

10 January 2012

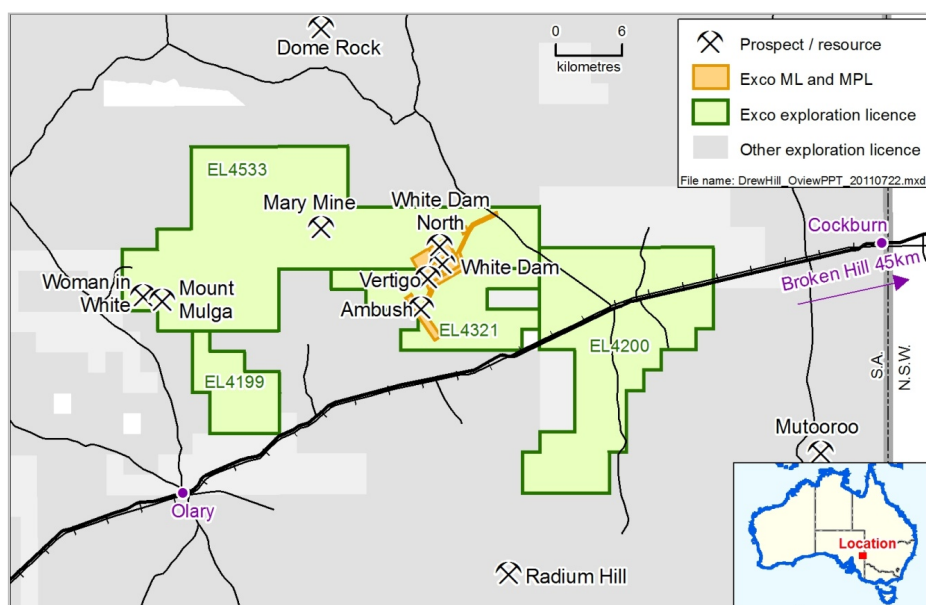
Market Release (via electronic lodgement)



## VERTIGO PROJECT TO BE DEVELOPED

Exco Resources Limited (**ASX:EXS**, “Exco”) and its joint venture partner Polymetals Mining Limited (**ASX:PLY**, “Polymetals”) have agreed to proceed with the development of the Vertigo gold project in the Drew Hill area of South Australia under revised joint venture conditions.

The Drew Hill projects are located in South Australia approximately 80km west of Broken Hill.



Exco is currently a 75% partner in both the White Dam Gold Production Joint Venture and the Drew Hill Exploration Joint Venture with Polymetals owning 25% and operating both joint ventures

Under arrangements negotiated for proceeding with the Vertigo project,

- production from the currently producing Hannaford Pit will continue to be split 25:75;
- Polymetals will increase its interest in the exploration joint ventures to 50% in return for a commitment by Polymetals to spend \$1.3m on exploration on the Drew Hill tenements prior to 30 June 2012;
- production from Vertigo and any other deposits developed will be split 50:50; and,
- Polymetals will increase its interest in White Dam infrastructure, including plant and camp facilities, from 25 per cent to 50 per cent for a cash consideration based on an agreed independent valuation and a commitment to take on an extra 25% of the future closure costs.



The White Dam project contains a depleted resource inventory of **6Mt @ 0.98g/t Au for 188,700oz** contained.

| TABLE 1: 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        | 1952         | 0.89        | 55.7        | 2277         | 0.90        | 66.2         |
|   | <b>Sub-Total</b> | <b>1,508</b> | <b>1.00</b> | <b>48.4</b> | <b>2,053</b> | <b>0.88</b> | <b>58.1</b> | <b>3,562</b> | <b>0.93</b> | <b>106.6</b> |
| Vertigo   | Oxide            | 1,008        | 1.10        | 35.6        | 703          | 0.73        | 16.5        | 1,220        | 1.18        | 46.2         |
|   | Fresh            | 212          | 1.56        | 10.6        | 526          | 1.15        | 19.4        | 1229         | 0.91        | 35.9         |
|   | <b>Sub-Total</b> | <b>1,220</b> | <b>1.18</b> | <b>46.2</b> | <b>1,229</b> | <b>0.91</b> | <b>35.9</b> | <b>2,449</b> | <b>1.04</b> | <b>82.1</b>  |
| <b>Project Total</b>                            |                  | <b>2,728</b> | <b>1.08</b> | <b>94.6</b> | <b>3,282</b> | <b>0.89</b> | <b>94.0</b> | <b>6,011</b> | <b>0.98</b> | <b>188.7</b> |

**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.

Mining at Vertigo is due to begin in January 2012 and will extend production operations at Drew Hill to June 2012. Processing of Vertigo ore will mainly use the existing White Dam infrastructure.

The Drew Hill exploration programme is focused on regional opportunities involving historical workings and targets that are largely under-explored. Drew Hill tenements comprise an area of 728km<sup>2</sup>.

*On behalf of Exco Resources Ltd*

**For further information contact:**

Geoff Laing  
Exco Resources Ltd  
Acting CEO  
Phone: +61 8 9211 2000

*Media Enquiries:*

James Harris  
Professional Public Relations  
Phone: +61 8 9388 0944



## **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 1,920km<sup>2</sup> and encompasses the Tringadee, Pumpkin Gully and Soldier's Cap project areas.

The Hazel Creek Project incorporates over 1,000km<sup>2</sup> 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.

Exco retains an interest (as outlined above) in the White Dam Gold Production Joint Venture and Drew Hill Exploration Joint Venture with joint venture partner, Polymetals Mining Ltd, the manager of both joint ventures. 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 1,100km<sup>2</sup>) 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](http://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 presentation are to AUD currency, unless otherwise stated.*

*Information in this presentation 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.*