

Quarterly Report

For the three months ending 30 June 2011

EXCO
RESOURCES LTD

Sale of Cloncurry Copper Project Completed

Exco well funded to pursue new opportunities

ASX Code: EXS

Shares on Issue
348,544,187

Unlisted Options
7,500,000

Current Share Price
\$0.65

Market Capitalisation
\$226.6m (undiluted)

Cash at 30 June 2011
\$224.5m

DIRECTORS

Barry Sullivan (Chairman)
Michael Anderson (MD)
Alasdair Cooke
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COMPANY SECRETARY

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Cloncurry Copper Project (CCP), NW Queensland

- **Sale of the CCP to Xstrata for \$175 million completed:** Following approval from shareholders on 9th June 2011, the remaining conditions precedent were satisfied and the final formalities for the sale and funds transfer were completed on 30th June 2011.
- **Well funded post transaction:** Having received the completion funds, Exco's cash balance at the end of the quarter was \$224.5 million which equates (pre tax obligations) to approximately 64 cents per share, fully diluted.
- **Distribution to shareholders:** As previously indicated, the Company will now progress to return \$135 million (38 cents per share, fully diluted) to Exco shareholders by 31st October 2011 (or under reasonable circumstances where a delay is experienced, as soon as is practicable)
- **Post transaction strategy:** Post the sale of the CCP, Exco's focus will be to apply its funding and management expertise in adding further value to its remaining assets. The Board has already approved an initial exploration programme of up to \$10 million for its remaining tenements in the Cloncurry, Hazel Creek, and Soldiers Cap project areas in NW Queensland. Exploration activity is underway on a number of priority targets and will continue for the foreseeable future.

White Dam Gold Project, South Australia

- **Gold production continues ahead of expectations:** Joint venture production at 21,810 ounces (100%) for the quarter was again ahead of expectations albeit down on the exceptional performance in the previous quarter due to the erection of a second lift to the leach pad. Ounces poured for the full year are 4% above target at 87,524 ounces.
- **Substantial cash flows and continued low costs:** Exco continued to enjoy substantial net cash flows from White Dam during the quarter. Exco has received over \$90m in revenues from inception to 30 June 2011, at an average price of A\$1,388/oz.

Unit costs were maintained at lower than life of project rates by strong cost controls and a better than previous ore-to-waste ratio.

- **Near mine exploration & resource development:** The assessment to mine the nearby Vertigo deposit was ongoing during the quarter. A mining lease application for the Vertigo deposit was submitted and a deed of variation to the native title agreement is in progress.

With a view to further enhancing reserves the joint venture elected to complete the assessment and approvals of its other near mine prospects - White Dam North and White Dam East.

Corporate

- **Cash balance and return to shareholders:** Following the sale of the CCP and continued cash flow from White Dam the Company's cash balance at the end of the quarter reached \$224.5m

The Company is now progressing the return(s) to shareholders in line with the timeline indicated during the CCP sale process. The Company has lodged a submission seeking a class ruling from the Australian Tax Office in relation to the return(s).

29th July 2011

CLONCURRY COPPER PROJECT, NW QUEENSLAND (Exco 100%)

Historically the CCP has comprised seven main deposits located in three different geological settings. Four deposits were in the Mt Margaret area (E1 North, South, East and Central), two at Monakoff (Monakoff and Monakoff East) and one deposit on the edge of Cloncurry at the Great Australia Mine. Resources delineated for the project totalled 55Mt at 0.85% copper and 0.22g/t gold. The centre of gravity for the project was the E1 Camp located 8km east of the existing Ernest Henry Mine owned by Xstrata, in a region well serviced by infrastructure.

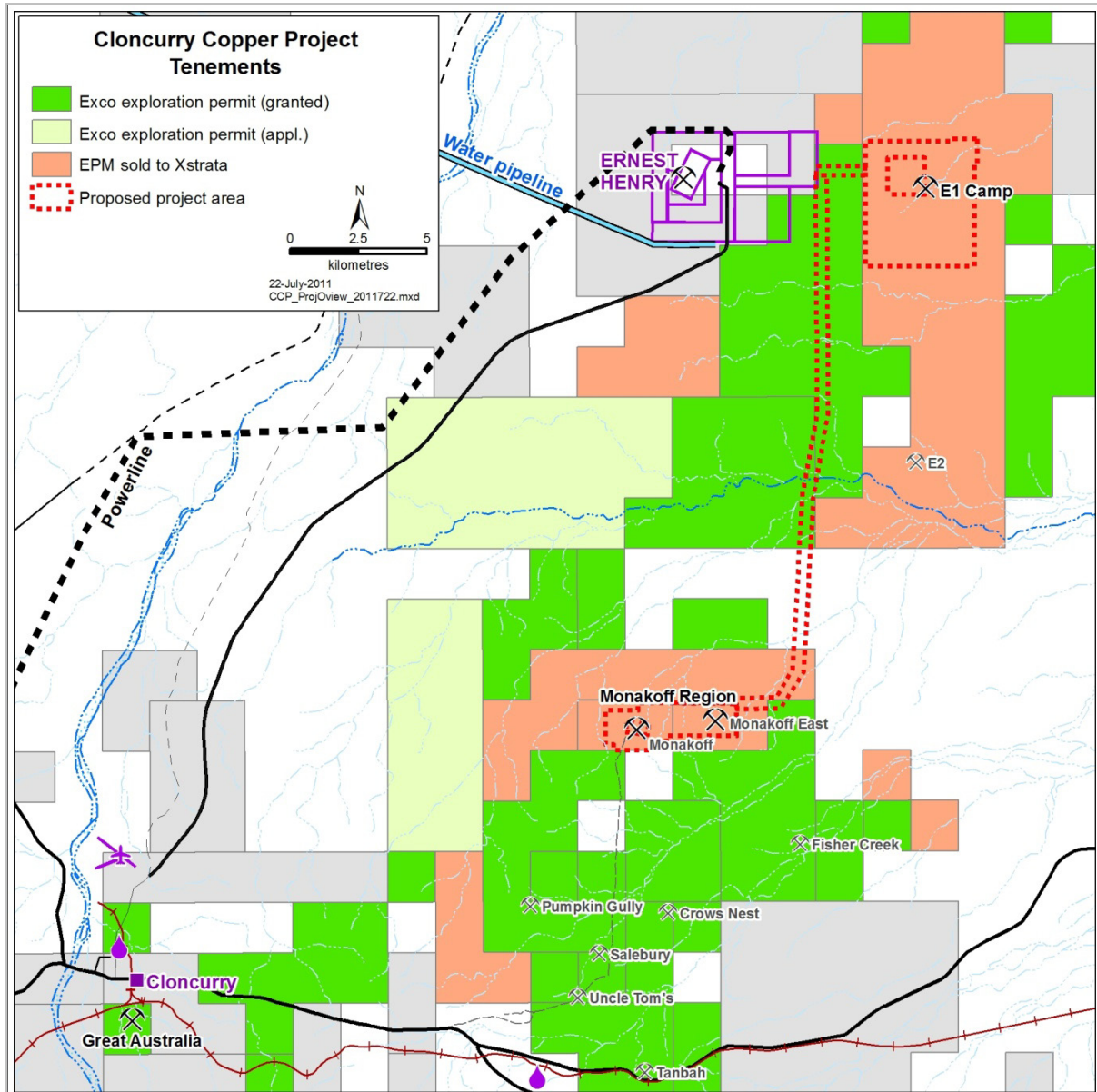


Figure 1: CCP location map showing key tenements, and deposits.

On 20 April 2011 the Company announced that it had signed an Asset Purchase Agreement (APA), pursuant to which Exco has agreed to sell certain of the CCP tenements¹ to a subsidiary of Xstrata plc for \$175 million.

The proposed transaction was subject to conditions precedent, including Exco shareholders approving the transaction, Xstrata receiving FIRB and all necessary Queensland government approvals, the assignment of certain third party agreements that are ancillary to the tenement package comprised within the CCP on terms that are acceptable to Xstrata, acting reasonably, and the eligible directors of Exco unanimously recommending that Exco shareholders approve the proposal.

¹ Comprising the E1, Monakoff and Monakoff East deposits and ML 90157, ML 7122, MLA 90198, MLA 90199, MLA 90200 and MLA 90201 as well as EPM 7085, EPM 8609, EPM 14201 and EPMA 18038.

On 6 May 2011 the directors called a general meeting of the company for the 9 June 2011 to consider a resolution to approve the sale of the CCP to a subsidiary of Xstrata. In the announcement the eligible directors of Exco stated their belief that the transaction was in the best interests of the Company and all shareholders and recommended that shareholders approve the transaction.

On 3 June 2011 the Company announced that in consultation with its major shareholders, it had conducted a review of its capital management options in the context of the Company's post-deal cash position. The outcome of the review was that, subject to the successful completion of the sale and based on assessments in relation to taxation and business development opportunities, the Company intends to return \$135 million of the after-tax cash retained in the Company to Exco shareholders by 31 October 2011 (or under reasonable circumstances where a delay is experienced, as soon as is practicable).

The board stated its belief that cash retained by the Company post distributions would continue to provide for the purposeful growth of its remaining asset base.

At the general meeting on 9 June 2011 the resolution for approval of the sale was carried on a show of hands following overwhelming proxy support.

Following satisfaction of the remaining conditions precedent, final formalities were completed on 30 June 2011 and Exco received the funds for the sale.

Immediately upon completion of this transaction, Exco's assets include:

- **In excess of \$224 million in Cash:** Based on the proceeds from the proposed transaction, existing cash reserves and cash flow from White Dam, Exco has cash-backing of \$224 million (pre tax obligations), equivalent to \$0.64 cents per fully diluted share.
- **Hazel Creek Project:** Exco will be well funded for a major programme of work at the new discoveries made last year at Hazel Creek, where results have shown the existence of large areas of copper-gold-magnetite mineralisation with potential to define large tonnage, open-pit style deposits.
- **White Dam Gold Joint Venture (Exco 75%):** White Dam continues produce from the remainder of the current reserve (see below). The joint venture partners are assessing the potential for additional resource extensions. Exco and Polymetals have access to over 700km² of granted exploration tenements surrounding White Dam.
- **Great Australia Royalty:** A royalty over the sulphide ores under the Great Australia Mining Lease in Cloncurry, which is being mined by CopperChem Limited pursuant to the terms of the Exco-CopperChem Alliance Agreement entered into in September 2009. Based on prevailing LME copper prices and the current estimated 1.7 million tonnes of ore, it is expected that the royalty can generate gross cash to Exco in the region of A\$30 million over the next 4 years.
- **Other Cloncurry Exploration Projects:** A tenement package of approximately 2,400km² in the Cloncurry region which is highly prospective for further copper discoveries. Exco is well funded to undertake proactive and targeted exploration / resource development programmes across a range of established prospects including the Pumpkin Gully Projects, and is confident it can replicate the success of the CCP in identifying a new portfolio of resources. The focus is on developing further high grade resources, at key targets including Salebury, Fisher Creek and Tanbah.

(See the ASX announcements issued to the market on 20 April, 6 and 31 May, 3, 9 and 30 June 2011 for further details)

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 2**). The project contains a depleted resource inventory of **6Mt @ 0.98g/t Au for 188,700oz** contained (see **Table 2**).

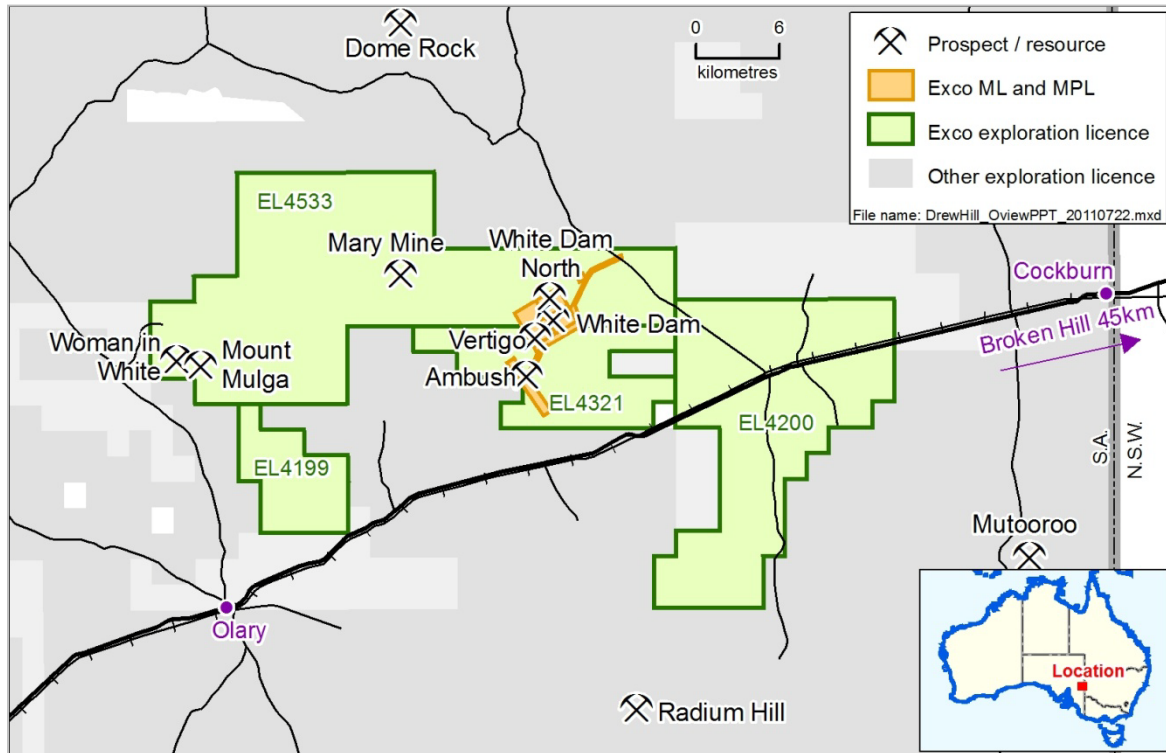


Figure 2: White Dam Gold Project Location Map

White Dam Gold Production Joint Venture (WDGPJV)

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

Polymetals is a 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

Health, Safety and Environment

One minor lost-time injury occurred during the quarter. As a consequence, manual lifting work practices were modified. A strong safety culture is embedded at the operation with a key focus on leading indicators such as hazard reporting. No environmental or regulatory infringements were reported during the quarter.

Over the quarter, particular attention was given to geotechnical monitoring and management within the Hannaford pit perimeter. A predicted failure of a section of the southern wall occurred on 24 June 2011. This caused no injury or personnel exposure, no equipment damage and had limited impact on operations.

Production

At the end of June a total of 100,342 ounces of gold had been produced the project to date with June quarter production of 21,810 ounces easing from the peak production figure of 25,237 ounces achieved in the March quarter. The reduction was mainly due to the lead time for production flows from the second leach pad lift which commenced in March.

Total operating cash costs of A\$434/oz for the quarter were higher than last quarter (see **Table 3**) due primarily to the reduced production volumes offset in part by a lower strip ratio of 0.28 this quarter as compared to 0.39 last quarter.

A total of 4,700,124 tonnes of ore has been placed on the leach pad at an average grade of 1.00g/t Au, with 4,595,113 tonnes under drip irrigation at 30 June.



Figure 3: Pouring Gold at the WDGPIV

During the quarter, the joint venture approved mining of a northern cutback of Hannaford Pit. This increases total expected production by 7,400 ounces (330,000 tonnes at 0.7 g/t) and reduces risks associated with pit wall instability. The current plan is that mining from the Hannaford Pit will continue until November 2011 and gold production will continue until mid 2012. However, near-mine exploration and resource definition aims to extend the life of the mine where this is economic.

A total of 611,650 tonnes of ore at 1.03 g/t was placed on the leach pad during the quarter. Construction of the second lift of the pad, which commenced in late January 2011, continues.

Leaching performance continues to be better than budget. The adsorption-desorption-recovery plant performed without interruption over the quarter. Gold adsorption recovery has consistently exceeded 98% since start up.

The previously reported metallurgical testing of mineralisation below the current Hannaford Pit floor was completed during the quarter. This re-defined the high cyanide-soluble copper boundary for mining purposes and led to a decrease in remaining mining inventory of 3,400 ounces. The consequent reduction in budgeted life-of-mine production is expected to be offset by recovery above budgeted rates.

Production and Financial Statistics

White Dam Gold Production Joint Venture June 2011

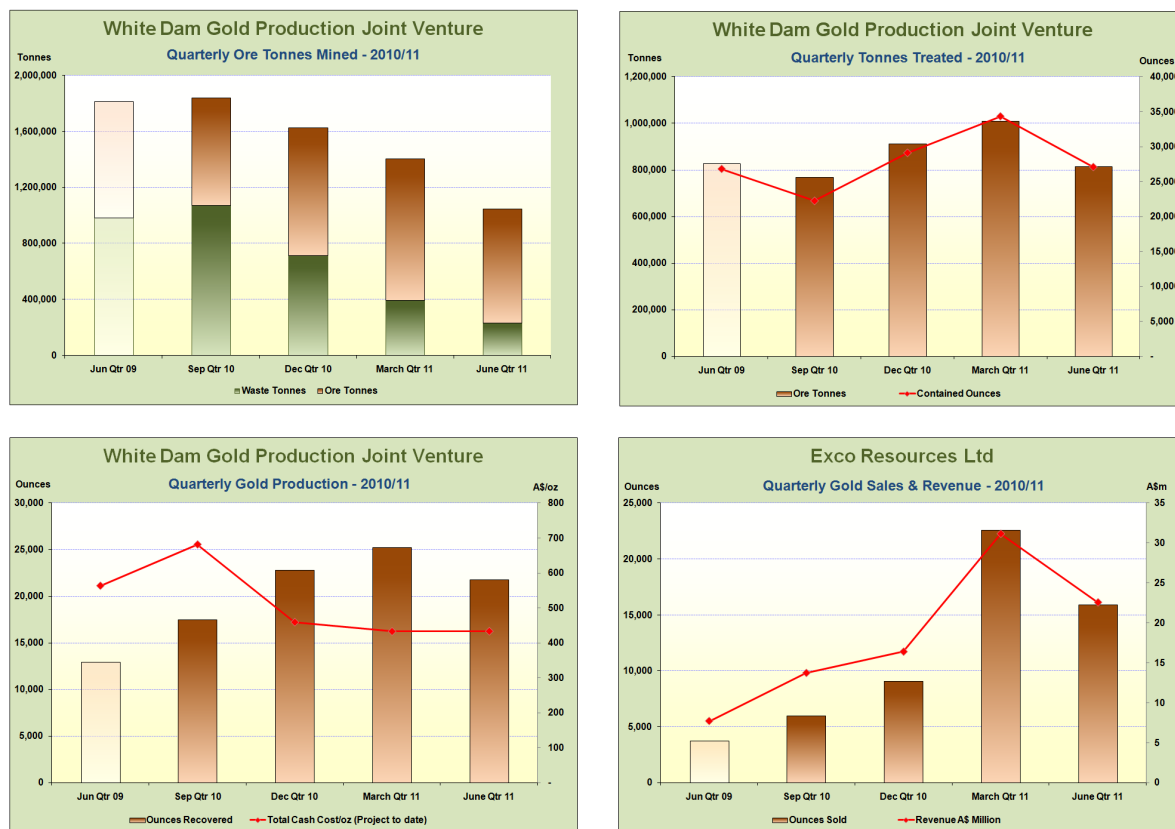


Figure 4: White Dam Gold Production Joint Venture - Production and Sales

		Jun Qtr 10	Sep Qtr 10	Dec Qtr 10	Mar Qtr 11	Jun Qtr 11	YTD 2010/11	Project to Date
Ore Tonnes Mined	(tonnes)	621,839	576,479	684,192	757,370	611,650	2,629,690	3,525,093
Mined Grade	(g/t)	1.01	0.90	0.99	1.06	1.03	1.00	1.00
Mined Ounces	(ounces)	20,104	16,681	21,824	25,728	20,314	84,547	113,622
Waste Tonnes Mined	(tonnes)	737,752	802,988	534,750	294,919	173,475	1,806,131	3,893,563
Ore placed on Leach	(tonnes)	621,839	576,479	684,192	757,370	611,650	2,629,690	3,525,093
Head Grade	(g/t)	1.01	0.90	0.99	1.06	1.03	1.00	1.00
Ounces Produced	(ounces)	9,696	13,143	17,132	18,928	16,357	65,561	75,257
Gold Loan Repayments	(ounces)	3,224	7,348	5,115	-	-	12,463	15,687
Ounces Sold	(ounces)	3,731	5,987	9,093	22,573	15,918	53,571	57,302
Cash Operating Cost	(A\$/oz)	329	371	172	279	343	286	289
Cash Development Cost	(A\$/oz)	179	264	74	45	37	95	108
Royalties	(A\$/oz)	54	46	43	63	54	55	53
Total Cash Cost	(A\$/oz)	563	681	288	388	434	435	450
Average Realised Sale Price	(A\$/oz)	1,415	1,363	1,363	1,379	1,417	1,386	1,388
Revenue	(A\$ million)	7.7	13.7	16.4	31.1	22.6	83.8	91.5

Table 3: Production and Financial Statistics (Exco equity interest)²

² 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.

Project Development

The assessment to mine the nearby Vertigo deposit was ongoing during the quarter. A mining inventory containing 12,500 ounces of gold from approximately 470,000 tonnes at 0.83 g/t has been quantified. A mining lease application for the Vertigo deposit was submitted and a deed of variation to the native title agreement is in progress.

If Vertigo is mined, ore would be treated at the existing White Dam facilities, less than 2km away thereby minimising capital requirements.

The White Dam North prospect was sufficiently advanced to warrant initial metallurgical testwork and commencement of regulatory approvals. Bottle roll tests of composite drill samples were completed with gold recoveries in line with those experienced from the ore in the current Hannaford Pit.

With a view to enhancing reserves beyond the relatively small mining inventory at Vertigo, the joint venture elected to complete the assessment and approvals of its other near mine prospects - White Dam North and White Dam East. It is anticipated that this work will be completed during the September quarter and will provide a basis for decision on whether to mine these prospects.

Exploration

Follow-up reverse circulation drilling continued to test resource potential at the White Dam North and White Dam East prospects.

At White Dam North, 97 holes were drilled to an average depth of 42m for a total of 4,004m. Initial results indicate the mineralisation is composed of multiple lenses that sit in a broad, dome-shaped configuration; and it also occurs at reasonably shallow depths, easily within reach of open pit mining methods.

At White Dam East, 68 holes were drilled to an average depth of 40m for a total of 2,720m.

Final results are due in the September quarter, culminating in a resource assessment.

During the quarter, \$1.2 million was expended on exploration at White Dam.

EXPLORATION AND DRILLING UPDATE

Highlights

- **Mr Doug Cook commenced employment with the Company in early June in the role of Exploration Manager**
- **In its announcement on 30 June 2011 regarding the completion of the sale of the CCP the Company also announced that the board had approved an initial exploration programme of up to \$10 million for its remaining tenements in the Cloncurry, Hazel Creek, and Soldiers Cap project areas in NW Queensland. Drilling commenced in early June**
- **Geophysical survey (SAM) commenced post quarter in the Salebury / Crows Nest area**
- **Regional Surface geochemical programmes have commenced.**
- **Ongoing drill planning for new prospects has revealed priority targets.**
- **Assay results from various prospects are expected to flow over next few months.**
- **Composite assays have started to be received and results of initial resplits are expected in coming weeks.**

Appointment of Mr Doug Cook

Mr Doug Cook BSc (Geology) joined Exco as Exploration Manager on 13 June 2011.

Mr Cook is a geologist with 25 years experience working in New Zealand, Australia, Eastern Europe, Central Asia, South America and the Middle East where he has gained substantial experience in gold, copper and nickel exploration, across a broad range of mineralisation styles and geological terranes. His early career was spent in exploration and production roles with WMC Resources Ltd and was followed by time with Anaconda Nickel, Oriol Resources in Central Asia and most recently with Mirabela Nickel in Brazil.

Cloncurry

Reverse Circulation (RC) drilling has resumed at a number of prospects in the Pumpkin Gully Project area including Salebury, Uncle Toms, Fisher Creek West and Tanbah North.

Drilling is planned for numerous other prospects in the Weatherly Creek area including Canteen, Kangaroo Rat, Wallace South and many other historical prospects that have not been adequately tested.

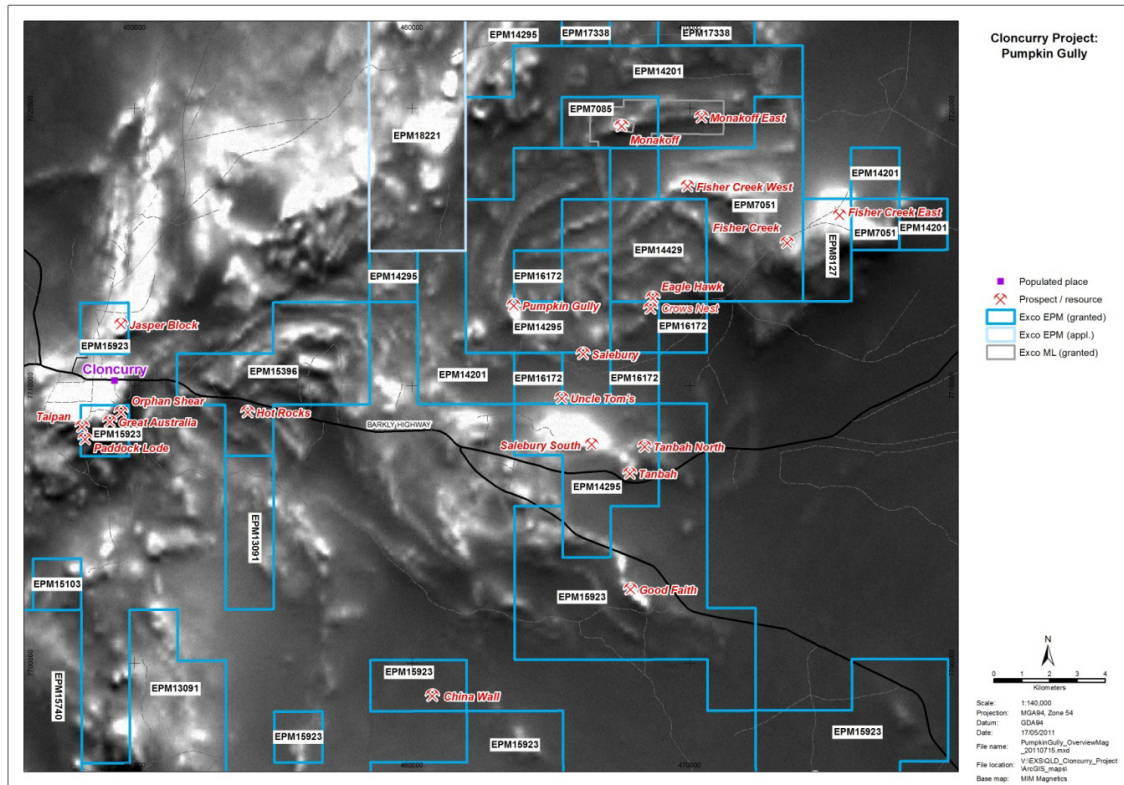


Figure 5 - Location map for Pumpkin Gully area of the Cloncurry Project

Salebury (Cu-Au)

The Salebury prospect occurs on the southern limb of the Pumpkin Gully syncline on the contact of shales and volcanics of the Toole Creek Volcanics. Calc-silicate breccias also occur in the vicinity of the prospect.

RC drilling by the Company has revealed significant mineralisation with a best intersection of **30m at 1.93% Cu and 1.25g/t Au** from 78m to the end of hole in ECRC307. Follow-up diamond drilling verified the result with an intersection of **48m at 2.18% Cu and 1.97g/t Au** from 87m.

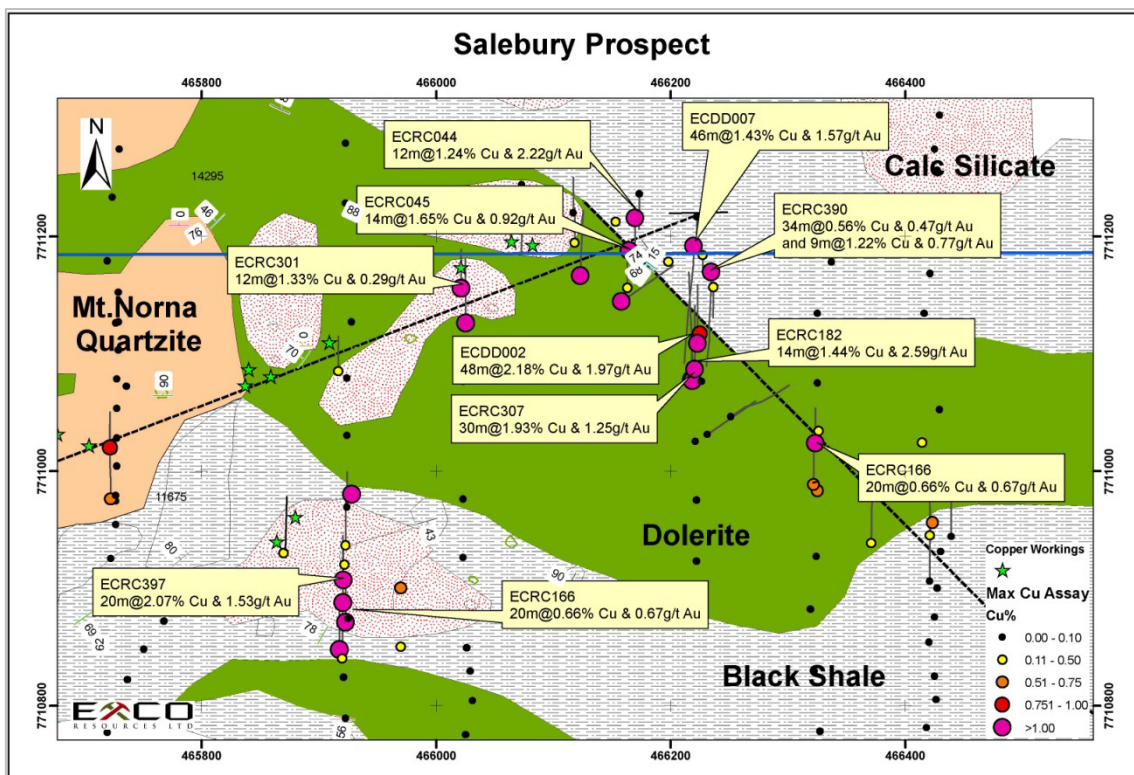


Figure 6 - Drill hole location map showing recent drilling at Salebury

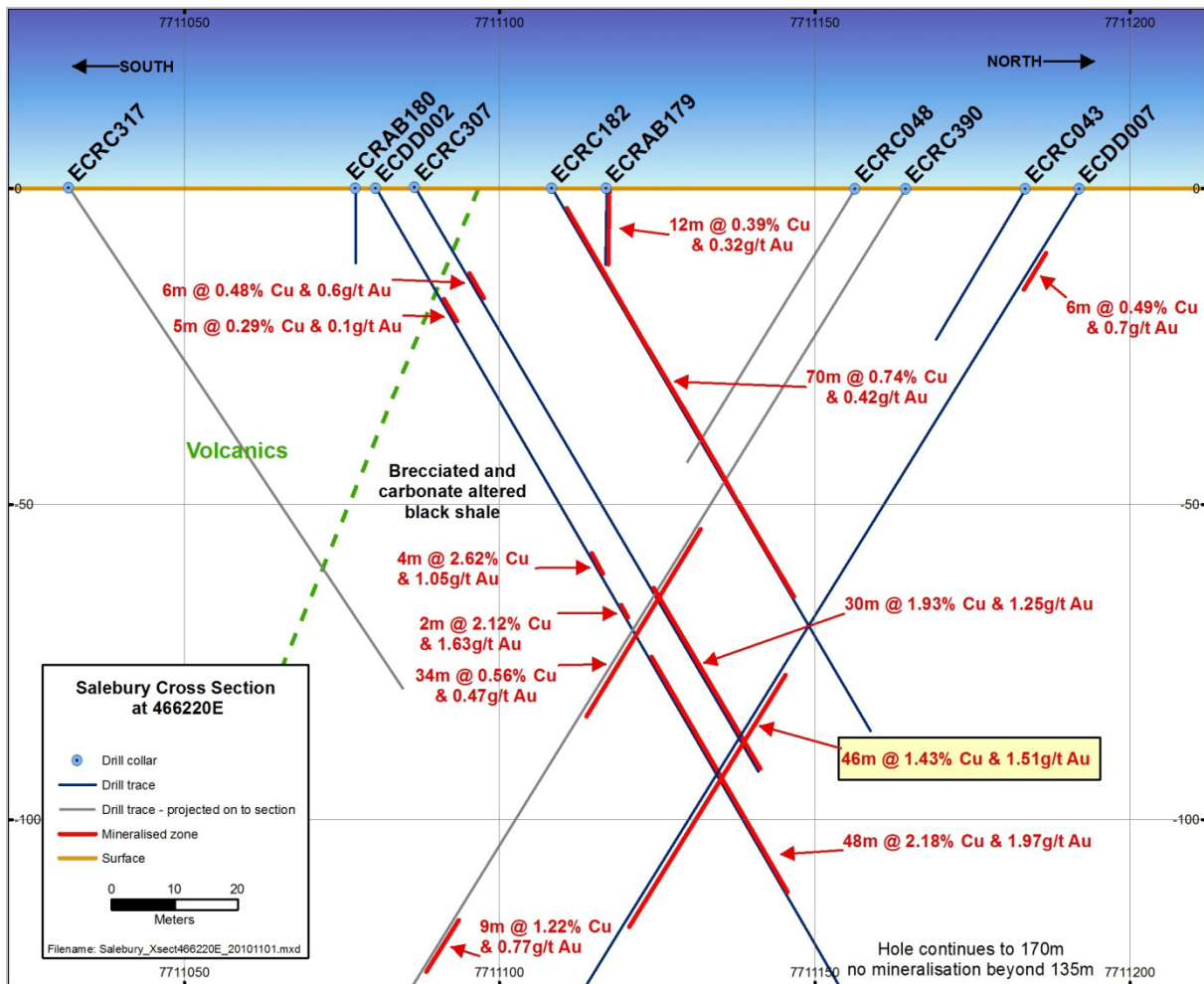


Figure 7: Cross Section showing recent drilling at Salebury Prospect

Canteen

The Canteen-Canteen South prospects are located 50km SE of Cloncurry on EPM15923, near the fold axis of the Weatherly Creek Syncline, and are hosted by Toole Creek Volcanics proximal to the Mt Norna Quartzite and the Saxby granite, an area that the Company considers to be highly prospective for IOCG style Cu-Au-U mineralisation. The historical Mt Freda, Evening Star and Canteen mines, as well as numerous small historic workings, occur in the immediate vicinity.

Previous reconnaissance rock chip sampling by the Company identified highly anomalous uranium (up to 0.29% U₃O₈) and copper values (up to 0.70% Cu). Subsequent wide spaced RC drilling confirmed anomalous Cu and uranium with the following highly encouraging intervals reported;

- **34m at 289ppm U₃O₈** from 10m in hole ECRC108
- **30m at 308ppm U₃O₈** from 20m in hole ECRC150
- **30m at 259ppm U₃O₈** from 46m in hole ECRC155

Pumpkin Gully

The Pumpkin Gully prospect is located 15km east of Cloncurry, on EPM14295. The area was highlighted by a strong discrete magnetic and coincident radiometric anomaly, which is situated stratigraphically near the basal contact of the Toole Creek Volcanics and on the fold axis of the Pumpkin Gully Syncline. Metasomatic and sedimentary Cu-Au-U bearing ironstones occur as interflow sediments along a strike length of approximately 900m within a sequence of mafic volcanics.

Two phases of RC drilling have been completed by the Company, with significant mineralisation intersected in complexly folded ironstones over a strike length of more than 400m. Best intersections reported to date are;

- **24m at 0.83% Cu and 0.26g/t Au** from 24m in hole ECRC022
- **10m @ 0.67% Cu and 0.32g/t Au** from 20m in hole ECRC298

Crow's Nest – Eaglehawk (Cu-Au)

The Crow's Nest and Eagle Hawk prospects occur within EPM11675 and EPM14429. The prospects are situated within Toole Creek Volcanics on the southern limb of the Pumpkin Gully Syncline. The two prospects are located approximately 800m apart along a NW striking sequence of calc-silicates and black shales that have been intruded by dolerite and are now partially masked with thin transported cover. Historical exploration included shallow RC drilling beneath workings and returned best intersections of:

- **14m at 1.05% Cu and 1.0g/t Au** from 40m in CNRC003 at Crow's Nest.
- **4m@5.69% Cu and 3.29g/t Au** from 35m in EHRC002 at Eagle Hawk.

Fisher Creek (Cu-Au)

The Fisher Creek prospect is located approximately 25km east of Cloncurry on EPM7051. Outcrop at the prospect is poor with Mesozoic cover of up to 30m covering the Proterozoic basement.

The majority of drilling to date has focused on the area of subdued magnetics east of the Mt. Margaret Fault where significant mineralisation has been intersected including;

- **28m @ 3.18% Cu, 2.77g/t Au** from 66m in hole MK035RC
- **24m @ 3.20% Cu and 1.0g/t Au** from 88m in hole MK049RC

Exco plans drill test previously untested conductors and to further investigate a large magnetic anomaly to east of the prospect that previous explorers failed to adequately test.

Fisher Creek West (Cu-Au)

The Fishers Creek West Prospect is situated approximately 4km north west of the Fisher Creek prospect and is associated with a regionally significant magnetic anomaly adjacent to the southern end of the Mt Margaret Fault zone. The Company has completed aircore geochemical drilling and an initial phase of deeper RC holes at the prospect. The RC drill holes intersected strongly magnetite-haematite-K-spar-albite-silica altered amphibolites and metasediments of the Toole Creek Volcanics with best intersection being;

- **20m @ 0.84% Cu and 0.23 g/t Au** in ECRC308.

The Company plans to test this area with further drilling during the second half of 2011.

Tanbah – Tanbah North (Cu-Au)

The Tanbah Cu-Au prospect occurs within metasediments near the contact of a volcanic sequence and near a large magnetic anomaly. The metasedimentary rocks are accompanied by irregularly distributed calc-silicate breccia. The area is characterised by complex folding and widespread oxide copper occurrences at surface, some of which have been subject to small historical excavations.

Initial RC drilling outlined areas of widespread copper and gold mineralisation occurring at the contact between metasediments and calc-silicate breccia, and more generally throughout the meta-sedimentary rocks. The oxidation extends to a depth of approximately 20m below which pyrite and chalcopyrite are present. Significant drill intersections to date include;

- **23m at 1.52% Cu and 0.75g/t Au** from 40m in ECDT341
- **47m at 0.59% Cu and 0.25g/t Au** from 34m in ECDD003
- **202m at 0.32% Cu, 0.32g/t Au and 0.06% Co** from 38m to the end of hole in ECDT345

The occurrence of broad copper intersections and strongly elevated cobalt concentrations in the metasediments, including an interval of 33m at 0.12% Co, supports the Company's belief that the Tanbah prospect has the potential to host an economic Cu-Co-Au deposit.

At Tanbah North, Approximately 1km north of the Tanbah prospect, Exco drilled nine RC holes to test beneath oxide copper associated with sets of quartz veins within an interpreted dolerite sill. The best intercept from this initial programme was;

- **25m at 0.94% Cu and 0.53g/t Au** from 36m to the end of hole in ECRC480

Uncle Tom's (Au)

The Uncle Tom's Prospect is located approximately 15km East of Cloncurry and is an area of historical gold diggings and alluvial workings. Previous interest in the prospect was based on its location in the headwaters of a major alluvial gold occurrence (Pumpkin Gully) and strong gold soil sample assays from the initial work (up to + 19 g/t Au).

The Company drilled nine shallow RC holes in 2010 which returned best intersections of;

- **5m at 4.39g/t Au** from 25m in ECRC489
- **10m at 6.48g/t Au** from surface in ECRC490
- **4m at 3.39g/t Au** from 49m in ECRC495

The Company are currently undertaking a detailed SAM ground magnetic survey over the area to better understand the structural controls at Uncle Toms.

Marimo Prospect (Cu ±Au)

The Marimo prospect is located 15km west of Cloncurry on EPM15740. Oxide copper mineralisation, previously exploited from a series of small open pits, is hosted by sheared black shales and reconnaissance RAB drilling has confirmed the continuity of near surface mineralisation. Several zones of oxide mineralisation occur sporadically over approximately 1km of strike.

Seven RAB holes were drilled with the best results reported of;

- **16m at 1.98% Cu** from surface in hole EMRRB004
- **10m at 1.66% Cu** from surface in hole EMRRB004

The Company plans to test the sulphide zone at Marimo with deeper RC drilling.

PROSPECTS

Numerous other prospects occur within the Cloncurry project and these have had various degrees of historical exploration including some drilling. The Company is currently reviewing these in order to develop a programme to upgrade them where possible, and determine any resource potential.

The Bosca Prospects (Cu-Au)

The Bosca West and Bosca South Prospects are situated on the eastern limb of the Weatherly Creek Syncline, and are hosted within the Toole Creek Volcanics. Copper-gold mineralisation has historically been mined from quartz veins along the contact between amphibolite and metasediments, and from metasomatic ironstones replacing calcareous sediments. No systematic modern exploration has been completed at the prospects.

Camel Hill (Pb-Zn)

The Camel Hill prospect is located approximately 20 km SE of Cloncurry on EPM15923. Mineralisation has been traced in soil geochemistry along a NW trend for 3.7km and may extend up to 5km.

Mineralisation is generally vein related and occurs within carbonate altered, garnet bearing amphibolite. Historical drilling has returned best results as follows;

- **20m at 2.49% Zn and 0.12% Pb** from 60m in CMH002
- **6m at 2.85% Zn and 0.80% Pb** from 90m in CMH006
- **2.5m at 5.17% Zn** from 125.5m in CMH007

Chumvale South (Cu-Au)

The Chumvale South Prospect is located 10km west of Cloncurry on EPM15740, to the southeast of Cudoco's Cu-Co-Au 'Rocklands Project' and adjacent to parts of GBM Resources 'Brightlands Project'. The Company has completed ground magnetics, wide spaced aircore geochemical drilling that identified a 1200m long magnetic trend coincident with anomalous copper concentrations. Four shallow RC holes targeting one part of this anomaly intersected low grade copper in carbonate altered metavolcanics with magnetite and chalcopyrite. The Company has planned further drilling to test along the length of the magnetic anomaly.

Elma and Elma West Prospects (Cu-Au)

The Elma and Elma West prospects are located 35km SE of Cloncurry on EPM15923. The prospects are situated approximately 800m apart on separate N-S striking faults zones within the Toole Creek Volcanics, on the eastern limb of the Weatherly Creek Syncline. Historical workings have exploited Cu-Au mineralisation hosted by gossanous quartz-carbonate veins within silica-carbonate altered metasediments, that have been intruded by felsic dykes. No systematic modern exploration has been undertaken at the prospect.

Hotrocks

The Hot Rocks Prospect is an outcropping ironstone trend with minor visible copper oxides at surface and elevated uranium concentrations. A 200m strike zone of the outcropping ironstone was tested with shallow RC drilling which confirmed consistent sulphide copper mineralisation averaging approximately 0.50% Cu and 100 ppm U₃O₈ over widths of 6-8m. The ironstone unit can be traced for approximately 2 km to the east of the area drilled to date, but appears to be thin.

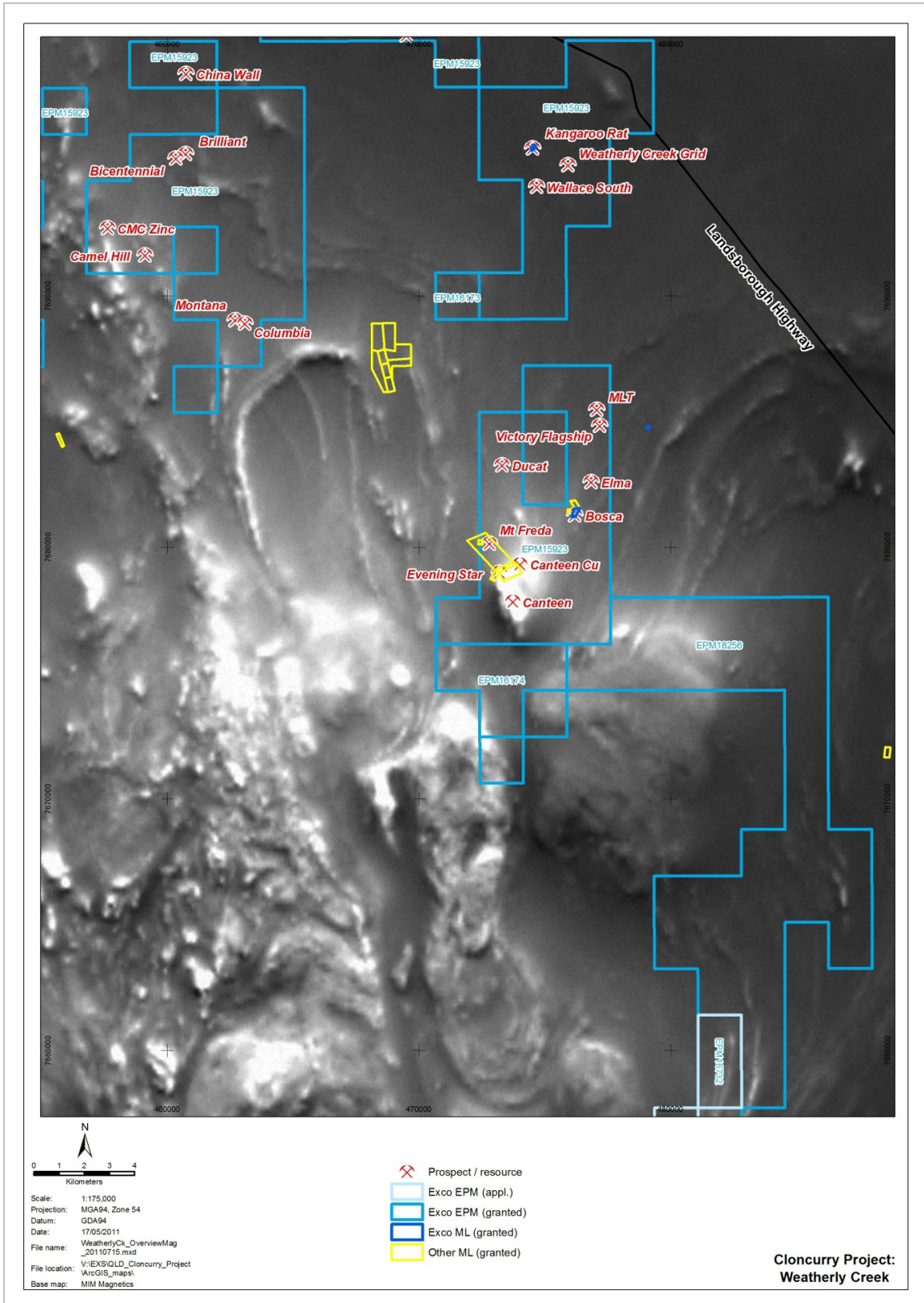


Figure 8 - Location map for Weatherly Creek area

Lomas Creek East (Cu-Au)

The Lomas Creek East Prospect is located within EPM15923 and is situated stratigraphically within the Toole Creek Volcanics, near the contact with the underlying Mt Norna Quartzite. A series of historical pits and small shafts can be traced along two NNW striking mineralised trends for several hundred meters, parallel to the strike of the volcanics and intercalated metasediments. Copper (± gold) mineralisation is hosted by quartz-carbonate veins within an altered dolerite along a black shale contact. The prospect has a coincident magnetic anomaly and drill testing and surface geochemistry are planned.

Columbia-Montana (Cu-Au)

The Columbia historical workings are located 23km SE of Cloncurry on EPM15923, and these exploited malachite, azurite and chalcocite mineralisation hosted within brecciated, gossanous, quartz-carbonate veins. The country rock is a siliceous, pervasively carbonate altered fine grained metasediment. Five historical rock chip samples returned assay values up to 1 g/t Au and 2.65% Cu.

The Montana copper workings are of a similar style to Columbia but occur within a fault zone that is approximately 350m wide. Surface mapping and geochemistry are planned to enable definition of drill targets.

Rock Rat Prospect (Cu-Au)

The Rock Rat Prospect includes two sets of extensive historical copper and gold workings, Brilliant and Bicentennial, approximately 400m apart.

Both sets of workings lie within the same anticlinal structure and appear to exploit the opposing contact between dolerite sills and silicified, highly altered psammites, schists and shales of the Mount Norna Quartzite.

The Bicentennial workings are developed on a series of en echelon gossanous quartz carbonate veins with malachite along an east west strike of approximately 350m, with possible continuations to the west under cover. The Brilliant workings cover a roughly circular area of 150m.

Historical data included rock chip sampling with results up to 6.59 % Cu and 5.59ppm Au from Bicentennial, and 5.59g/t Au and 4.4% Cu from Brilliant. The Company has planned RC drilling for the Rock Rat Prospect to test sulphides/oxide potential along the contact.

Hazel Creek Project

RC drilling has resumed with initial programmes at Turpentine South, Quail Creek N, Eight Mile Creek and Brumby South currently underway.

The Hazel Creek Project is centred approximately 90kms north of Cloncurry and incorporates a large area of prospective land that remains relatively unexplored. Exco has confirmed the prospectivity of the area through the discovery of the Turpentine Deposit (1.84mt @ 1.03% Cu & 0.2 g/t Au), and several key prospects. The Hazel Creek Project covers over 1000km² of highly prospective tenements, the majority of which remain relatively untested.

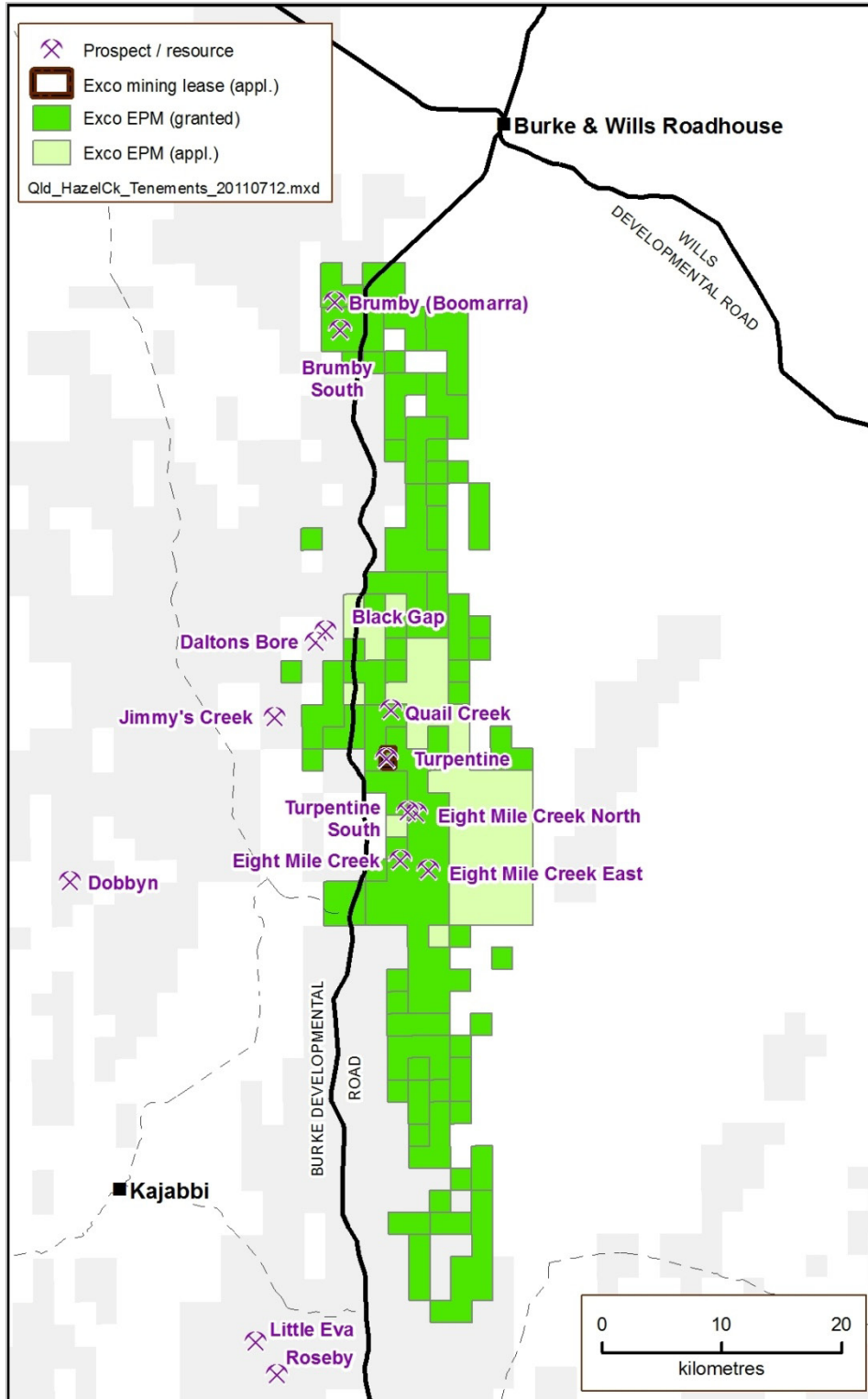


Figure 9 - Location map for Hazel Creek area

Further drilling is planned at the more advanced prospects where potentially ore grade intersections have been reported and these include:

Eight Mile Creek East:

- 41m @ 0.72% Cu & 0.17g/t Au in hole EHDD005
- 18m @ 0.77% Cu & 0.21g/t Au in hole EHDD006
- 48m @ 0.71% Cu & 0.21g/t Au in hole EHDD007
- 54m @ 0.51% Cu & 0.26g/t Au in hole EHRC260

Turpentine Deposit Extensions:

Previous drilling has outlined a steeply dipping zone of mineralisation and deeper drilling in 2010 intersected the mineralised structure well below the current resource, with best results including:

- **11m @ 2.01% Cu & 0.51g/t Au** in hole EHDD003
- **35m @ 0.44% Cu & 0.09g/t Au** in hole EHDD001

Turpentine South:

Drilling in 2010 has located zones of magnetite associated copper-gold mineralisation similar to Eight Mile Creek and Turpentine including:

- **24m @ 1.52% Cu & 0.45 g/t Au** in hole EHRC267

Eight Mile Creek Prospect

Previous drilling in the 1990's intersected 30m @ 0.9% copper and this has yet to be followed up by Exco. Recent SAM surveys have outlined a number of significant magnetic and conductivity anomalies in the immediate area of this historical intersection and these have been prepared for drilling.

Eight Mile Creek North

Historical drilling has intersected chalcopyrite mineralisation with a best intercept of 40m @ 0.9% Cu & 0.1 g/t Au and Exco has prepared a program of follow up drilling to commence soon.

Brumby South Prospect

This area has poor outcrop and best drill results to date are 20m @ 0.78% Cu. Detailed magnetic and limited IP geophysical surveys have outlined further targets in the prospect area.

Numerous other targets and anomalies occur throughout this relatively under explored package which has strong potential for further large scale copper discoveries.

Native Title Clearances and site works are continuing to enable a range of new targets to be tested over the coming months. Geophysical and surface geochemical programmes are also planned in the immediate future.

JOINT VENTURES

Ivanhoe Joint Venture (Exco 20%, Ivanhoe 80%)

Following Ivanhoe's exercise of its option to acquire an 80% interest in the joint venture as reported in the March quarterly report, the first meeting of the joint venture operating committee took place in June.

Exco is now awaiting a work proposal from Ivanhoe to be considered for an agreed forward programme.

In accordance with clause 2.17 of the joint venture agreement, Exco is now required to contribute to project expenses on a pro-rata basis in accordance with its percentage interest (currently being 20%).

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

Return(s) to shareholders

At a General Meeting of the Company on 9 June 2011 a resolution approving the sale of the Cloncurry Copper Project to a subsidiary of Xstrata plc was put to shareholders and was carried on a show of hands.

On 30 June 2011 the company announced that it had completed the sale of the Cloncurry Copper Project to Xstrata for \$175 million.

As noted in the announcement of the General Meeting results on 30th June, the Company intends to return \$135m to shareholders by the 31st October 2011 (or under reasonable circumstances where a delay is experienced, as soon as practicable).

The Company further intends to structure the return to in two parts (subject to agreement from the Australian Tax Office (ATO)), an initial capital return and a subsequent fully franked dividend.

The Company has lodged a submission to seek a class ruling from the ATO regarding the quantum of any capital component of the distributions. When a ruling is received from the ATO, and assuming there is a permitted capital component, the Company will convene a shareholders' meeting to approve the capital reduction.

Any capital reduction will take the form of a cash payment to shareholders. No shares will be cancelled as a result of the reduction

Once shareholders approve the capital reduction the company will then be in a position to declare a fully franked dividend for the balance of the expected \$135 million.

Accordingly the Company is not yet in a position to indicate the timing of distribution(s) however it is still confident that it will achieve its intention of returning the \$135 million to shareholders prior to 31 October 2011.

As ever, the Company advises all its shareholders that comments made on behalf of the Company relating to investment and tax are of a general nature and that shareholders should seek professional advice tailored to their own individual circumstances before pursuing any course of action.

Post the return(s) to shareholders the Company will remain in a strong position to achieve its immediate corporate, exploration and project development objectives across the project portfolio.

Share Holdings

On 5 May 2011 the company advised that 1,650,000 options at 27.3 cents had been exercised raising a total of \$450,040. In addition the company had issued 400,000 shares as payment of fees in relation to consultancy services received in respect of the White Dam Gold Project.

At 25 July 2011 the top 20 Shareholders of Exco were as follows:

	Current Units	Percentage
1 Ivanhoe Australia Limited	79,288,632	22.75
2 WH Soul Pattison & Co Ltd	25,847,365	7.42
3 JP Morgan Chase & Co (UK) Ltd	24,950,000	7.16
4 JP Morgan Nominees Australia Ltd	24,910,986	7.15
5 Mr Alasdair Cooke	17,224,988	4.94
6 Aus Ore Investments Pty Ltd	10,900,685	3.13
7 National Nominees Ltd	9,082,730	2.61
8 HSBC Custody Nominees	6,741,392	1.93
9 Mr Geoffrey Rol	3,989,048	1.14
10 Citicorp Nominees Pty Ltd	3,092,613	0.89
11 Dale Park Pty Ltd	3,080,000	0.88
12 National Health Recovery Agents Pty Ltd	3,020,000	0.87
13 Burls Holdings Pty Ltd	2,786,215	0.80
14 Mr Bruce McLarty	2,200,000	0.63
15 Klip Pty Ltd	2,135,000	0.61
16 Kinar Pty Ltd	1,905,500	0.55
17 Mr Michael Anderson	1,750,000	0.50
18 The Trust Company (Superannuation) Ltd	1,505,040	0.43
19 Shorlane Pty Ltd	1,451,813	0.42
20 Eastern Goldfields Exploration	1,355,000	0.39
Top 20 Total	227,217,007	65.19

Board structure

In its announcement on 3 June 2011, the Company stated that it had conducted a review of its board structure in light of the latest corporate governance practices. Following this review, the board has determined to source and appoint an additional independent non-executive director to the board in the near future.

*On behalf of the Board of
Exco Resources Ltd*



Michael Anderson
Managing Director

Media Enquiries:

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Tel: (08) 9388 0944

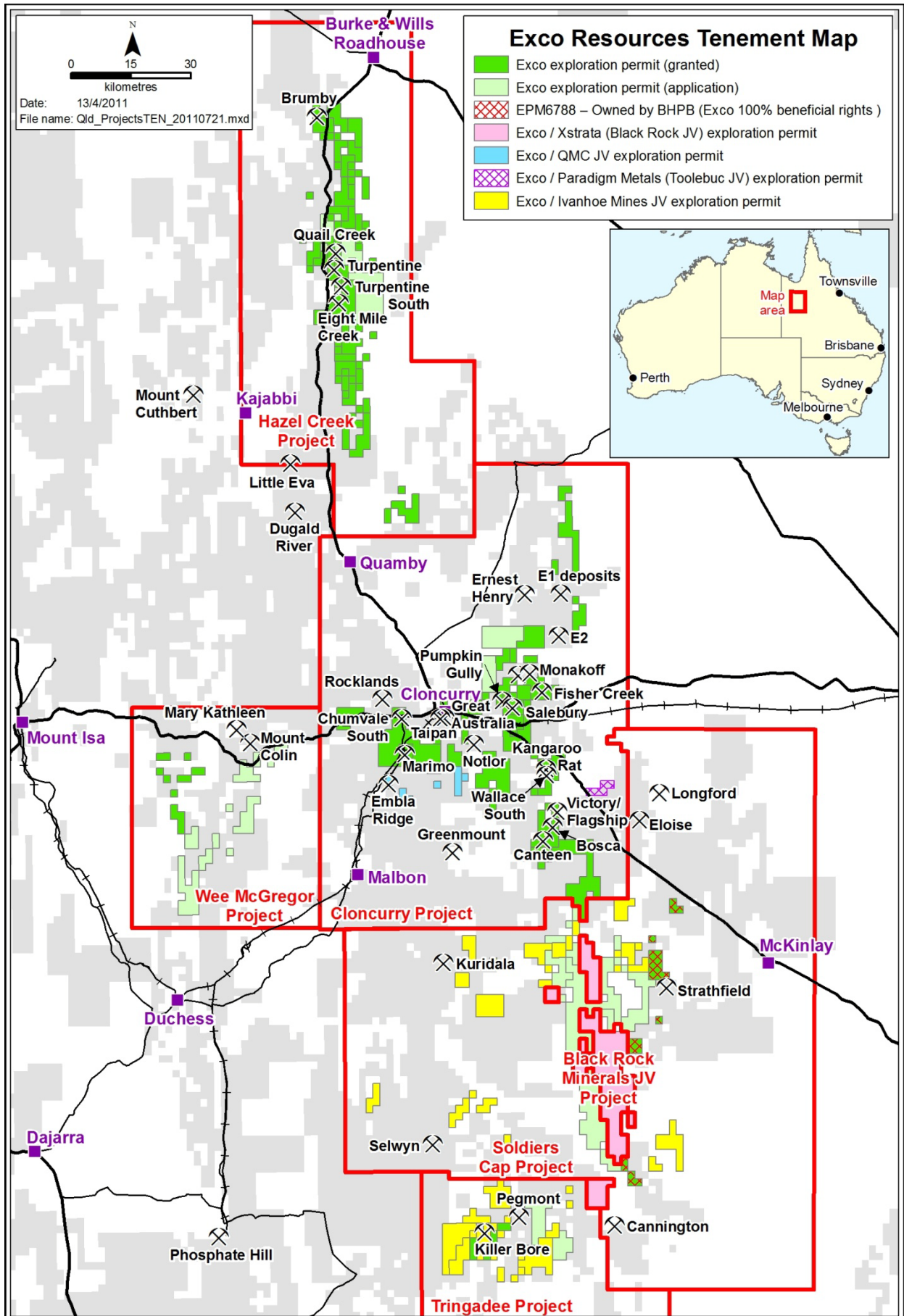


Figure 10: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

TABLE 1: EXCO RESOURCES – NW QUEENSLAND Cu-Au RESOURCE SUMMARY						
Deposit	Class	Tonnes	Grade		Metal	
			Cu%	Au g/t	Cu T	Au Oz
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		2,200,000	1.54	0.13	33,000	9,000
Mt Colin ⁽¹⁾	Indicated**	620,000	3.14	-	19,500	-
	Inferred**	870,000	2.00	-	17,500	-
TOTAL**		1,490,000	2.47	-	37,000	-
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		1,842,000	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
TOTAL		9.1Mt	1.47	0.47	117,400	116,000

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.

** Mt Colin resource cut-off = 1.25% Cu.

*** Wallace South resource cut-off = 0.5g/t

TABLE 2: WHITE DAM PROJECT OK RESOURCE ESTIMATE										
Deposit	Material	Indicated			Inferred			Total		
		kts	g/t Au	koz Au	kts	g/t Au	koz Au	kts	g/t Au	koz Au
White Dam	Oxide	1,183	1.00	38.0	101	0.73	2.4	1,284	0.98	40.4
	Fresh	325	1.00	10.4	1,952	0.89	55.7	2,277	0.90	66.2
Sub-Total		1,508	1.00	48.5	2,054	0.88	58.1	3,562	0.93	106.6
Vertigo	Oxide	1,008	1.10	35.6	212	1.56	10.6	1,220	1.18	46.2
	Fresh	703	0.73	16.5	526	1.15	19.4	1,229	0.91	35.9
Sub-Total		1,220	1.18	46.2	1,229	1.26	35.9	2,449	1.04	82.1
PROJECT TOTAL		3,219	0.97	100.6	2,792	0.98	88.1	6,011	0.98	188.7

Notes Discrepancies in totals are as result of rounding.

White Dam resource (which is depleted to June 2011) was re-estimated in October 2010 with a cut off grade of 0.3g/t.

Vertigo was re-estimated in January 2011 with a cut off grade of 0.4 g/t.

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 Chief Geologist Stephen Konecny and Exco's Resource Manager Ms Christine Shore who are members of The Australasian Institute of Mining and Metallurgy. Both Mr Konecny and Ms Shore have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 and Ms Shore consent to the inclusion of the data in the form and context in which it appears.

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 June 2011

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	22,560	84,241
1.2	Payments for		
	(a) exploration and evaluation	(1,755)	(8,506)
	(b) development	(37)	(1,075)
	(c) production	(7,211)	(27,540)
	(d) administration	(720)	(4,749)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	533	1,023
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Refunds/(Payments of security deposits)		340
	Net Operating Cash Flows	13,370	43,734
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(e) prospects	-	-
	(f) equity investments	-	(25)
	(g) other fixed assets	(182)	(196)
1.9	Proceeds from sale of:		
	(a) prospects	175,000	175,000
	(b) equity investments	-	-
	(c) other fixed assets	115	117
1.10	Loans to other entities	-	-
1.11	Refunds/(Payments) of security deposits	(15)	(73)
1.12	Other	-	-
	Net investing cash flows	174,918	174,823
1.13	Total operating and investing cash flows (carried forward)	188,288	218,557

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (carried forward)	188,288	218,557
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	451	5,754
1.15	Fund Raising Costs	(3)	(332)
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(9,534)
1.18	Dividends paid	-	-
1.19	Other – gold call option payment	-	-
Net financing cash flows		448	(4,112)
Net increase (decrease) in cash held		188,736	214,445
1.20	Cash at beginning of quarter/year to date	35,795	10,086
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	224,531	224,531

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	361
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	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	7,800
4.2	Development	250
4.3	Production *	3,000
4.4	Administration	800
Total		11,850

* 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	29,938	6,162
5.2 Deposits at call	194,593	29,633
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	224,351	35,795

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	ML 90157	Direct	100%	0%
		ML 7122	Direct	100%	0%
		MLA 90198	Direct	100%	0%
		MLA 90199	Direct	100%	0%
		MLA 90200	Direct	100%	0%
		MLA 90201	Direct	100%	0%
		EPM 7085	Direct	100%	0%
		EPM 8609	Direct	100%	0%
		EPM 14201	Direct	100%	0%
		EPMA 18038	Direct	100%	0%
		EPM 15412	Direct	100%	0%
6.2	Interests in mining tenements acquired or increased	EPM 18128	Direct	0%	100%
		EPM 16199	Direct	0%	100%
		EPM 17787	Direct	0%	100%
		EPM 18122	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	348,544,187	348,544,187		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,650,000 400,000	1,650,000 400,000	27.3 cents 61.1 cents	27.3 cents 61.1 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>	7,500,000	7,500,000	Exercise Price 40 cents (1.5m) 40 cents (1.5m) 28 cents (4.5m)	Expiry Date 30 August 2011 31 August 2012 10 September 2012
7.8 Issued during quarter				
7.9 Exercised during quarter	1,650,000	1,650,000		
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: 29 July 2011

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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+ See chapter 19 for defined terms.