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Market Release (*via electronic lodgement*)

PLACEMENT OF \$7.2M TO ADVANCE WHITE DAM GOLD PROJECT

Exco Resources Ltd (**ASX Code: EXS**) ("**Exco**") is pleased to announce that it has executed a placement agreement to raise A\$7.2m (before expenses) through the issue of approximately 30.6 million shares at 23.5 cents each. The primary purpose of the placement is to fund Exco's share of development costs for the White Dam Gold Project.

The placement has been managed by Stripe Capital Pty Ltd with shares issued to institutional and sophisticated investors. Exco's largest shareholder Ivanhoe Australia Pty Ltd (**ASX:IVA**) has participated in the placement.

The Company will issue all of the placement shares utilising its 15% capacity under Listing Rule 7.1.

The White Dam Gold Project is located in South Australia; approximately 80kms west of Broken Hill. Exco has agreed Joint Venture (JV) terms at White Dam with private company Polymetals Group Pty Ltd ("**Polymetals**"). Under the terms of the planned JV arrangement, Polymetals will acquire a 25% interest and manage the development and operation of the project. Implementation planning for the project is at an advanced stage with approval of a Mining and Rehabilitation Programme (MARPs) having been received on 7 April 2009 (see previous announcement on that date).

The peak funding requirement for the project is estimated to be approximately A\$20m, with the intention that this will be met by a combination of equity and debt. The proceeds of the current placement will be primarily utilised to meet Exco's projected equity contribution. Discussions in relation to the debt financing of the project are well advanced, with indicative offers having been received from a number of interested parties. The JV partners have recently facilitated an independent due diligence process on behalf of these parties and, pending a review of the due diligence outcomes, Exco and Polymetals expect to shortly be in a position to mandate a preferred banking partner.

In the meantime, the JV partners intend commencing a programme of preliminary site activities, which will keep the project on track to deliver first gold production early in 2010.

On behalf of the Board of
Exco Resources Ltd

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