

Quarterly Report

For the three months ending 30 September 2010



HIGHLIGHTS

White Dam Production Continues to Outperform Expectations

ASX Code: EXS

Shares on Issue
346,494,187

Unlisted Options
9,150,000

Current Share Price
A\$0.50

Market Capitalisation
A\$173.2m (undiluted)

Cash at 30 September 2010
A\$11.5m

DIRECTORS
Barry Sullivan (Chairman)
Michael Anderson (MD)
Alasdair Cooke
Peter Reeve

COMPANY SECRETARY
Eamon Byrne

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White Dam Gold Project, South Australia

- **Gold production and sales ahead of expectations:** Joint Venture production (100%) for the quarter amounted to 17,524 ounces, again ahead of expectations. Exco's gold sales to 30 September 2010 were 13,335 ounces, at an average price of A\$1,345/oz.
- **On-track for early repayment of Barclays facility:** During the quarter Exco delivered 7,348 ounces to Barclays Capital PLC under the terms of the financing agreement for the project. The project is on target to have paid the financing off by December 2010, more than six months ahead of schedule.
- **Near mine exploration & resource development:** A drilling programme has been completed at the Vertigo, White Dam North, White Dam South and Ambush prospects. An Indicated Resource will be released for Vertigo in Q4/2010, with an initial Reserve Statement to follow shortly thereafter.

Cloncurry Copper Project (CCP), NW Queensland

- **DFS update:** The Definitive Feasibility Study (DFS) for the CCP continues to progress well with work commencing on preparation of the mineable reserve for the project and finalisation of a processing flowsheet for the standalone option.
- **EIS Update:** The EIS approvals process continues with preparation of the Environmental Management Plan (EMP) for the Project, with submission to DERM planned for Q4/2010.
- **Development Strategy:** The Board and Management are proactively engaged in a review of the possible development strategies for the CCP, with a view to selecting a definitive option in the coming months.

Exploration Activities

- **High grade intersections at Salebury demonstrate resource potential:** ECDD002 intersected **48m @ 2.18% Cu & 1.97 g/t Au** including **32m @ 2.87% Cu & 2.76 g/t Au** suggesting that significant new resource potential exists at this priority target. Further work is underway.
- **Further positive Cu-Au-Co results at Tanbah:** Latest results include **23m @ 1.52% Cu, 0.75 g/t Au & 206ppm Co** in ECDD341 and **202m @ 0.32% Cu, 0.32 g/t Au and 676ppm Co** in ECDD345.
- **Hazel Creek Project:** Visual confirmation of mineralisation in initial drill programs at Turpentine and Eight Mile Creek East. Assays awaited and further drilling underway at these and other prospects, including Turpentine South.

Corporate

- **Initial Share Placement:** The Company completed a share placement to Sin-Tang Development Pte Ltd of Singapore on 17 August as an initial step in a process whereby Exco and Sin-Tang will use their best endeavours over the three months post-placement to reach agreement on a proposed strategic investment by Sin-Tang in the Company's Cloncurry Copper Project.

26th October 2010

WHITE DAM GOLD PROJECT (Exco 75% - Polymetals 25%)

The White Dam Gold Project is located in South Australia approximately 80km west of Broken Hill (see **Figure 1**). The project contains a resource inventory of **9.6Mt @ 1.05 g/t Au for 325,000oz** contained (see **Table 2**).

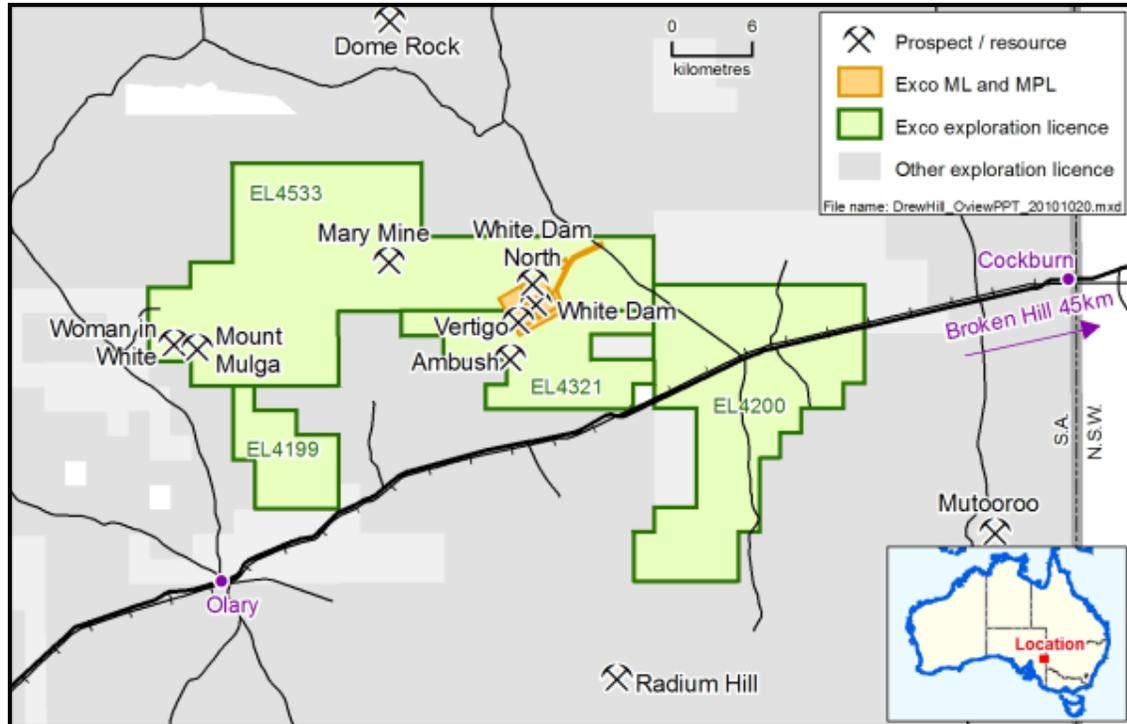


Figure 1: White Dam Gold Project Location Map

White Dam Gold Production Joint Venture (WDGPJV)

The project is subject to a JV agreement whereby Polymetals Group Pty Ltd (“Polymetals”) have acquired a 25% interest in the project. Exco and Polymetals have also entered into a management agreement, appointing Polymetals as project manager.

Polymetals is a privately owned company specialising in the development of remote small to medium size resource projects. In-house expertise includes metallurgy, mining and project management. Polymetals resource project successes have been due to its ability to develop and operate very cost effectively, often implementing novel processing options as is evident from their track record with projects such as the Hellyer Zinc Concentrate Project in Tasmania.

Operations Report

Project performance to date continues to exceed expectations in terms of gold production, costs and revenue. At the end of September a total of 30,452oz of gold had been produced from the project to date.

Mining operations continue to progress according to plan with continuing good productivity being achieved by the mining contractor. As at the end of September a total of 1,962,509 tonnes of ore had been placed on the leach pad at an average grade of 0.96 g/t Au. Of this, 1,631,404 tonnes have been subjected to drip irrigation with percolation and drainage of leach solution through the ore continuing without issue.



Figure 2: Pit operations at WDGJV

The pit design and mining schedule have been optimised resulting in more contained gold to be mined over a shorter period at lower unit costs.

In the process plant, key reagent costs continue to be minimised due to lower than anticipated consumption rates for lime and cyanide use. The adsorption and gold recovery circuits are now operating at full capacity and the second stage of irrigation for older ore has commenced. Optimisation work in this area is focussing on ensuring that the plant is ready to produce at higher rates of gold production, which are anticipated to be achieved early next year.

Notwithstanding that water consumption for the project to date has been lower than expected, a number of initiatives are being undertaken, including the development of further near-mine groundwater resources, to ensure that the project is adequately resourced for its water needs.



Figure 3: Pit operations at WDGJV

Production and Financial Statistics



Figure 4: White Dam Gold Production Joint Venture - Production and Sales

		Jun Qtr 10	Sep Qtr 10	Project to Date
Ore Tonnes Mined	(tonnes)	621,839	576,479	1,471,882
Mined Grade	(g/t)	1.01	0.90	0.97
Mined Ounces	(ounces)	20,104	16,681	45,757
Waste Tonnes Mined	(tonnes)	737,752	802,988	2,890,420
Ore placed on Leach	(tonnes)	621,839	576,479	1,471,882
Head Grade	(g/t)	1.01	0.90	0.97
Ounces Produced	(ounces)	9,696	13,143	22,839
Gold Loan Repayments	(ounces)	3,224	7,348	10,572
Ounces Sold	(ounces)	3,731	5,987	9,718
Cash Operating Cost	(A\$/oz)	329	377	357
Cash Development Cost	(A\$/oz)	179	264	228
Royalties	(A\$/oz)	54	45	49
Total Cash Cost	(A\$/oz)	563	686	634
Average Realised Sale Price	(A\$/oz)	1,415	1,345	1,372
Revenue	(A\$ million)	7.7	13.7	21.4

Table 3: Production and Financial Statistics (Exco equity interest)¹.

¹ **Ounces Produced** is gold poured plus the net change in gold-in-circuit during the period.
Cash Operating Costs include all direct mining, processing mine administration costs incurred during the period.
Cash Development Costs include all direct mining costs for open pit waste material incurred during the period.
Total Cash Costs include Cash Operating Costs, Cash Development Costs, and Royalties incurred during the period.

Additional Exploration and Resource Development

Having successfully achieved steady state gold production from the White Dam deposit, the JV partners are completing an exploration and resource development programme for the nearby Vertigo deposit and White Dam North, White Dam South and Ambush prospects (see **Figure 1**) with the objective of extending the life of the mine and increasing life of mine production. In addition to these resources, extensions to the current pit are also being investigated.

Vertigo update

During the Quarter a 50-hole Reverse Circulation (RC) infill drilling programme was completed at the Vertigo Deposit. Resource Interpretation is advanced and an Indicated Resource will be released to the market during Q4/2010, with an initial Reserve Statement to follow thereafter.

Geotechnical and Metallurgical drilling has commenced and will be completed in Q4/2010. A metallurgical test programme aimed at assessing the amenability of Vertigo ore to dump leaching will commence shortly.

The Vertigo Mining Lease application and draft amendment to the White Dam MARP (Mine and Rehabilitation Plan), including Environmental Assessments, is underway and will be submitted to PIRSA during Q4/2010.

Near Mine Exploration

A 4,500m RC drilling programme was completed in September 2010 and assays from 6m composite sampling have been received. Anomalous samples at White Dam North and Ambush are currently being re-sampled at individual metres. Results will be released to the market once all assays have been received.

Health, Safety and Environment

There was one LTI recorded during the quarter, only the second since the project inception. There have been no reportable environmental incidents for the project to date.



Figure 5: WDGPJV Pit and Leach Pads

CLONCURRY COPPER PROJECT, NW QUEENSLAND (Exco 100%)

The Cloncurry Copper Project, located approximately 40km north east of the town of Cloncurry (see **Figures 6 & 10**), includes both exploration and mining leases, and a resource base of in excess of 55Mt at 0.85% copper and 0.22g/t gold (see **Table 1**). The centre of gravity for the project is the E1 Camp located 8km east of the existing Ernest Henry Mine owned by Xstrata, in a region well serviced by infrastructure.

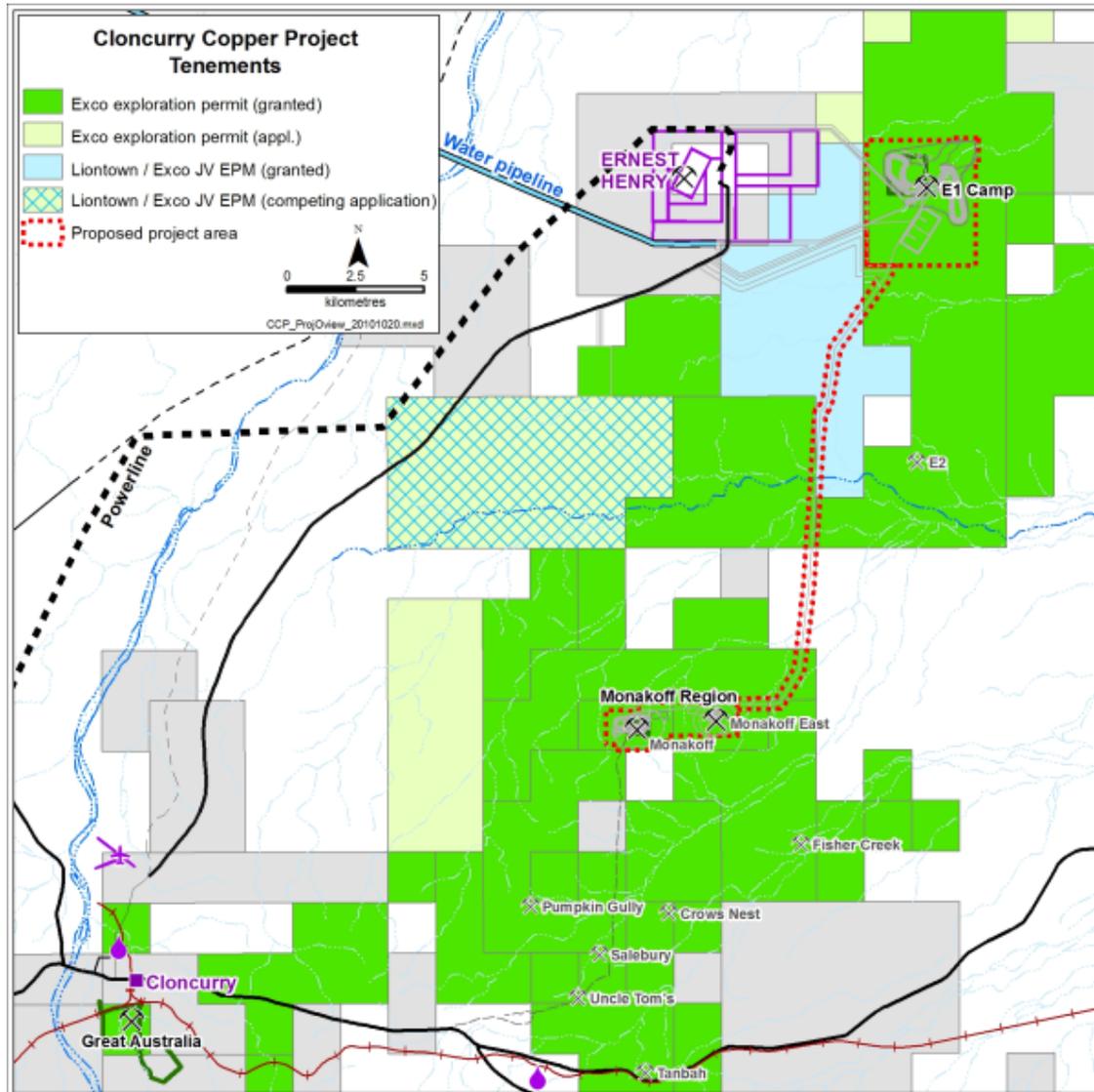


Figure 6: CCP location map showing key tenements, deposits and proposed infrastructure.

Resource Definition

Mt Colin Resource

Resource drilling has now been completed at Mt Colin, with the best intersection to date being **17m @ 4.6% Cu and 1.34 g/t** from hole EMCDD034. Geological interpretation and resource estimation is now underway. In parallel, geotechnical, hydro-geological and environmental studies are also ongoing.

Other Resource Drilling

Drilling has now been completed at the Monakoff deposit. Resource estimation and re-interpretation of Monakoff East are ongoing.

Definitive Feasibility Study (DFS) Update

Following completion of the preliminary pit optimisations for the various deposits, work has now commenced on preparation of an initial mineable reserve for the CCP.

The metallurgical testwork programme continues to focus on copper recovery optimisation for each ore body and by-product recovery. Sufficient work has been completed to essentially finalise the proposed processing flowsheet for the standalone concentrator option.

The forward program will primarily focus on detailed design and costing of the processing facility and required infrastructure.

Environmental Impact Statement (EIS) and Approvals Update

The EIS approvals process is ongoing and the Environmental Management Plan (EMP) is to be submitted to the Department of Environment and Resource Management (DERM) in the next quarter. Approval of the EMP is a key step towards securing the Mining and Infrastructure Leases for the CCP.

Development Strategy

In parallel with the ongoing work on both the DFS and EIS, the Board and Management are proactively engaged in a review of the possible development strategies for the CCP. These include the establishment of a standalone mine and processing facility (potentially in joint venture) and various third party toll treatment / ore supply options.

A number of parties have conducted due diligence with a view to investing in the project and/or assisting in the provision of project finance and/or construction services. The Board aims to select a definitive option in the coming months.

EXPLORATION AND DRILLING UPDATE

Highlights

A proactive exploration program is underway with 3 drill rigs testing a range of targets throughout the Cloncurry and Hazel Creek Project areas. New drillhole details are listed in **Table 4** at the end of this report.

At Cloncurry, new results from Tanbah and Salebury confirm the presence of significant Cu-Au-Co mineralisation hosted predominantly in black shales and calc silicate rocks.

At Hazel Creek, mineralisation has also been visually confirmed at Turpentine and Eight Mile Creek East.

Turnaround time from the laboratory has been significantly delayed over the last 2 months due to a significant influx of samples, however this situation is easing and further results are expected from a number of prospects soon. Further drilling is in progress at a number of priority targets.

New results not previously reported include:

Tanbah (see Table 5 & Figure 7)

- **ECDT341 - 23m @ 1.52% Cu and 0.75 g/t Au** from 40m depth
- **ECDD003 - 47m @ 0.59% Cu and 0.25 g/t Au** from 34m depth
- **ECDD004 - 51m @ 0.42% Cu and 0.27 g/t Au** from 48m depth, and
- **ECDT345 - 202m @ 0.32% Cu and 0.32 g/t Au** from 38m depth (not true width).

Significant concentrations of Cobalt accompany the copper gold mineralisation, for example, ECDT345 has an average concentration of 676ppm Co over the 202m intersection.

Salebury (see Table 6 & Figures 8 & 9)

- **ECRC390 - 16m @ 0.88% Cu and 0.50 g/t Au** from 64m depth
- **ECRC390 - 9m @ 1.22% Cu and 0.77 g/t Au** from 134m depth (to end of hole), and
- **ECRC397 - 42m @ 1.24% Cu and 0.79 g/t Au** from 12m depth.

Tambah Prospect Cu-Au-Co (EPM 14295 – Exco 100%)

As stated in the Company's Exploration Update released on 31 August 2010, the Tanbah Cu-Au-Co Prospect occurs within a meta-sedimentary package of rocks near the contact of a volcanic sequence, and adjacent to a large magnetic anomaly. The meta-sedimentary rocks are accompanied by irregularly distributed calc-silicate breccias. The area is characterised by complex folding and widespread oxide copper occurrences at surface, some of which have been the subject of small historical excavations.

Figure 7 shows a plan of the drilling completed to date at Tanbah, including a summary of key intersections. Initial drilling outlined zones of widespread copper and gold mineralisation, which occur at the contact of meta-sediments and the calc-silicate breccias, and more generally throughout the meta-sedimentary rocks. Oxide copper minerals occur in approximately the top 20 metres of drill holes, and pyrite and chalcopyrite (sulphides) are present below this.

Initial results have suggested that significant resource potential exists at Tanbah. The broader prospect area will be subjected to detailed surface geochemical sampling to target further drilling to the north and northeast where surface indications of copper have been detected in regional mapping and prospecting by Exco geologists. Further drill sites have also been prepared for drilling.

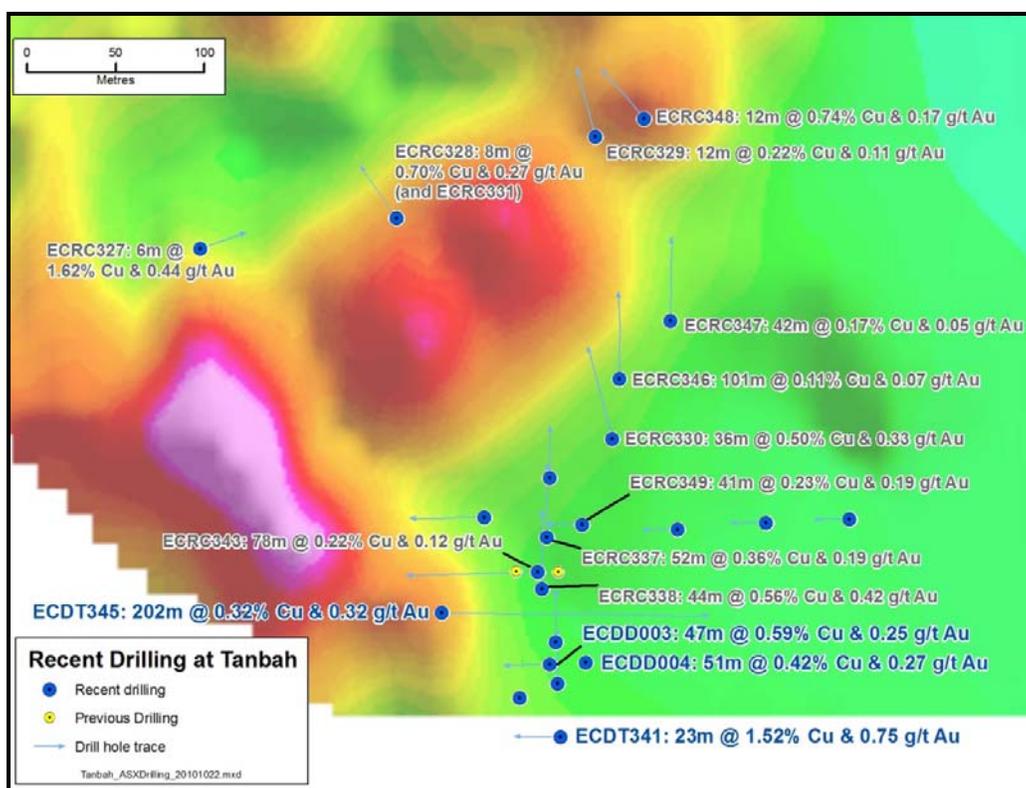


Figure 7: Plan showing location of recent drilling at Tanbah, and selected results

Since the last update on 31 August 2010, final assays have been received for the most recent phase of drilling, which included 2 diamond core extensions of RC holes that were previously terminated due to drilling difficulties, and two additional diamond holes. **Table 5** lists the new results received from Tanbah.

Further work is planned at Tanbah to follow-up on these positive results.

TABLE 5 – Recent results from drilling at Tanbah Prospect, NW Queensland						
Hole	From (m)	To (m)	Width (m)	Cu %	Au g/t	Co (ppm)
ECDT341*	40	63	23	1.52	0.75	206
ECDD003	34	81	47	0.59	0.25	160
<i>including</i>	41	50	9	0.76	0.31	26
<i>and</i>	65	67	2	2.60	1.23	456
<i>and</i>	71	78	7	1.27	0.43	643
ECDD004	48	99	51	0.42	0.27	643
<i>including</i>	51	58	7	0.66	0.22	92
<i>and</i>	62	67	5	0.53	0.29	630
<i>and</i>	82	94	12	0.56	0.38	70
ECDD004	104	106	2	0.47	0.2	150
ECDT345**	38	240	202	0.32	0.32	676
<i>including</i>	38	44	6	1.07	2.73	55
<i>and</i>	137	139	2	2.50	4.07	5600
<i>and</i>	191	195	4	0.96	0.31	1071
<i>and</i>	213	218	5	1.17	1.51	1884
<i>and</i>	227	232	5	0.85	0.91	1783
* extension of previously reported ECRC341 which was drilled to 53m depth						
** extension of previously reported ECRC345 which was drilled to 83m depth						

Salebury Prospect Cu-Au (EPM 11675 – 100% Exco)

The Salebury prospect occurs on the southern limb of the Pumpkin Gully syncline at the contact of shales and volcanics. Calc silicate breccia bodies also occur within the prospect area. The main target to date has been a zone of approximately 600m strike defined by sporadic copper oxide mineralisation at surface. The prospect area hosts a number of minor historical workings including a small open cut that leads to underground workings, which appear to have been accessed by a small shaft to the south.

Exco drilling to date (see plan in **Figure 8** and results in **Table 6**) has involved traverses of shallow bedrock aircore and reverse circulation (RC) drilling with several phases of deeper RC. The deeper RC has intersected significant mineralisation with a best intercept of **30m @ 1.93% Cu and 1.25 g/t Au** from 78-108m (to end of hole) in **ECRC307**.

Diamond drill hole **ECDD002** was drilled underneath ECRC307 (see cross-section in **Figure 9**) and confirms significant copper-gold mineralisation within a 48m zone (from 87-135m) with an average grade of **2.18% Cu, 1.97 g/t Au & 619ppm Co** including **32m @ 2.87% Cu, 2.76 g/t Au & 734ppm Co** (from 87-119m). Diamond hole ECDD007 was drilled from the opposite direction back towards and beneath ECDD002 and has intersected visual mineralisation, with assays expected in the coming weeks.

The mineralisation is hosted in a brecciated and carbonate-veined black shale sequence and is dominated by chalcocite. The high-grade zone has friable and soft clayey material and some of this appears to be washing away. A triple tube diamond hole has recently been completed below this zone and has intersected mineralisation however laboratory results are yet to be received.

These results confirm significant resource potential at the Salebury Prospect. Further follow-up work is planned to better define the geometry and extent of the mineralisation with a view to defining an initial resource estimate.

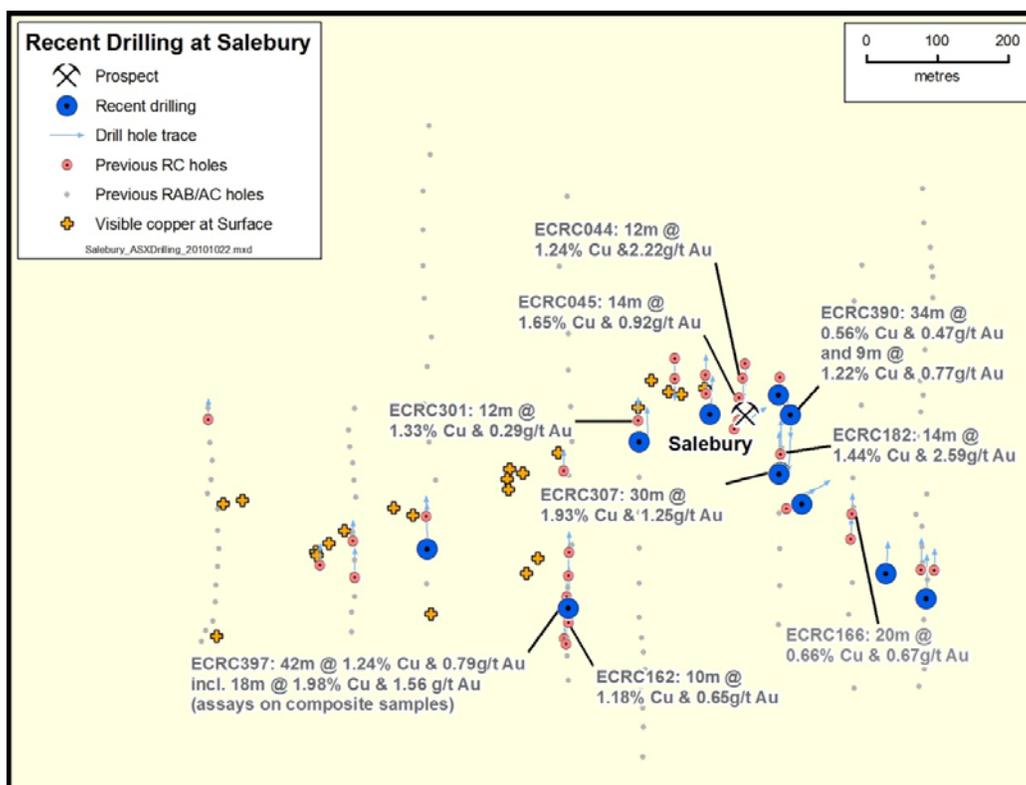


Figure 8: Plan showing location of recent drilling at Salebury, and selected results

TABLE 6 – Recent results from drilling at Salebury Prospect, NW Queensland						
Hole	From (m)	To (m)	Width (m)	Cu %	Au g/t	Co (ppm)
ECDD007 (pre-collar)	12	18	6	0.49	0.7	311
ECRC390	28	32	4	0.78	0.47	579
ECRC390	54	56	2	1.02	0.99	548
ECRC390	62	96	34	0.56	0.47	757
including	64	80	16	0.88	0.5	767
ECRC390	134	143	9	1.22	0.77	1017
ECRC391	28	32	4	0.93	0.65	294
ECRC392	42	60	18	0.18	0.03	*
ECRC393*						
ECRC394*						
ECRC395	42	48	6	0.26	*	279
ECRC396	48	54	6	0.34	0.15	62
ECRC396	66	72	6	0.71	0.71	81
ECRC397**	12	54	42	1.24	0.79	531
including	18	24	6	2.12	0.45	52
and	30	48	18	1.98	1.56	853
ECRC398	60	84	24	0.20	0.11	531

* No Significant Results
** ECRC 397 sampled as 6m composites

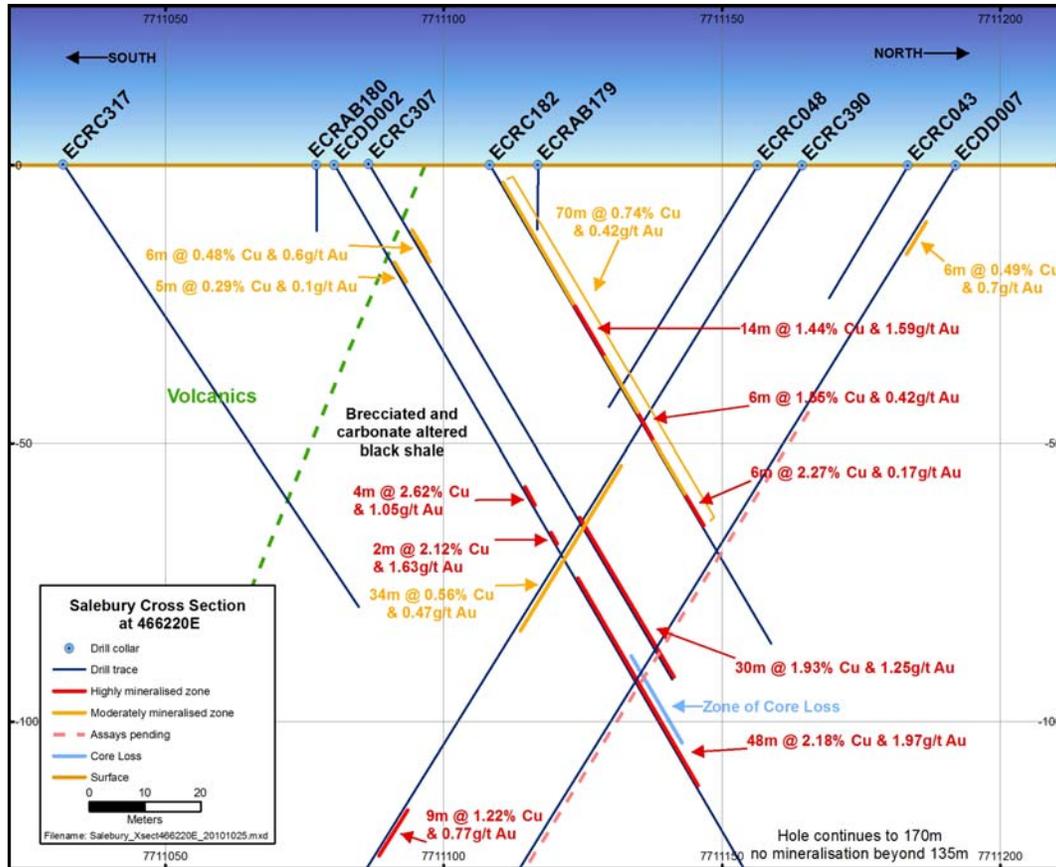


Figure 9: Cross-section compiled from drilling completed to date at Salebury prospect, NW Queensland

Hazel Creek Project

Turpentine Deposit: The deposit (see **Figure 10** for location) was discovered by Exco with an initial RC hole testing the centre of a 1km linear magnetic anomaly. Turpentine currently hosts a resource of **1.84Mt @ 1.03% Cu & 0.2g/t Au** (see **Table 1**). The deposit has some shallow high-grade chalcopyrite zones such as in EHRC184 which intersected **11m @ 7.1% Cu and 2.66 g/t Au**.

Previous drilling was carried out to a depth of only 150m below surface and the resource remains open at depth. Four deeper diamond drill holes (EHDD001-004) have therefore been completed to determine resource extension potential to a depth of approximately 300m. Encouragingly, the mineralized zone has been visually confirmed in the diamond drill holes. Initial laboratory results are expected shortly. Pending these results, additional drilling may be undertaken ahead of potentially calculating an updated resource estimate.

Eight Mile Creek East: Work is underway as a follow-up to initial results of **16m @ 0.86% Cu and 0.18 g/t Au** in initial RC drill testing of a large magnetic zone. New detailed Sub Audio Magnetic (SAM) data collected in late 2009 has revealed the drilling has not yet tested the best parts of the magnetic anomalies. Associated conductivity anomalies are also evident in the data. Drilling is in progress and initial visual assessment by Exco's geologists suggests mineralisation is present in the first phase of drill holes. Results will be released as soon as they come to hand.

Turpentine South: Work has commenced following up on several mineralised intercepts in initial drilling, which tested portions of magnetic anomalies. New SAM data shows these holes have not yet tested the best parts of the magnetic anomalies nor have they tested adjacent conductivity anomalies.

Various regional magnetic and electromagnetic targets outside the above prospect areas will also be targeted.

In addition to the drilling, regional mapping and reconnaissance is ongoing and is establishing further areas of surface copper mineralisation and anomalism for future drilling throughout the exposed parts of Exco's extensive tenements.

PROJECTS NOT LISTED

Projects that are not mentioned in this report have had no significant results during the present quarter or results are not yet available.

CORPORATE

Accounts

Cash on hand at 30 September was A\$11.5m. With these resources and better than previously forecast future revenues from White Dam, Exco is in a strong position to achieve its immediate corporate, exploration and project development objectives across the project portfolio.

Share Issues and Lapse of Options

Placement to Sin-Tang Development Pte Ltd of Singapore

On 17 August 2010 the Company announced that it had completed the placement of 16,428,295 shares at 30 cents each (a 15% premium on the 30-day VWAP to 4 August 2010) to raise \$4.9m before expenses to Aus-Ore Investments Pty Ltd, which is an investment vehicle for Sin-Tang Development Pte Ltd of Singapore. The funds will be used on exploration and resource development activities at the Company's portfolio of Copper-Gold Projects in north-west Queensland.

The issue of the shares is an initial step. The parties have also agreed to use their best endeavours to reach agreement in the three months post placement with regard to a proposed strategic investment by the Sin-Tang in the Company's Cloncurry Copper Project in north-west Queensland. Negotiations between the parties for the second stage will encompass both the purchase of an interest and the provision of debt financing for the project.

During the quarter initial site visits and preliminary discussions of a technical and financial nature took place between the parties. Progress has been made in the development of a common understanding of how the Cloncurry Copper Project could be brought into production.

If agreement is reached in respect of the proposed strategic investment, it will also provide the terms on which the Sin-Tang may acquire further interests in the Company's Cloncurry Copper Project and up to a further 32.9m fully paid ordinary shares (10% of the total fully paid ordinary shares currently on issue at 4 August 2010) under the same terms as the initial placement of 17 August 2010.

Exercise of Options

On 30 August 2010 the Company advised that 1,500,000 employee incentive options at 25 cents had been exercised raising a total of \$375,000.

The funds will be used to proactively advance the Company's portfolio of copper projects in north-west Queensland, and for working capital and general corporate purposes.

Lapse of Options

On 1 July 2010 the Company advised that under the granting terms and conditions, 7,900,000 Unlisted Options at an exercise price of \$0.40 and an expiry date of 30/06/2010 had lapsed.

Share Holdings

During the quarter long-term shareholder Lion Selection Group Ltd decided to relinquish its 8% holding in the Company. The shares were sold off-market in two tranches, approximately 50% to each of Ivanhoe Australia (IVA), and W.H. Soul Pattinson.

The holding of IVA (Exco's largest shareholder) in the Company consequently rose to 22.88%.

During the quarter W.H. Soul Pattinson also acquired shares on-market and now holds 7.46% of the Company's issued capital.

The Board welcomes the display of confidence by both shareholders in the future of the Company.

Exco Resources Ltd

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At 21 October 2010 the top 20 Shareholders of Exco were as follows:

	Current units	Percentage
1 Ivanhoe Australia Limited	79,288,632	22.88
2 JP Morgan Chase & Co (Uk)	29,300,804	8.46
3 WH Soul Pattinson & Co Ltd	25,847,365	7.46
4 JP Morgan Nominees Australia Limited	19,407,112	5.60
5 Mr Alasdair Cooke	17,224,988	4.97
6 Aus Ore Investments Pty Ltd	16,428,295	4.74
7 HSBC Custody Nominees	7,394,643	2.13
8 Mr Geoffrey Rol	3,989,048	1.15
9 Dale Park Pty Ltd	3,280,000	0.95
10 Shorlane Pty Ltd	2,938,000	0.85
11 Burls Holdings Pty Ltd	2,786,215	0.80
12 National Health Recovery Agents Pty Ltd	2,420,000	0.70
13 National Nominees Ltd	2,415,213	0.70
14 Mr Bruce Duncan Mclarty	2,200,000	0.63
15 Kinar Pty Ltd	1,905,500	0.55
16 Shayana Pty Ltd	1,810,417	0.52
17 Mr Michael Richard Anderson	1,750,000	0.51
18 Mandel Pty Ltd	1,611,936	0.47
19 The Trust Company (Superannuation) Ltd	1,505,040	0.43
20 CitiCorp Nominees Pty Ltd	1,457,985	0.42
Top 20 Total	224,961,193	64.92

On behalf of the Board of
Exco Resources Ltd



Michael Anderson
Managing Director

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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 mineral resources and exploration results is based on data compiled by Exco's Exploration Manager Stephen Konecny who is a member of The Australasian Institute of Mining and Metallurgy. Mr Konecny 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 Konecny consents to the inclusion of the data in the form and context in which it appears.

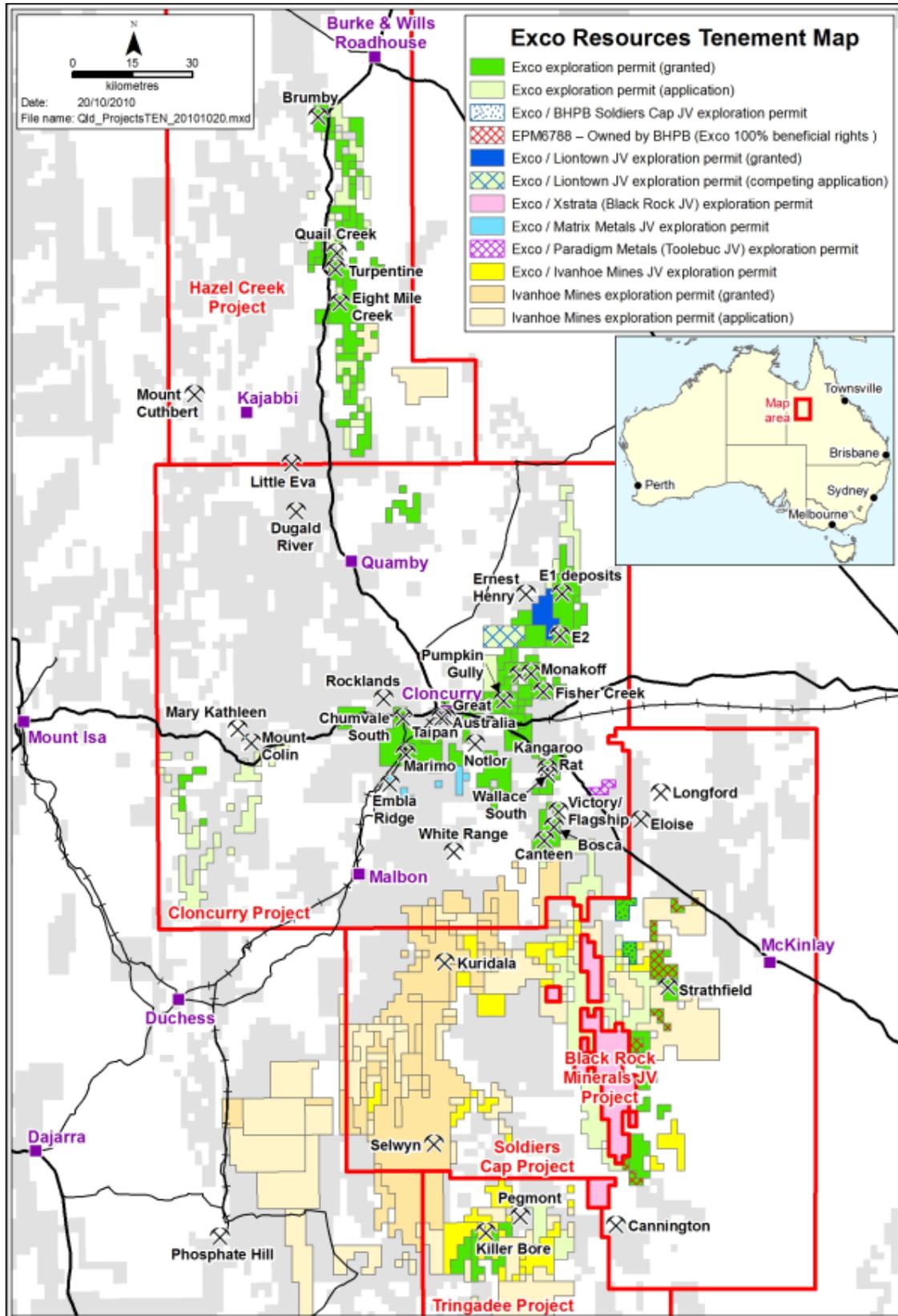


Figure 10: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

Exco Resources Ltd

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TABLE 1: EXCO RESOURCES – NW QUEENSLAND Cu-Au RESOURCE SUMMARY						
Deposit	Class	Tonnes	Grade		Metal	
			Cu%	Au g/t	Cu T	Au Oz
E1 Camp ⁽²⁾	Measured	9,170,000	0.87	0.25	80,000	75,000
	Indicated*	24,700,000	0.71	0.21	177,000	165,000
	Inferred*	14,200,000	0.64	0.2	91,000	90,000
TOTAL		48,100,000	0.72	0.21	348,000	330,000
Monakoff ⁽¹⁾ & Monakoff East	Indicated	2,000,000	1.39	0.44	28,000	28,000
	Inferred	2,000,000	1.3	0.4	25,000	26,000
TOTAL		4,000,000	1.32	0.42	53,000	54,000
Great Australia ⁽¹⁾	Indicated	1,400,000	1.53	0.13	21,000	6,000
	Inferred	800,000	1.57	0.14	12,000	3,000
TOTAL		2,100,000	1.54	0.13	33,000	9,000
Mt Colin ⁽¹⁾	Indicated**	620,000	3.14	-	19,500	-
	Inferred**	870,000	2.0	-	17,500	-
TOTAL**		1,490,000	2.47	-	37,000	-
Sub-total – CCP	Measured	9,170,000	0.87	0.25	80,000	75,000
	Indicated	28,720,000	0.86	0.22	246,000	199,000
	Inferred	17,870,000	0.82	0.21	146,000	119,000
	ALL	55,700,000	0.85	0.22	472,000	394,000
Other Deposits						
Turpentine	Indicated	1,627,000	1.04	0.21	17,000	11,000
	Inferred	215,000	0.9	0.16	2,000	1,000
TOTAL		1,841,000	1.03	0.2	19,000	12,000
Taipan	Inferred	1,460,000	0.80	0.1	12,000	5,000
Kangaroo Rat ⁽¹⁾	Inferred	875,000	1.65	1.0	14,400	28,000
Wallace South	Inferred***	1,000,000	-	1.6	-	53,000
Victory-Flagship	Inferred	196,000	1.2	1.4	2,000	9,000
Sub-total - Other		5,400,000	0.88	0.62	47,400	107,000
TOTAL		61.0 Mt	0.85	0.25	519,400	500,000

Notes

- Discrepancies in totals are as result of rounding. Unless otherwise stated the above resources are reported at a 0.5% Cu cut-off.
- ⁽¹⁾Granted Mining Lease.
- ⁽²⁾ ~30 % of E1 camp resources on a granted Mining Lease.
- * E1 resources completed at 0.3%Cu cut-off.
- ** Mt Colin resource cut-off = 1.25% Cu.
- *** Wallace South resource cut-off = 0.5g/t

TABLE 2: WHITE DAM PROJECT OK RESOURCE ESTIMATE (0.4g/t CUT-OFF GRADE)										
Deposit	Material	Indicated			Inferred			Total		
		kts	g/t Au	koz Au	kts	g/t Au	koz Au	ks	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

Notes

- White Dam resource was re-estimated in September 2009, Vertigo was estimated in 2007
- Discrepancies in totals are as result of rounding.

TABLE 4 – New drill hole location details, Tanbah & Salebury, NW Queensland

Hole ID	Location	Grid	Easting	Northing	Precollar Depth (m)	Max Depth (m)	Dip	Azimuth magnetic
ECDT341	Tanbah	MGA94-54	467926	7706569	53	161.00	-60	264
ECDT345	Tanbah	MGA94-54	467859	7706639	83	284.00	-60	84
ECDD003	Tanbah	MGA94-54	467920	7706610	1.9	146.30	-60	264
ECDD004	Tanbah	MGA94-54	467940	7706611	1.9	191.20	-60	264
ECRC387	Salebury	MGA94-54	466428	7710904	0	119.00	-60	354
ECRC388	Salebury	MGA94-54	466372	7710940	0	89.00	-60	354
ECRC389	Salebury	MGA94-54	466253	7711038	0	119.00	-60	354
ECRC390	Salebury	MGA94-54	466237	7711164	0	143.00	-60	174
ECRC391	Salebury	MGA94-54	466124	7711165	0	110.00	-60	354
ECRC396	Salebury	MGA94-54	466023	7711126	0	114.00	-60	354
ECRC397	Salebury	MGA94-54	465923	7710891	0	120.00	-60	354
ECRC398	Salebury	MGA94-54	465724	7710975	0	126.00	-60	354
ECDD007	Salebury	MGA94-54	466220	7711192	47.5	216.70	-60	174

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

EXCO RESOURCES LTD

ACN

080 339 671

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date \$A'000
1.1	Receipts from product sales and related debtors	11,375	11,375
1.2	Payments for		
	(a) exploration and evaluation	(3,102)	(3,102)
	(b) development	(102)	(102)
	(c) production	(7,940)	(7,940)
	(d) administration	(1,063)	(1,063)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	138	138
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Refunds/(Payments of security deposits)	-	-
	Net Operating Cash Flows	(694)	(694)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(e) prospects	-	-
	(f) equity investments	(25)	(25)
	(g) other fixed assets	(6)	(6)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Refunds/(Payments) of security deposits	25	25
1.12	Other	-	-
	Net investing cash flows	(6)	(6)
1.13	Total operating and investing cash flows (carried forward)	(700)	(700)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (carried forward)	(700)	(700)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	5,303	5,303
1.15	Fund Raising Costs	(326)	(326)
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(2,858)	(2,858)
1.18	Dividends paid	-	-
1.19	Other – gold call option payment	-	-
Net financing cash flows		2,119	2,119
Net increase (decrease) in cash held		1,419	1,419
1.20	Cash at beginning of quarter/year to date	10,086	10,086
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	11,505	11,505

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2 & 1.8	225
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions (all amounts exclusive of GST)

Payments include consulting fees, directors fees, tenement, GIS management and provision of a fully services office.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
Nil
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
Nil

+ See chapter 19 for defined terms.

Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	6,676	6,676
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,150
4.2 Development	1,875
4.3 Production *	6,500
4.4 Administration	575
Total	11,100

* Production cashflow does not include projected sales receipts for next quarter

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	4,414	3,751
5.2 Deposits at call	7,091	6,335
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	11,505	10,086

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EMP 12059	Direct	100%	0%
	EMP 16200	Direct	100%	0%
	EMP 15931	Direct	100%	0%
	EMP 15906	Direct	100%	0%
	EMP 15325	Direct	100%	0%
	EMP 17306	Direct	100%	0%
	EMP 16113	Direct	100%	0%
	EMP 14294	Direct	100%	0%
6.2 Interests in mining tenements acquired or increased	EL4533	Direct	0%	100%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (note 3) (cents)	Amount paid up per security (note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	346,494,187	346,494,187		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	16,428,295 1,500,000	16,428,295 1,500,000	30 cents 25 cents	30 cents 25 cents
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	9,150,000	9,150,000	Exercise Price 40 cents (1.5m) 40 cents (1.5m) 28 cents (4.5m) 27.3 cents (1.65m)	Expiry Date 30 August 2011 31 August 2012 10 September 2012 20 October 2012
7.8 Issued during quarter				
7.9 Exercised during quarter	1,500,000	1,500,000		
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Mr Eamon Byrne

Company Secretary

Date: 27 October 2010

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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