

New Cloncurry resource on the way for Exco

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EXCO Resources expects to have a new copper resource soon near Cloncurry after recommencing diamond drilling at the E1 East prospect.

E1 East is part of the company's flagship E1 "camp", situated 8km to the east of Xstrata's Ernest Henry mine and concentrator, and comprising E1 North (containing 7.93 million tonnes grading 1.11% copper and 0.34 gram per tonne of gold), and E1 South (10.3Mt at 0.67% copper and 0.17gpt gold).

Exco aims to carry out a scoping study in the next quarter at its Cloncurry project, followed by a feasibility study to be completed next year.

Earlier this year, Exco said a previous feasibility study at Cloncurry was suspended in January 2005 when the spot price was US85c per pound and the long-term outlook was 90c/lb-\$1/lb.

"With the recent improvement in spot copper prices, and the medium-term copper price outlook now exceeding \$US1.50/lb, the previous project now shows strong cash flows," Exco said in July.

The company is seeking mineable reserves of 200,000t of copper.

Last month, Exco added to its portfolio in the region via deals with Matrix Metals and Haddington Resources, and raised \$9.4 million via the exercise of options.

The company aims to develop the White Dam gold mine in South Australia early next year, with the project forecast to generate \$A30-40 million cash flow over its two-and-a-half year life – modelled on a gold price of \$US525 per ounce and 70% recoveries.

Shares in Exco closed 2.1% lower at 23.5c, capitalising the company around \$40 million. Exco's backers include Lion Selection, Macquarie Bank, Stripe Capital, Taylor Collison and RMB Resources.



Exco's copper drilling in the Mt Isa region

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