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Market Release *(via electronic lodgement)*

WHITE DAM GOLD PROJECT - VERTIGO RESOURCE UPGRADE

- A resource update for the Vertigo Deposit has been completed resulting in a 50% conversion from Inferred to Indicated Resource for a total of:

2.45Mt @ 1.04 g/t Au for 82,100 Oz contained (@ 0.4 g/t cut-off)

- The Indicated portion of the resource now stands at 1.22Mt @ 1.18g/t Au for 46,200 Oz contained.
- The conversion of “near mine” Inferred resources to the Indicated category is in line with the strategy to extend the mine life at White Dam.
- Production levels at White Dam remain above expectations with ~40,000oz produced to date in this financial year.
- Operating cash costs remain < A\$600/oz leading to very healthy margins at prevailing gold prices.
- Exco has achieved an average sale price for the project to date of A\$1,373/oz.

The White Dam Gold Project is located in South Australia; approximately 80kms west of Broken Hill (see **Figure 1**). The Vertigo Deposit is located 1.5km from the existing mining site at White Dam.

VERTIGO RESOURCE UPDATE

The Vertigo resource has been re-estimated based on infill and extensional drilling completed since the previous 2007 resource. The updated resource has increased on the original estimate and improved the confidence rating of the estimate.

The resource cut-off has been reduced from 0.7g/t to 0.4g/t supported by an increase in gold price and further understanding of the potential to mine the deposit. The updated resource is presented in **Table 1** below.

TABLE 1: Vertigo Project Resource Estimate (0.4g/t cut-off grade)									
Material	Indicated			Inferred			Total		
	Ktonnes	g/t Au	oz Au	ktonnes	g/t Au	oz Au	ktonnes	g/t Au	oz Au
Oxide	1,008	1.10	35,600	703	0.73	16,500	1,711	0.95	52,100
Fresh	212	1.56	10,600	526	1.15	19,400	738	1.26	30,000
TOTAL	1,220	1.18	46,200	1,229	0.91	35,900	2,449	1.04	82,100

Note: Appropriate rounding applied.

The geological and resource model for the Vertigo Deposit is based on detailed drilling on a combination of 25m by 25m and 25m by 50m grid spacings. A total of 111 drill holes (including both Diamond and Reverse Circulation (RC) holes) were utilised to define the resource.

The resource model comprises two sub-horizontal to gently dipping, tabular zones of mineralisation. The lower of the two zones is thicker and better grade.

Statistical analyses on the accumulated composites were completed and outliers reduced where appropriate. Variography and search neighbourhood analysis was also conducted as input into the grade estimation. The grade estimation method used was Block Ordinary Kriging.

Estimates of dry in-situ bulk density are derived from over one hundred core samples distributed through the deposit. Although the average dry in-situ bulk density used for the resource estimate is 2.54t/m³, a range of densities have been applied to the model based on analysis by depth and position within the oxidation profile.

Resource classification was developed from the confidence levels of key criteria including drilling method, geological understanding and interpretation, grade analysis, data density and location, grade estimation and quality. Resources classified as Indicated fall within the zone of 25m by 25m drill spacing.

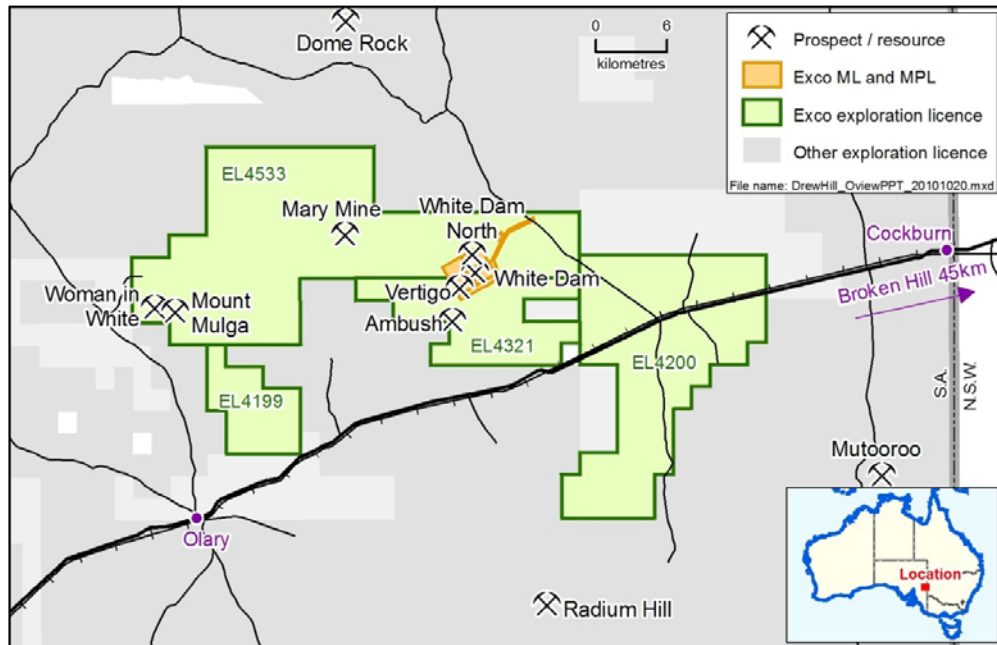


FIGURE 1: Location Map - White Dam Gold Project, South Australia

STATUS OF VERTIGO APPROVALS

- A Mining Lease application for the Vertigo deposit has been submitted to Primary Industry and Resources South Australia (PIRSA) for approval.
- The approvals process is expected to be completed through the second quarter of 2011.

RESERVE DEFINITION & MINE PLANNING FOR VERTIGO

- Metallurgical column testwork is ongoing and will be completed early in the second quarter 2011.
- The reserve definition and detailed pit designs will be undertaken on completion of the metallurgical testwork.
- Final mine scheduling and planning is targeted for the second quarter of 2011 in line with the mining lease approval.

PRODUCTION UPDATE

Under the management of Exco's joint venture (JV) partner Polymetals Group Pty Ltd (Polymetals), the first six months of production in financial year 2010/11 have yielded 40,365 ounces of gold (see **Table 2**). Exco's 75% share of this production is 30,274 ounces. Current production levels equate to an annualised rate of ~80,000 ounces.

Mining rates and operating costs remain in line with expectations. Operating costs remain well below A\$600/oz and with prevailing gold prices remaining \geq A\$1,350/oz, the JV partners are currently enjoying very healthy margins. Through a mixture of spot and forward sales, Exco has achieved an average sale price of A\$1,373/oz.

TABLE 2: WHITE DAM PRODUCTION FIGURES (to 31 Dec 2010)			
100%		Financial Year to Date	Project To Date
Ore Tonnes Mined	(tonnes)	1,680,894	2,874,765
Mined Grade	(g/t)	0.95	0.95
Mined Ounces	(ounces)	51,340	89,846
Waste Tonnes Mined	(tonnes)	1,783,650	4,566,893
Ore placed on Leach	(tonnes)	1,680,894	2,874,765
Ounces Produced ¹	(ounces)	40,365	53,294
Exco Equity (75%)			
Ounces Produced ¹	(ounces)	30,274	39,971
Gold Loan Repayment (Completed November 2010)	(ounces)	12,463	15,687
Ounces Sold	(ounces)	15,080	18,812
Average Sale Price (per oz)	A\$	1,363	1,373

*On behalf of the Board of
Exco Resources Ltd*

Michael Anderson
Managing Director

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

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 the Vertigo Mineral Resource is based on data compiled by Mr Lauritz Barnes, who is a consultant to Exco Resources Limited. Mr Barnes is a member of the Australasian Institute of Mining and Metallurgy and 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 a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Barnes consents to the inclusion of the data in the form and context in which it appears.

Information in this report relating to the Cloncurry Copper Project Mineral Resource 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.

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 320,000 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

TABLE 3: 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 4: WHITE DAM PROJECT OK RESOURCE ESTIMATE (0.4g/t 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
Sub-Total		5,752	1.07	201.0	1,315	0.88	37.1	7,067	1.05	238.1
Vertigo	Oxide	1,008	1.1	36	703	0.73	17	1,711	0.95	52.1
	Fresh	212	1.56	11	526	1.15	19	738	1.26	30
Sub-Total		1,220	1.18	46.2	1,229	0.91	35.9	2,449	1.04	82.1
PROJECT TOTAL		6,972	1.10	247.2	2,544	0.89	73.0	9,516	1.05	320.2

Notes

- White Dam resource was re-estimated in September 2009, Vertigo was re-estimated in 2011
- Discrepancies in totals are as result of rounding.