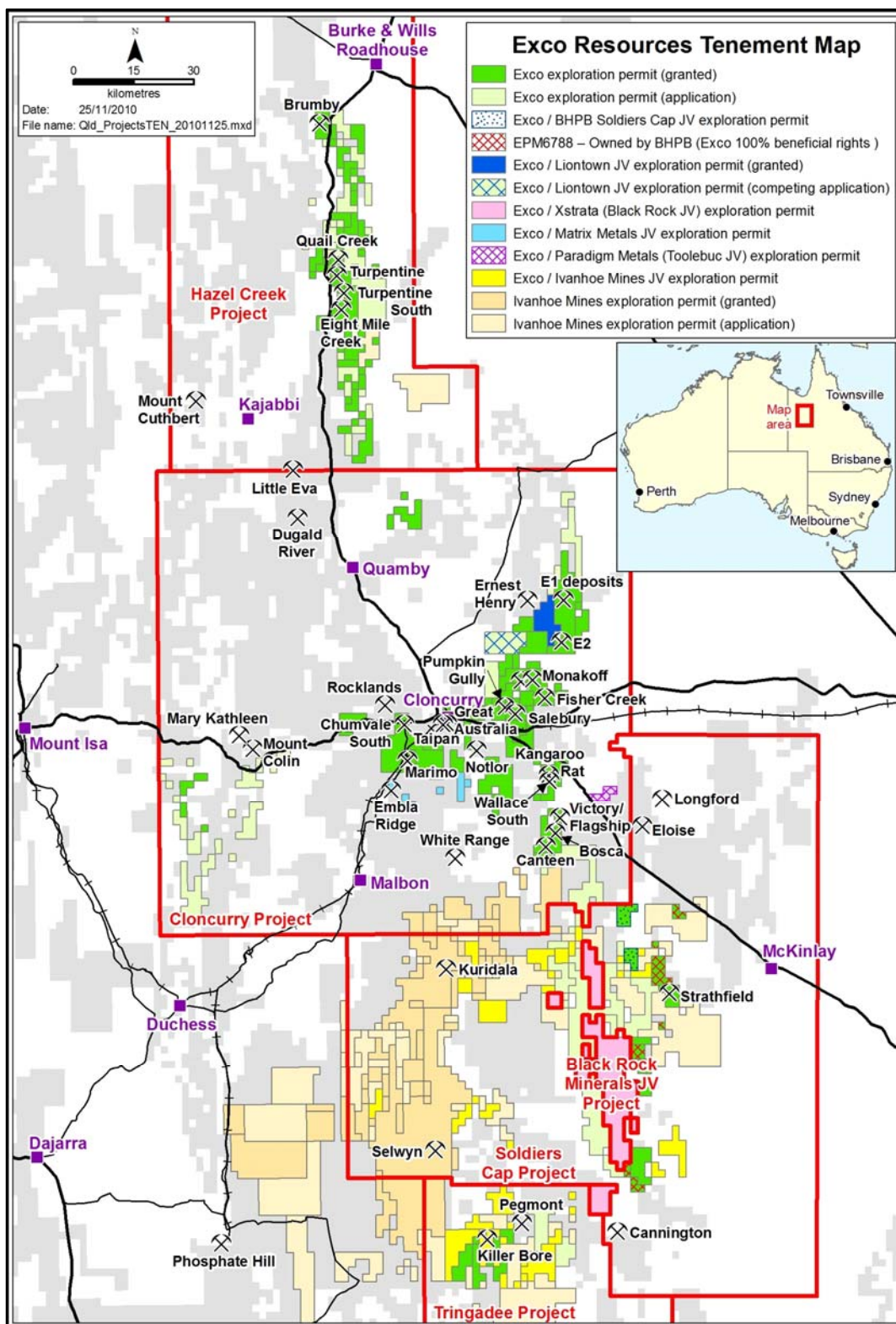


Figure 1: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects

TABLE 2: EXCO RESOURCES – NW QUEENSLAND Cu-Au RESOURCE SUMMARY						
Deposit	Class	Tonnes	Grade		Metal	
			Cu%	Au g/t	Cu T	Au Oz
E1 Camp ⁽²⁾	Measured	9,170,000	0.87	0.25	80,000	75,000
	Indicated*	24,700,000	0.71	0.21	177,000	165,000
	Inferred*	14,200,000	0.64	0.2	91,000	90,000
TOTAL		48,100,000	0.72	0.21	348,000	330,000
Monakoff ⁽¹⁾ & Monakoff East	Indicated	2,000,000	1.39	0.44	28,000	28,000
	Inferred	2,000,000	1.3	0.4	25,000	26,000
TOTAL		4,000,000	1.32	0.42	53,000	54,000
Great Australia ⁽¹⁾	Indicated	1,400,000	1.53	0.13	21,000	6,000
	Inferred	800,000	1.57	0.14	12,000	3,000
TOTAL		2,100,000	1.54	0.13	33,000	9,000
Mt Colin ⁽¹⁾	Indicated**	620,000	3.14	-	19,500	-
	Inferred**	870,000	2.0	-	17,500	-
TOTAL **		1,490,000	2.47	-	37,000	-
Sub-total – CCP	Measured	9,170,000	0.87	0.25	80,000	75,000
	Indicated	28,720,000	0.86	0.22	246,000	199,000
	Inferred	17,870,000	0.82	0.21	146,000	119,000
ALL		55,700,000	0.85	0.22	472,000	394,000
Other Deposits						
Turpentine	Indicated	1,627,000	1.04	0.21	17,000	11,000
	Inferred	215,000	0.9	0.16	2,000	1,000
TOTAL		1,841,000	1.03	0.2	19,000	12,000
Taipan	Inferred	1,460,000	0.80	0.1	12,000	5,000
Kangaroo Rat ⁽¹⁾	Inferred	875,000	1.65	1.0	14,400	28,000
Wallace South	Inferred***	1,000,000	-	1.6	-	53,000
Victory-Flagship	Inferred	196,000	1.2	1.4	2,000	9,000
Sub-total - Other		5,400,000	0.88	0.62	47,400	107,000
TOTAL		61.0 Mt	0.85	0.25	519,400	500,000

Notes

- Discrepancies in totals are as result of rounding. Unless otherwise stated the above resources are reported at a 0.5% Cu cut-off.
- ⁽¹⁾ Granted Mining Lease.
- ⁽²⁾ ~30 % of E1 camp resources on a granted Mining Lease.
- * E1 resources completed at 0.3%Cu cut-off.
- ** Mt Colin resource cut-off = 1.25% Cu.
- *** Wallace South resource cut-off = 0.5g/t

Information on Exco Resources Ltd

Exco is an Australian-focused, ASX-listed mining and exploration 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 the 10th of June 2010 and initial production rates have exceeded expectations by ~30%. With operating costs of ~A\$600/oz, and having recently repaid the Barclays Gold Loan facility some nine months ahead of schedule, the project is already delivering significant revenues. The relatively short-life project is currently expected to produce a total of 120,000oz (Exco's share 90,000oz). Near mine exploration and resource development is underway and is expected to 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 Cloncurry Copper Project (CCP) comprises numerous tenements and mining leases, which host the flagship E1 Camp, Monakoff, Mt Colin 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 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 project, 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 Australia. 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 Australia, 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