

11 March 2011

Market Release (via electronic lodgement)

WHITE DAM PRODUCTION AND RESOURCE UPDATE

- Production levels at White Dam continue to exceed expectations with 19,378oz produced in January and February; 20% above target.
- Operating costs remain < A\$500/oz leading to very healthy margins at prevailing gold prices.
- Net cash flows attributable to Exco from production in January and February were >A\$12m.
- Exco has achieved a life of project average sale price of A\$1,368/oz; approximately 30% above budget.
- A revised, depleted resource confirms the previous understanding of the project potential.
- Ongoing exploration and resource development is expected to extend the life of the operation.

PRODUCTION:

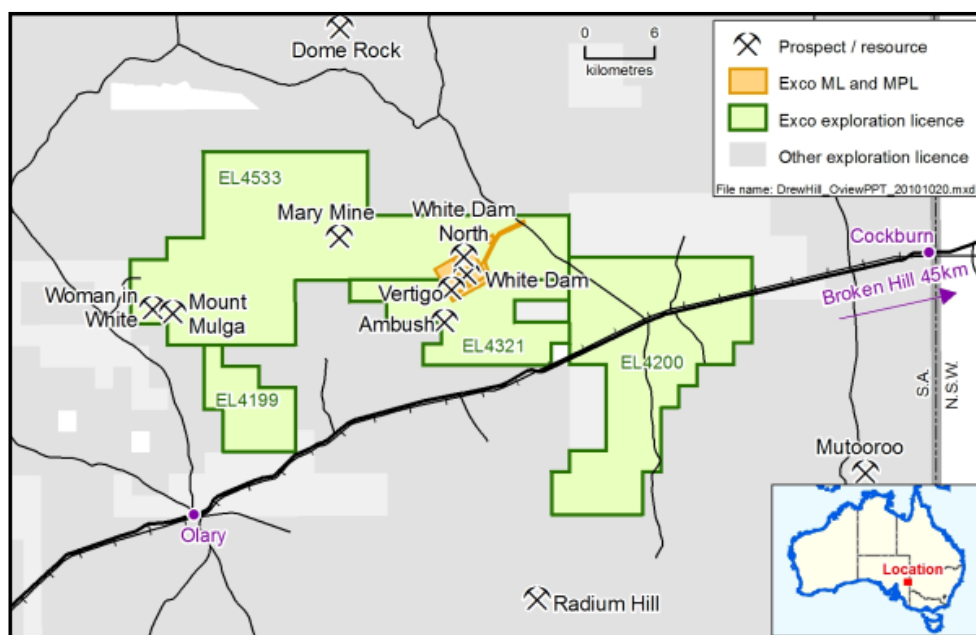


Figure 1: White Dam Gold Project Location Map

Exco Resources Limited's (Exco) 75%-owned White Dam Gold Project is located in South Australia approximately 80km west of Broken Hill. The project consists of the White Dam Deposit and the nearby Vertigo Deposit and White Dam North, White Dam South and Ambush Prospects.

Under the management of Exco's joint venture (JV) partner Polymetals Group Pty Ltd (Polymetals), the project has continued to perform extremely well in early 2011. The first two months of production in 2011 have yielded 19,378 ounces of gold. Current production levels equate to an annualised rate of >100,000 ounces (100% above the Life of Operation 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\$500/oz and with prevailing gold prices remaining ≥A\$1,400/oz, the JV partners are currently enjoying very healthy margins.

Exco's 75% share of production to date is 51,858 ounces.

Through a mixture of spot and forward sales, Exco has achieved an average sale price of A\$1,361/oz (approximately 30% above budget) since the beginning of 2011. Net cash flows of \$12 million were generated during January and February resulting in corporate cash funds at the end of February being in excess of \$25 million.

RESOURCE:

Resource modelling incorporating geological interpretation, wireframing and geostatistical analysis of the White Dam Gold Deposit has led to the completion of an updated resource estimate containing:

Depleted to end of September 2010	5.99 million tonnes @ 1.00 g/t Au for 192,899 ounces (cut off 0.3g/t Au)
or	
Un-depleted:	7.82 million tonnes @ 1.02g/t Au for 257,567 ounces (cut off 0.3g/t Au)

The resource estimate was completed using Ordinary Kriging within two geologically and geochemically defined horizons which extend for over 560m east-west and 300m north-south. The final campaign of grade control shows that the mineralisation is still open at depth and further metallurgical testwork is underway to determine the properties of this material and it's suitability for heap leach processing. Further work has also been completed on specific gravities to determine a more accurate estimate of the density.

The resource has been reported against a 0.4g/t Au cut-off to enable comparisons to be made against the previous resource results, and also a 0.3g/t Au cut-off to reflect the current mining cut-off and depleted using the September 2010 end of month surface.

The last reported resource was prepared by Chris Bolger (Polymetals Group Pty Ltd) in September 2009 and was reported using a 0.4g/t Au cut-off grade. For comparison purposes, **Table 1** below shows the resource reflecting this cut-off grade.

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	5,149	1.09	180.1				5,149	1.09	180.1
	Fresh	603	1.08	20.9	1,315	0.88	37.1	1,918	0.94	58.0
Total		5,752	1.07	201.0	1,315	0.88	37.1	7,067	1.05	238.1

Table 2 shows the October 2010 resource which has been reported using a 0.3g/t Au cut-off reflecting the current mining cut-off grade.

TABLE 2: WHITE DAM OK RESOURCE ESTIMATE (0.3g/t CUT-OFF GRADE – UN-DEPLETED)										
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	5,432	1.08	188.6	100	0.74	2.4	5,532	1.07	191.0
	Fresh	341	1.03	11.3	1,954	0.88	55.3	2,295	0.90	66.6
Total		5,773	1.08	199.9	2,054	0.87	57.7	7,827	1.02	257.6

Table 3 below shows the October 2010 resource estimate using a 0.3 g/t Au cut-off and depleting the model to update the current mined surface as of the end of month September 2010, tabulated according to material type.

TABLE 3: WHITE DAM OK RESOURCE ESTIMATE (0.3g/t CUT-OFF GRADE - DEPLETED)										
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	3,604	1.07	124.0	100	0.74	2.4	3,703	1.06	126.3
	Fresh	341	1.03	11.3	1,954	0.88	55.3	2,295	0.90	66.6
Total		3,944	1.07	135.2	2,054	0.87	57.7	5,998	1.00	192.9

Discrepancies in totals are as result of rounding.

NEAR MINE EXPLORATION:

The JV partners have commenced a further A\$500,000 programme of near mine exploration with a view to extending the life of the project. Initial results are expected shortly and will be released as they are available.

*On behalf of the Board of
Exco Resources Ltd*

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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 depleted resource inventory of 275,000 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\$500/oz the project is already delivering significant revenues. The relatively short-life project is currently expected to produce a total of 115,000oz 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 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.

TABLE 4: 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

TABLE 5: 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	3,604	1.07	124.0	100	0.74	2.4	3,703	1.06	126.3
	Fresh	341	1.03	11.3	1,954	0.88	55.3	2,295	0.90	66.6
Sub-Total		3,944	1.07	135.2	2,054	0.87	57.7	5,998	1.00	192.9
Vertigo	Oxide	1,008	1.10	35.6	703	0.73	16.5	1,711	0.95	52.1
	Fresh	212	1.56	10.6	526	1.15	19.4	738	1.26	30.0
Sub-Total		1,220	1.18	46.2	1,229	0.91	35.9	2,449	1.04	82.1
PROJECT TOTAL		5,164	1.09	181.4	3,282	0.89	93.6	8,447	1.01	275.0

Notes

- Discrepancies in totals are as result of rounding.
- White Dam resource (depleted to September 2010) 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 0.4 g/t