

13 September 2011

Market Release (via electronic lodgement)



MOUNT COLIN RESOURCE UPGRADE

- Overall Mineral Resource at Mt Colin increased by 29% from 1.49Mt @ 2.47% to **1.92Mt @ 2.59% Cu**.
- Ores classified as Indicated Mineral Resource have increased by 68% to **1.04Mt @ 3.04% Cu**.
- Resource confirmed by a further infill drill programme including 24 Diamond holes and 13 Reverse Circulation holes with mineralisation still open at depth.
- A scoping study completed on the previous resource indicated robust economic potential. Further work is in progress for underground mining design.
- The Cloncurry Project total resource has increased to: **7.65Mt @ 1.69% Cu & 0.52g/t Au**.

Exco Resources Ltd (**ASX Code: EXS**) advises that it has completed an updated resource estimate for the Mt Colin copper-gold deposit, located approximately 50km west of Cloncurry, in the Mt Isa region of Queensland. (See **Figure 2** for deposit location). The 100% interest in the project forms part of Exco's Cloncurry Project. Resource modelling incorporating geological interpretation, wireframing and geostatistical analysis has resulted in the completion of a resource estimate containing approximately **1.92Mt @ 2.59% Cu**.

Full details and a comparison with the February 2010 Mineral Resource Estimate are provided in **Table 1** below.

Table 1 – Comparison of updated Mt Colin Resources to February 2010 Estimate

Mt Colin Mineral Resource (1.25% Cu Cut-off)									
Resource Category	2011 Resource depleted to Apr 2011					Previous (Feb 2010) depleted to Aug 2006			
	Kt	Cu (%)	Au (g/t)	Cu (t)	Au (oz)	Kt	Cu (%)	Au (g/t)	Cu (t)
Indicated	1,042	3.04	0.42	31,629	14,207	620	3.14	not reported	19,500
Inferred	880	2.09	0.41	18,344	11,597	870	2.00	not reported	17,500
Total	1,922	2.59	0.42	49,855	25,829	1,490	2.47	-	37,000

The Mt Colin resource has been re-estimated based on infill and extensional drilling. The re-estimate has significantly increased the resource size and improved confidence levels of the resource, with the high grade zone still open at depth (350m below the surface).

The resource has been re-estimated based on a further 37 holes including 13 Reverse Circulation and 24 Diamond holes. A Long section (See **Figure 1**) shows the change in boundaries between Indicated and Inferred Mineral Resource resulting from this upgrade.

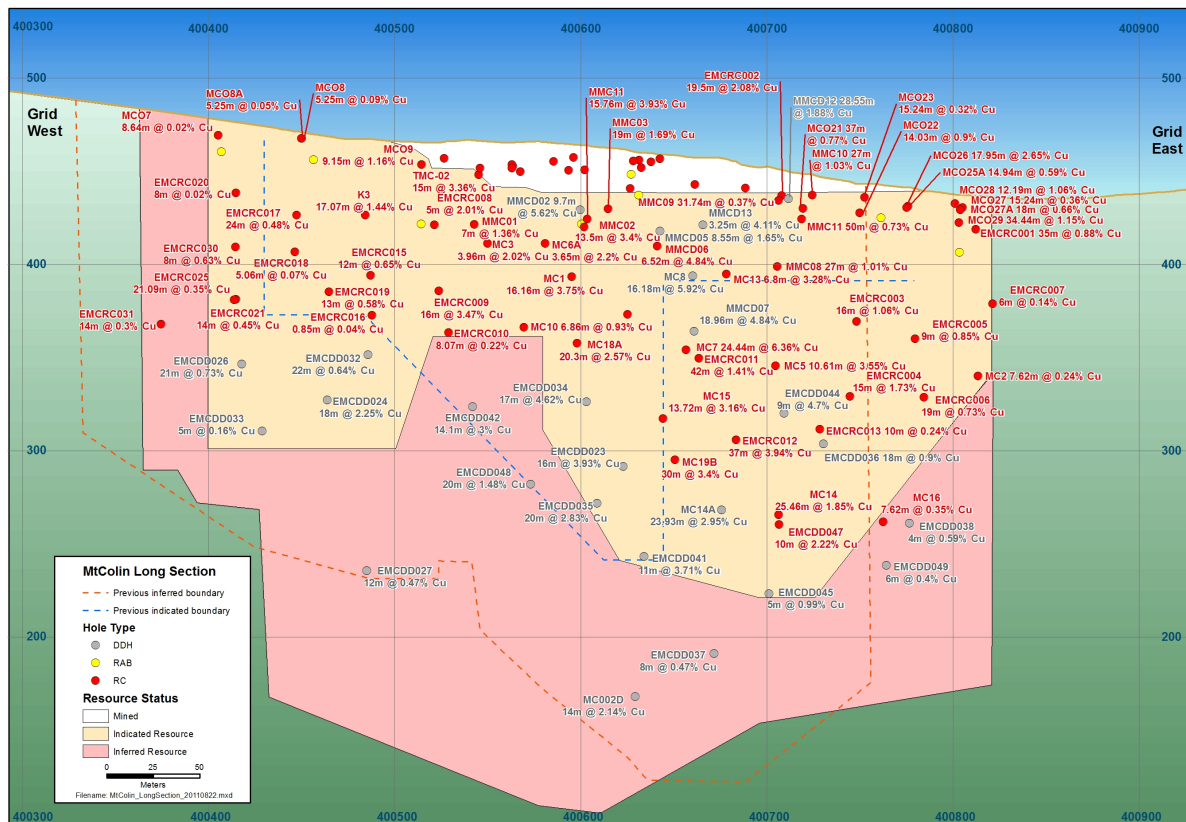


Figure 1: Long Section of Mount Colin showing Indicated/Inferred boundary.

Statistical analysis was completed on 1m composites. Variography and kriging neighbourhood analysis were conducted for the purpose of grade estimation. The method used to obtain grade estimates was Ordinary Kriging, with grade estimates contained within the mineralised wireframes.

Resource classification was developed from confidence levels of key criteria including drill spacing, geological concepts, sampling and data density and grade estimation confidence.

Estimates of dry in-situ bulk density were derived from 822 core samples distributed throughout the deposit. The bulk density values were interpolated using the Inverse Distance squared estimation method with an isotropic search. Unfilled blocks were then assigned a value based on the correlation between copper and specific gravity.

The net increase in indicated and inferred resource is due to a combination of increasing the overall size and upgrading a large portion of the inferred resource to indicated as a result of increased drilling density. Further ore was defined on the margins and at depth within the resource. Also, a significant increase in the estimated specific gravity, from 2.65 to an average of 2.92, has also resulted in approximately 200,000 tonnes of additional resource.

The resource has been depleted following the completion of mining of the oxide copper ores from a shallow pit approximately 260m by 30m by 30m. It is expected that the mining of sulphide ore will be conducted using underground mining methods.

On behalf 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 presentation 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 Chief Geologist Stephen Konecny and Exco's Resource Manager Ms Christine Shore, who are members of The Australasian Institute of Mining and Metallurgy. Both Mr Konecny and Ms Shore have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 and Ms Shore consent to the inclusion of the data in the form and context in which it appears

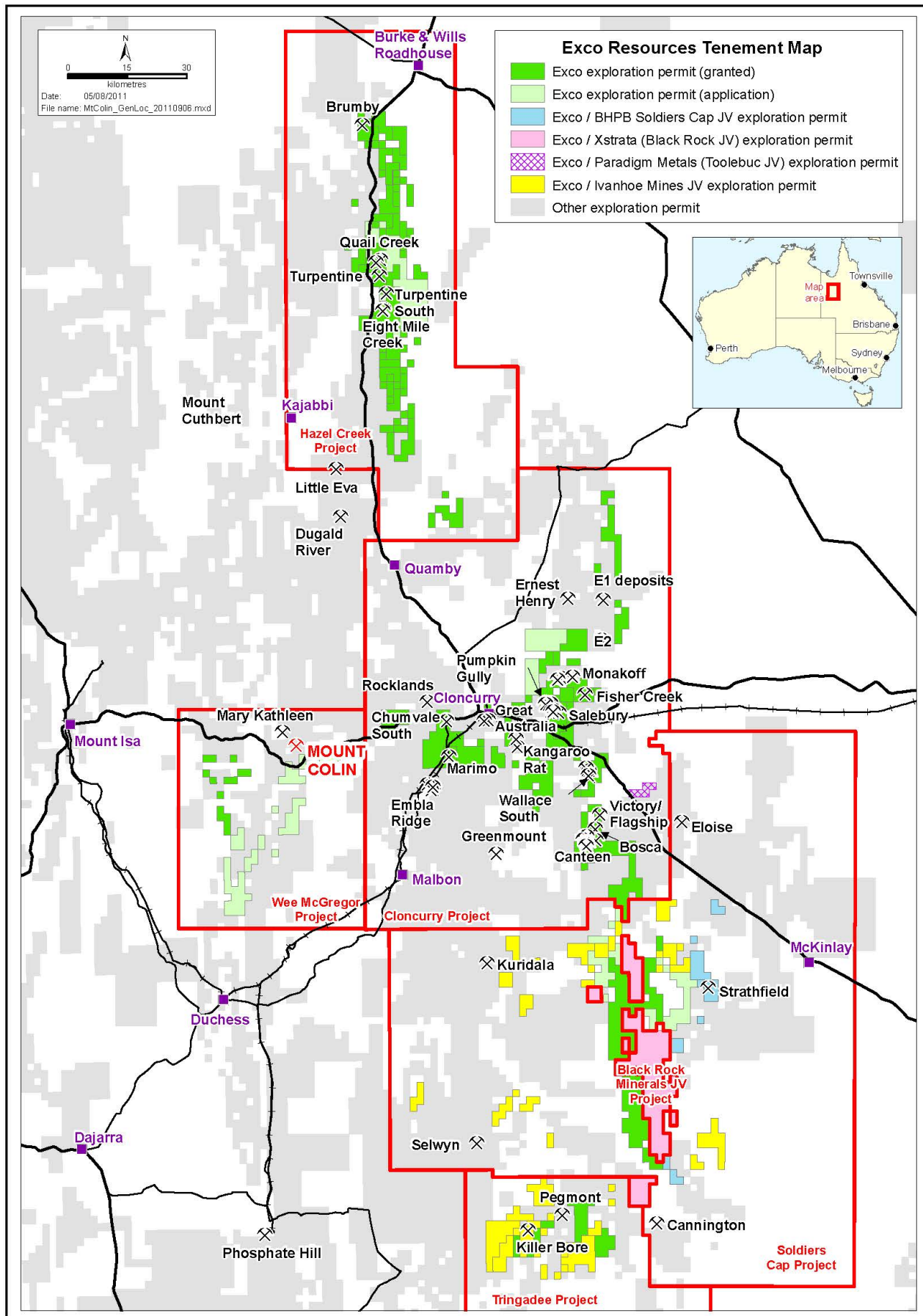


Figure 2: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

TABLE 2: EXCO RESOURCES – NORTHWEST QUEENSLAND RESOURCE SUMMARY						
Deposit	Class	Tonnes	Grade		Metal	
			Cu%	Au g/t	Cu T	Au Oz
Cloncurry Project						
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		2,200,000	1.54	0.13	33,000	9,000
Mt Colin ⁽¹⁾	Indicated**	1,042,000	3.04	0.42	32,000	14,000
	Inferred**	880,000	2.09	0.41	18,000	12,000
TOTAL **		1,922,000	2.59	0.42	50,000	26,000
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	1.20	1.4	2,000	9,000
Sub-Total Cloncurry Project		7,653,000	1.69	0.52	111,400	130,000
Hazel Creek Project						
Turpentine	Indicated	1,627,000	1.04	0.21	17,000	11,000
	Inferred	215,000	0.9	0.16	2,000	1,000
Sub-Total Hazel Creek		1,842,000	1.03	0.2	19,000	12,000
Northwest Queensland Total		9,495,000	1.56	0.46	130,400	142,000

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.

* Mt Colin resource cut-off = 1.25% Cu.

** Wallace South resource cut-off = 0.5g/t

TABLE 3: WHITE DAM PROJECT OK RESOURCE ESTIMATE										
Deposit	Material	Indicated			Inferred			Total		
		kts	g/t Au	koz Au	kts	g/t Au	koz Au	kts	g/t Au	koz Au
White Dam	Oxide	1,183	1.00	38.0	101	0.73	2.4	1,284	0.98	40.4
	Fresh	325	1.00	10.4	1,952	0.89	55.7	2,277	0.90	66.2
	Sub-Total	1,508	1.00	48.5	2,054	0.88	58.1	3,562	0.93	106.6
Vertigo	Oxide	1,008	1.10	35.6	212	1.56	10.6	1,220	1.18	46.2
	Fresh	703	0.73	16.5	526	1.15	19.4	1,229	0.91	35.9
	Sub-Total	1,220	1.18	46.2	1,229	1.26	35.9	2,449	1.04	82.1
PROJECT TOTAL		2,728	1.08	94.6	2,791	0.98	88.1	6,011	0.98	188.7

Notes: Discrepancies in totals are as result of rounding.

White Dam resource (which is depleted to June 2011) was re-estimated in October 2010 with a cut off grade of 0.3g/t.

Vertigo was re-estimated in January 2011 with a cut off grade of 0.4g/t.

Information on Exco Resources Ltd

Exco is an Australian focused, ASX-listed mining company (ASX: EXS). The Company is currently focused on three key projects; the White Dam Gold Project in South Australia, and the Hazel Creek and Cloncurry Projects in Northwest Queensland.

In NW Queensland, Exco holds a sizeable land package in the highly prospective Mt Isa Block, which is separated into two main project areas.

The Cloncurry Project covers over 1,920km² and encompasses the Tringadee, Pumpkin Gully and Soldier's Cap project areas. Resources delineated for the project to date total **7.65Mt @ 1.69% Cu & 0.52g/t Au**.

The Hazel Creek Project incorporates over 1,000km² of prospective land that remains relatively unexplored. In 2004 Exco moved to full ownership of the Hazel Creek project area and has confirmed the prospectivity of the area through the discovery of several key prospects, including the Turpentine Resource, **1.84mt @ 1.03% Cu & 0.2 g/t Au**. (See **Table 2** for Northwest Queensland resource summary)

Exco retains a 75% interest in the White Dam Gold Project with joint venture partner, Polymetals Mining Ltd, the operator of the operation. The project contains a depleted resource inventory of 188,000 ounces of gold (See **Table 3** for White Dam resource estimate). Since pouring first gold in April 2010, production rates and margins from White Dam have been well above expectations. Debt financing was paid off in November 2010 some nine months ahead of schedule and after only seven months of operation. The project continues to provide substantial cash flow. Attention has now turned to near-mine exploration and resource development activities with a view to extending the life of the operation at White Dam.

Exco also has a number of exploration joint ventures in Queensland (covering over 1,100km²) with major companies including Ivanhoe Australia Ltd and Xstrata Copper. These JVs are managed by Exco's partners, creating additional development options, and allowing the Company to maintain its primary focus on the Hazel Creek and Cloncurry Projects.

The Board and management of Exco 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