Exco Resources Ltd

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**Exco Resources sells Cloncurry Copper Project for $175 million to Xstrata**

Exco Resources (ASX: EXS) has entered into an agreement to sell the Cloncurry Copper Project to Xstrata (LON :XTA) for $175 million.

The Exco board has already put their support behind the transaction, and recommends shareholders accept the proposal.

The board said it believes the value realised under the sale offers a greater return on equity to shareholders than pursuing the project as a stand-alone development, with the consequent cost of further equity and debt capital raisings, as well as the exposure to development and market related risks.

Michael Anderson, managing director of Exco, said "Completion of the proposal will be a transformational event for the company as it will realise significant value for Exco shareholders."

"The Company has been very focused on growing the Cloncurry Copper Project and the proposed sale to Xstrata will provide a substantial return on investment for the benefit of all shareholders."

The cash delivered under this proposal, in addition to other cash flows, will allow Exco to make a substantial return to shareholders.

After providing for exploration and business development budgets, Exco’s current intention is to distribute $100 million of surplus funds to shareholders.

Anderson added, "The proposal will enhance Exco’s ability to focus on growing its continuing asset base and reviewing and implementing an appropriate acquisitions strategy."

Following the sale, Exco’s assets will include:

- Around $220 million in cash;
- The Hazel Creek advanced stage copper-gold exploration project;
- 75% interest in the White Dam Gold Joint Venture;
- Great Australia copper royalty entitlement; and
- An additional 2,400 square kilometres of highly prospective exploration tenements in the Cloncurry region, including resources such as Mt Colm, and other advanced exploration projects.

Gryphon Partners have acted as financial advisers to Exco, with Blake Dawson as legal advisers in relation to the proposal.
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