



52-wk Range: A\$0.06-0.43
12 month target A\$0.65

Market Cap (M): A\$44.5
EV (M): A\$40.7

Mining

Initial reserve at White Dam

Summary

Australia headquartered Exco Resources is focusing on developing its Cloncurry Copper Project in Queensland, Australia. Further, the recent strong improvement in the A\$ gold price has resulted in much more attention being paid to its other asset, the White Dam gold project which is being brought into production



Key Metrics

EV/EBITDA: -67.8
Shares Outstanding (M): 254.1
Current Price (AUD): A\$0.175
Fully Diluted Shares (M): 268.6

Event

Exco has announced a resource upgrade and an initial reserve for the White Dam Gold project in South Australia.

Comment

The initial reserve figure is 4.43Mt grading 1.04g/t and containing 149,000oz of gold. The resource total is now 10.12Mt grading 1.04g/t and containing 338,000oz of gold. The White Dam resource has been re-estimated based on additional drilling completed since the previous 2004 resource.

The major change from the 2004 resource statement is that the cut-off grade has been reduced from 0.5 to 0.4g/t reflecting an increase in the gold price. This reduction adds approximately 500,000t of ore and 8,000oz of gold to the resources.

The reserve is based on a gold price of A\$900/oz way below the current gold price of A\$1200/oz, with a three stage pit design. Discussions are currently well advanced regarding the financing with a number of parties and initial gold production is targeted for very late in 2009 or early in the first quarter of 2010. Fox-Davies sees this as a very important step as it moves Exco away from being a junior explorer to being a junior producer. Exco is working on an updated model for the project and at this stage we have not made any alterations to our model.

Recommendation

We retain the Buy recommendation with an unchanged target price of A\$0.65/share.

Contact

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FYE June	2008	2009E	2010E	2011E	2012E
Revenue (A\$M):	2.2	0.5	32.1	293.1	302.7
EBITDA (A\$M):	-0.6	-1.3	14.0	141.3	147.1
NPAT (inc significant items):	0.2	-0.6	4.3	71.4	78.9
EPS (AUc):	0.1	-0.2	1.2	18.6	20.5
Cash Flow/Share (AUc):	-0.1	-0.4	3.0	31.0	29.1

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Peter Rose

Peter Rose has 20 years experience in equities as a resources analyst, most recently having spent 11 years with Deutsche Bank in Australia. Prior to this he spent three years with Prudential Bache and five years with James Capel. Peter's industry experience includes 16 years as a metallurgist, three years with De Beers in South Africa and eight years in the uranium industry, five of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Mining & Metallurgy and a chartered engineer.

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Research disclosure as of 01 May 2009

Company Name	Disclosure
Exco Resources (EXS)	1, 9

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Company	Ticker	Recommendation	Date	Target Price	Last Price
Mining					
Angus & Ross	AGU LN Equity	BUY	07.04.09	£0.06	£0.03
Atlantic Coal	ATC LN equity	BUY	19.01.09	£0.03	£0.009
Baobab Resources	BAO LN Equity	BUY	05.02.09	£0.18	£0.03
Discovery Metals	DME LN Equity	BUY	24.04.09	£0.23	£0.13
EMED Mining	EMED LN Equity	BUY	23.02.09	£0.30	£0.06
Exco Resources	EXS AU Equity	BUY	01.05.09	A\$0.65	A\$0.175
Gippsland Limited	GIP LN Equity	BUY	11.12.08	£0.12	na
Hambledon Mining	HMB LN Equity	BUY	15.01.09	£0.18	£0.05
Highland Gold	HGM LN Equity	BUY	05.02.09	£0.80	£0.51
International Consolidated Minerals	ICMI LN Equity	BUY	24.11.08	£1.95	£0.12
KEFI Minerals	KEFI LN Equity	Spec. BUY	20.03.09	na	£0.01
Kryso Resources	KYS LN Equity	BUY	23.04.09	£0.47	£0.07
Lydian International	LYD CN Equity	BUY	31.03.09	C\$1.00	C\$0.39
Minera IRL	MIRL LN Equity	BUY	02.04.09	£0.80	£0.66
Stratex International	STI LN Equity	BUY	30.03.09	£0.07	£0.02
Van Dieman Mines	VDM LN Equity	NA	27.02.09	na	na

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