

26 November 2010

Market Release (via electronic lodgement)

EXPLORATION UPDATE

Drilling at Turpentine South confirms significant mineralisation

Turpentine South

Reverse circulation hole EHRC267 has intersected significant copper gold mineralisation, including:

- **6m @ 1.51%Cu & 0.11 g/t Au from 66m depth, and**
- **24m @ 1.52% Cu & 0.45 g/t Au from 150m depth, including 6m @ 4.97% Cu & 1.46 g/t Au**

Salebury

Re-sampling of reverse circulation hole ECRC397 at 2m intervals has confirmed the high grade mineralisation previously reported from 6m composite assays as follows:

- **20m @ 2.07% Cu & 1.53 g/t Au with 873 ppm Co from 32m depth, including 12m @ 3.17% Cu & 2.38 g/t Au with 1334 ppm Co from 32-44m**

Exco Resources Ltd (**ASX Code: EXS**) is proactively engaged in a programme of exploration activities across a number of high priority targets within its portfolio of Cu-Au projects in north west Queensland (see **Figure 1** for regional location map and **Table 1** for summary of established resources).

HAZEL CREEK PROJECT (EXCO 100%)

The Hazel Creek Project area hosts a number of copper-gold prospects under relatively thin cover (0-50m). Exco's Turpentine Deposit (1.84mt @ 1.03% Cu & 0.2 g/t Au) occurs within the project area. Only limited regional drilling has been completed to date, and the style of mineralisation appears similar to Iron Oxide Copper Gold (IOCG) mineralisation found elsewhere in the district. Previous drilling in the area has been guided by relatively wide spaced airborne magnetic data and copper-gold mineralisation has been intersected at a number of localities.

Recent Sub Audio Magnetic (SAM) data collected in late 2009 and early 2010, has enhanced the understanding of the magnetic anomalies in the area, in many cases suggesting the best parts of the magnetic anomalies have not been adequately tested. The SAM data also shows broadly coincident conductivity anomalies associated with some of the magnetic targets. **Figure 2** shows the location of the recent SAM surveys and the main prospects within this portion of the Hazel Creek Project.

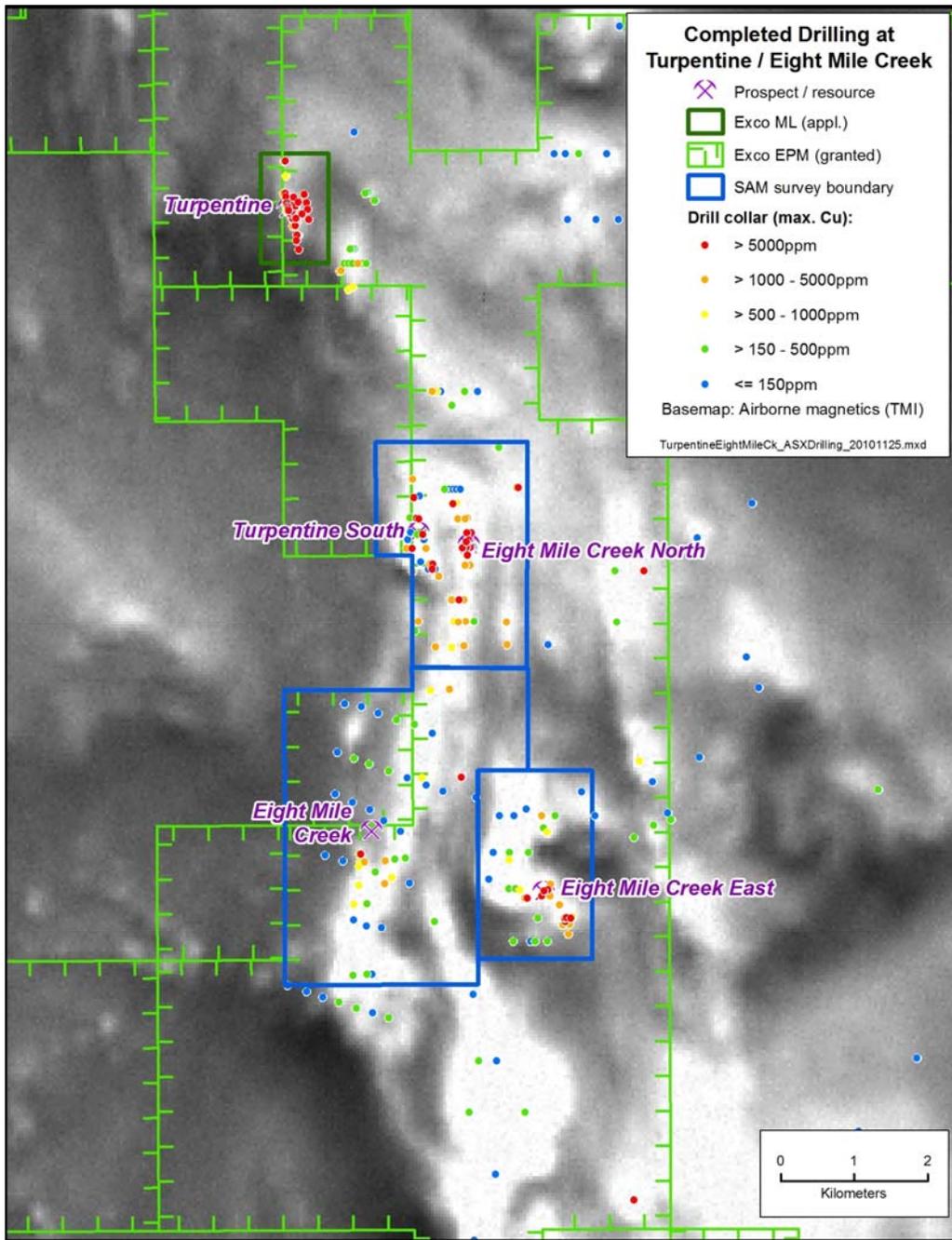


Figure 2: Magnetic Intensity Image showing Turpentine & Eight Mile Creek Deposits

Turpentine South (EPM15739 - Exco 100%)

Reverse circulation (RC) hole EHRC267 was drilled to test a SAM anomaly in association with a significant conductivity anomaly. Coarse chalcopyrite associated with magnetite, and widespread alteration, was visually recognised in the drill chips.

Assays from EHRC267 have now confirmed the presence of significant mineralisation, including higher grade zones as follows:

- **66-72m:** 6m @ 1.51%Cu & 0.11 g/t Au
- **150-174m:** 24m @ 1.52% Cu & 0.45 g/t Au (including 6m @ 4.97% Cu & 1.46 g/t Au)

EHRC267 has tested a portion of a regionally extensive magnetic anomaly/geological terrain boundary that has consistently produced positive results. Follow-up work is currently underway.

The prospectivity of the target zones is confirmed by Exco's Turpentine Deposit discovery on the trend to the north. Very thin cover has masked the surface expression of mineralisation in this area.

The attached detailed magnetic images (see **Figures 2 & 3**) highlight the potential of the broader region. Magnetite is an obvious by-product of this mineralisation style and its broader potential will be assessed as part of the on-going exploration programme.

CLONCURRY PROJECT (EXCO 100%)

Salebury (EPM11676 Exco 100%)

Re-sampling of reverse circulation hole ECRC397 at 2m intervals has confirmed the high grade mineralisation previously reported from 6m composite assays (see *Quarterly Report released on 26 October 2010*).

ECRC397 intersected **20m @ 2.07% Cu 1.53 g/t Au & 873 ppm Co** from 32-52m including **12m @ 3.17% Cu 2.38 g/t Au & 1334ppm Co**. The mineralisation appears to be on a separate structure to other previously reported drilling within the same prospect.

The mineralisation does not have a strong surface expression and a grid of shallow holes has recently been completed to determine the direction of the mineralised zone. Deeper RC drilling has been planned to follow up on work completed in the area.

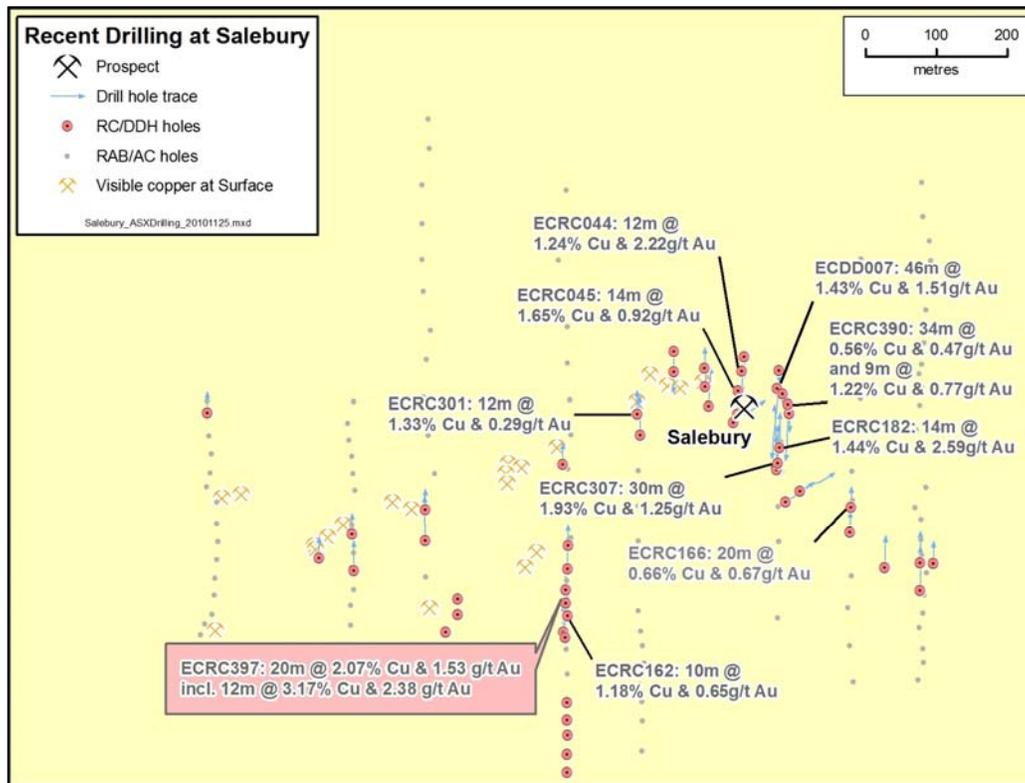


Figure 4: Drill hole location map showing recent drilling at Salebury

On behalf of the Board of Exco Resources Ltd

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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 report 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 Competent Persons 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.

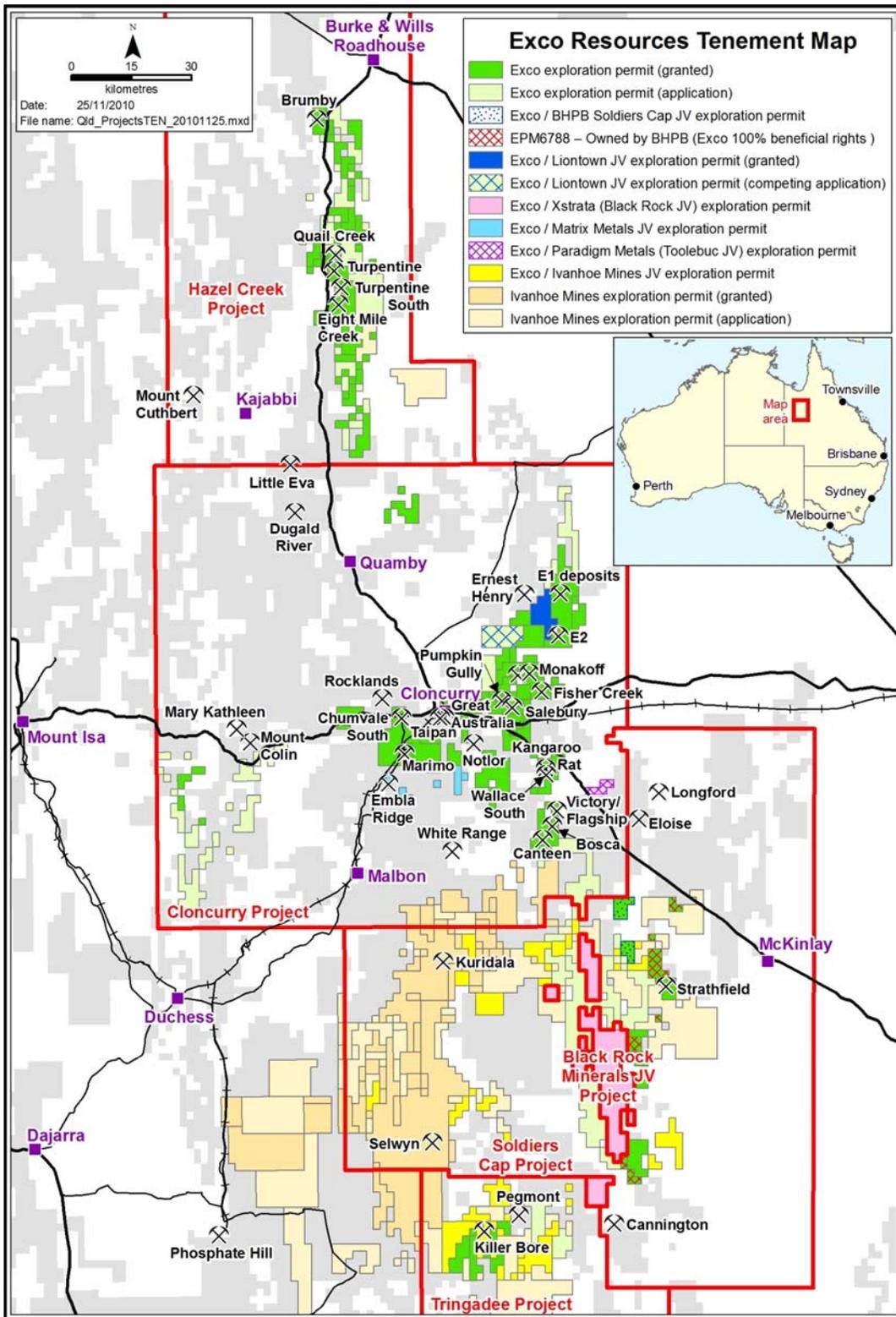


Figure 1: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects

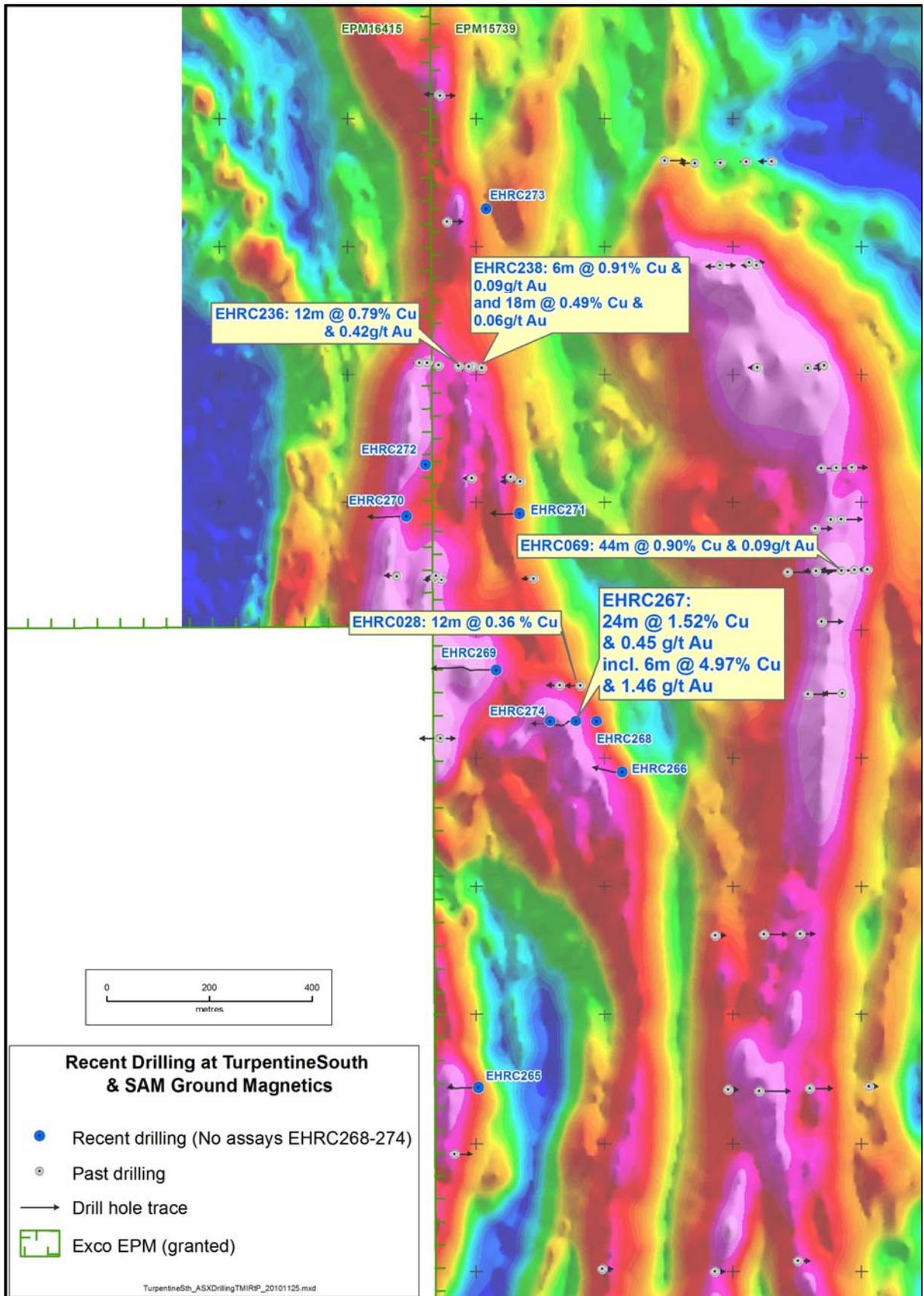


Figure 3: Drill hole location map showing recent drilling at Turpentine South

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⁾	<i>Measured</i>	9,170,000	0.87	0.25	80,000	75,000
	<i>Indicated*</i>	24,700,000	0.71	0.21	177,000	165,000
	<i>Inferred*</i>	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	<i>Indicated</i>	2,000,000	1.39	0.44	28,000	28,000
	<i>Inferred</i>	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⁾	<i>Indicated</i>	1,400,000	1.53	0.13	21,000	6,000
	<i>Inferred</i>	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⁾	<i>Indicated**</i>	620,000	3.14	-	19,500	-
	<i>Inferred**</i>	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	<i>Indicated</i>	1,627,000	1.04	0.21	17,000	11,000
	<i>Inferred</i>	215,000	0.9	0.16	2,000	1,000
TOTAL		1,841,000	1.03	0.2	19,000	12,000
Taipan	<i>Inferred</i>	1,460,000	0.80	0.1	12,000	5,000
Kangaroo Rat ⁽¹⁾	<i>Inferred</i>	875,000	1.65	1.0	14,400	28,000
Wallace South	<i>Inferred***</i>	1,000,000	-	1.6	-	53,000
Victory-Flagship	<i>Inferred</i>	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: HAZEL CREEK NEW RESULTS - NOVEMBER 2010						
Hole	From (m)	To (m)	width (m)	Cu %	Au g/t	
Turpentine South (6m composite assays)						
EHRC265	72	78	6	0.10	-	Anomalous Cu throughout hole
EHRC266	12	126	114	0.10	-	To end of hole. Additional hole required
EHRC267	66	72	6	1.51	0.11	
EHRC267	150	174	24	1.52	0.45	
<i>including</i>	156	162	6	4.97	1.46	
EHRC268-274						Awaiting assays
Salebury (2m re-samples)						
ECRC397	32	52	20	2.07	1.53	Averages 873ppm Co
<i>including</i>	32	44	12	3.17	2.38	Averages 1334 ppm Co

TABLE 3: HAZEL CREEK DRILL COLLARS - NOVEMBER 2010							
Hole_ID	Depth	Hole Type	Grid_ID	Northing	Easting	Dip	Azimuth (magnetic)
EHRC265	126	RC	MGA94_54	7815285	423378	-60	264
EHRC266	126	RC	MGA94_54	7815900	423658	-60	264
EHRC267	187	RC	MGA94_54	7816000	423568	-60	264
ECRC397	120	RC	MGA94_54	7710888	465921	-60	354

Information on Exco Resources Ltd

Exco is an Australian-focused, ASX-listed mining and exploration company (**ASX: EXS**). The Company has a dual focus on developing both the White Dam Gold Project in South Australia, and the Cloncurry Copper Project (CCP) in north-west Queensland.

At White Dam, Exco has entered into a 75:25 operating joint venture with Polymetals Group Pty Ltd. The project, which contains a resource inventory of 325,000 ounces of gold, achieved first gold production in April 2010 following a very successful construction and commissioning period. The project was officially opened at a ceremony on the 10th of June 2010 and initial production rates have exceeded expectations by ~30%. With costs of ~A\$600/oz the project is already delivering significant revenues. The relatively short-life project is currently expected to produce a total of 120,000oz (Exco's share 90,000oz). Near mine exploration and resource development is underway and is expected to increase overall production and extend the life of the mine.

In north-west Queensland Exco holds a large, strategically located and highly prospective land package. The Cloncurry Copper Project (CCP) comprises numerous tenements and mining leases, which host the flagship E1 Camp, Monakoff, Mt Colin and Great Australia deposits. Resources delineated for the project to date total 55.7Mt, containing 472,000 tonnes of copper and 394,000 ounces of gold, with further exploration upside and indicated resource development highlighting the potential for economic extraction of a significant portion of the resources.

Exco completed a Pre-Feasibility Study (PFS) on the CCP in June 2008, which demonstrated the technical and commercial credentials of a 2Mtpa project. Encouraged by the positive PFS results, and with ongoing drilling delivering further resource upgrades, the Company commenced a Definitive Feasibility Study (DFS) on a slightly larger operation treating 3Mtpa through a concentrator facility located at the E1 Camp. At this expanded throughput the project will produce ~25,000 tonnes of copper in concentrate per annum (25% more than envisaged by the PFS) with substantial by-product credits from gold, cobalt, magnetite and potentially uranium. The Company has now submitted its Environmental Impact Statement (EIS) in pursuit of the relevant approvals for the project, and is reviewing its development strategy with a view to selecting a definitive option in the coming months.

Exco also has a number of exploration joint ventures in Queensland with major companies including Xstrata, BHP Billiton Limited and Ivanhoe Mines Australia. These JVs are managed by Exco's partners, creating additional development options, and allowing the Company to maintain its primary focus on the CCP.

The Board and management of Exco, backed by the Company's major shareholders including Ivanhoe Mines Australia, are committed to unlocking value from this highly prospective portfolio of projects, and we look forward to keeping shareholders informed of developments.

Further information is available at www.excoresources.com.au