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Market Release (*via electronic lodgement*)

WHITE DAM RESERVE UPGRADE AND FINANCE UPDATE

- The White Dam Probable Reserve has been upgraded and now contains a total of:
4.94Mt @ 1.07 g/t Au for 170,400 Oz contained (@ 0.4 g/t cut-off)
- The Reserve upgrade represents an increase of 21,400 ounces (up 14%) and 86% conversion of the Indicated Resource to Probable Reserve
- Importantly the upgrade has been successful in satisfying the final conditions of the A\$16M debt facility provided by Barclays Capital. The second tranche of A\$3M is now available.

The White Dam Gold Project is located in South Australia; approximately 80kms west of Broken Hill (see **Figure 1**). The project is a joint venture between Exco and Polymetals Group Pty Ltd (Polymetals). Polymetals have acquired a 25% interest and will manage the implementation and operation of the project.

Having recently finalised financing arrangements with Barclays Capital, the project has now moved into the construction phase, with long lead items being purchased and initial earthworks underway.

WHITE DAM RESOURCE UPDATE

The White Dam Resource has been re-estimated based on infill drilling and detailed grade control drilling within the stage one pit. As a result the upper portion of the resource (above 130RL or ~70m below surface) has been re-estimated. The resource below 130RL has remained unchanged as there has been no additional data collected at depth.

The resource has been estimated within 11 geologically and geochemically defined domains using the ordinary kriging (OK) interpolation methodology, using Micromine modelling software.

With the additional infill drilling, all of the oxide material resource has been reclassified as Indicated. As a result of the infill and grade control drilling, the edges of the mineralisation have been better defined resulting in a modest drop in global resource tonnes. This has however been partly offset by slightly higher average grades (up by 2.4% to 1.05g/t Au), resulting in a global decrease in contained ounces of only 6.0% from 251,000 to 238,000 ounces.

The updated resource is presented in **Table 1** below.

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

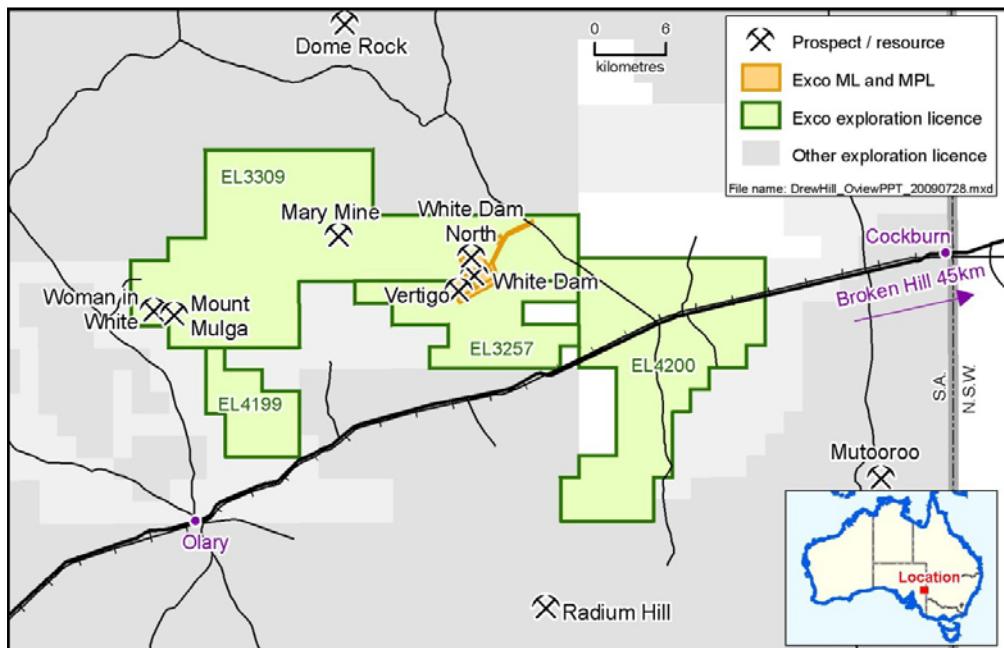


TABLE 1: White Dam Project OK Resource Estimate (0.4g/t cut-off grade)

Deposit	Indicated				Inferred				Total		
	Material	ktonnes	g/t Au	koz Au	ktonnes	g/t Au	koz Au	ktonnes	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				1,200	1.00	38	1,200	1.00	38	
	Fresh				1,330	1.14	49	1,330	1.14	49	
	Sub-Total				2,530	1.07	87	2,530	1.07	87	
PROJECT TOTAL		5,752	1.07	201	3,845	1.00	124	9,597	1.05	325	

Note: White Dam resource was re-estimated in September 2009, Vertigo was estimated in 2007. Individual columns of data may not add up due to rounding errors.

WHITE DAM RESERVE UPGRADE

On completion of the updated resource, a series of pit optimisations were completed by Dallas Cox of Crystal Sun Consulting for various gold price and input assumptions. The general assumptions used in the optimisations have remained unchanged from the previous pit optimisations (as released on 29th of April 2009).

Based on the A\$900 pit optimisation, the ultimate pit design was completed (see **Figure 2**) resulting in an updated Probable Reserve for White Dam of:

4.94Mt @ 1.07 g/t Au for 170,400 contained Ounces (0.4 g/t cut-off)

This represents an increase of 21,400 ounces (up 14.4%) compared to the previous Probable Reserve. This is mainly as a result of the previously Inferred resources to the east being converted to Indicated through infill drilling (see **Figure 3**).

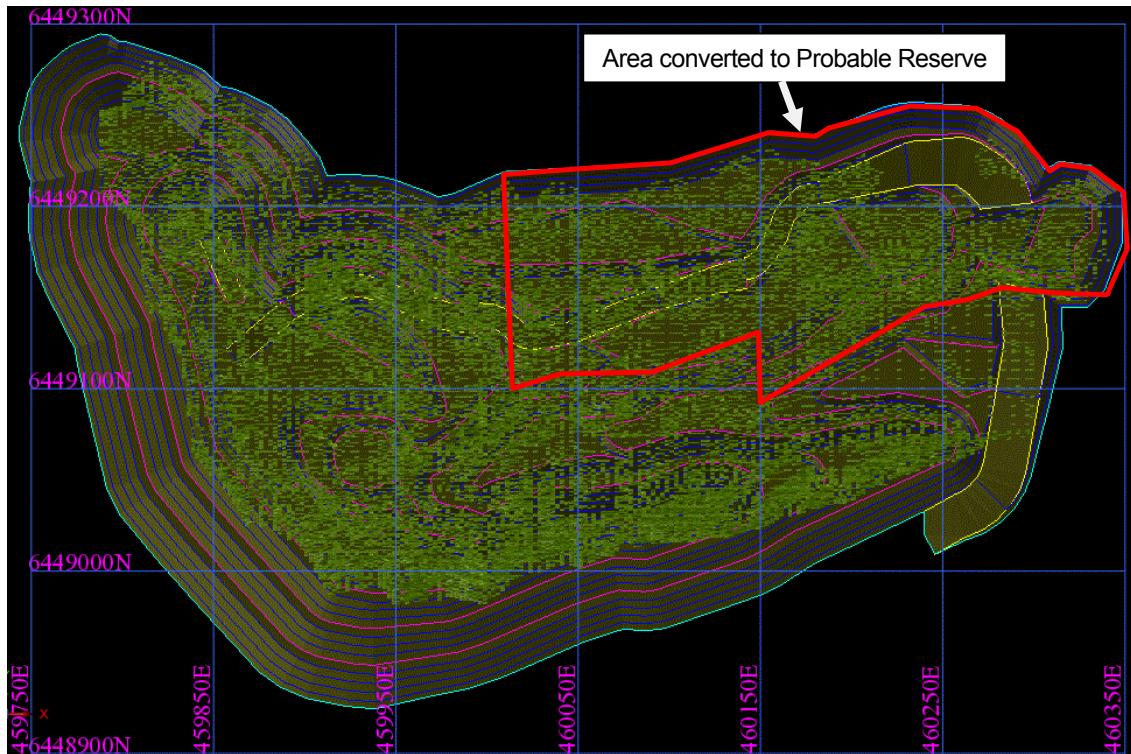


Figure 2: White Dam ultimate pit design plan, the area which has been converted to Probable Reserve



Figure 3: Oblique view of the ultimate White Dam pit showing location of the Indicated (yellow) and Inferred (red) Resources, looking North East.

The overall strip ratio for the revised pit is unchanged at approximately 1:1.

The overall philosophy also remains unchanged, with the western portion of the pit, that contains coherent high grades (in the grade control data – yet to be modelled) to be mined first, with the lower grade portions to the east being mined later in the schedule.

FINANCING UPDATE

As announced on 11 September, 2009, Exco and Polymetals completed the arrangements for a debt financing facility of A\$16M for the construction and commissioning of the White Dam Gold Project Joint Venture in South Australia with Barclays Capital (Barclays).

The Barclays facility was structured to be available in two tranches, \$13 million immediately and a further \$3 million subject to a review of the Resource base and an upgrade in the Reserve.

Having successfully completed the Reserve upgrade, the second tranche is now available.

WHITE DAM FORWARD PROGRAMME

- Mobilisation of the earth works contractor
- Pad and pond construction
- Construction of the plant
- Mobilisation of the mining fleet
- Placing of first ore under leach
- Targeting gold production in Q1 2010

Further information and progress updates will be provided in due course.

*On behalf of the Board of
Exco Resources Ltd*

Michael Anderson
Managing Director

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 White Dam Mineral Resource is based on data compiled by Mr Chris Bolger, who is a full time employee of the Polymetals Group. Mr Bolger 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 Bolger consents to the inclusion of the data in the form and context in which it appears.

Information in this report relating to the Vertigo Mineral Resource is based on data compiled by Mr Mike Dunbar, (who is a full time employee of the Mitchell River Group and a consultant to Exco Resources Ltd). Mr Dunbar 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 Dunbar consents to the inclusion of the data in the form and context in which it appears.

Information in this report relating to the White Dam Ore Reserve is based on data compiled by Mr Dallas Cox, (who is a full time employee of the Crystal Sun Consulting, a consultant to Exco Resources Ltd and Polymetals) and Andrew Lawry (who is a full time employee of Polymetals Group). Mr Cox and Mr Lawry are members of the Australasian Institute of Mining and Metallurgy and 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 a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cox and Mr Lawry consent to the inclusion of the data in the form and context in which it appears.

Information on Exco Resources

Exco is an Australian focused ASX-listed mining company (ASX: EXS) with a dual focus on developing both the White Dam Gold Project in South Australia, and the Cloncurry Copper Project (CCP) in north-west Queensland. In addition, the Company has renewed its exploration efforts at the highly prospective Hazel Creek Project, also in north-west Queensland.

At White Dam Exco has entered a 75:25 joint venture with Polymetals Group Pty Ltd, who will manage the implementation and operation of the project. The project, which contains a resource inventory of 325,000 ounces of gold, has now been granted final approvals and debt financing has been secured through Barclays Capital. The JV partners have commenced construction, with first gold production scheduled by early 2010. The relatively short-life project is expected to produce a total of 120,000 oz of gold at a rate of 50,000oz/annum. Near mine exploration and resource potential is expected to ultimately increase overall production and with estimated operating costs of only ~A\$600/oz, the project has the potential to deliver significant cash flows.

In north-west Queensland Exco holds a large (>4,100km²), 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 51Mt, containing 425,000 tonnes of copper and 373,000 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.

Drilling is about to recommence at the Hazel Creek Project, where numerous geophysical targets remain untested. An initial resource at Turpentine (1.8Mt @ 1.0% Cu), and multiple ore grade intersections at other prospects, demonstrates the significant potential of this greenfields project.

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, backed by the Company's major shareholders including Ivanhoe Mines and the Lion Selection Group, and the management of Exco are committed to unlocking value from this highly prospective portfolio of projects, and looks forward to keeping shareholders informed of developments.

Further information is available at www.excoresources.com.au