

12th November 2010

Market Release (via electronic lodgement)

HAZEL CREEK EXPLORATION UPDATE

DRILLING CONFIRMS IOCG POTENTIAL AT A NUMBER OF PRIORITY PROSPECTS

Eight Mile Creek East

- EHDD005 intersected **41m @ 0.72% Cu & 0.17g/t Au incl 9m @ 1.54% Cu & 0.31g/t Au.**
- EHDD006 intersected **18m @ 0.77% Cu & 0.21g/t Au** in pre-collar.
- EHDD007 intersected **48m @ 0.71% Cu & 0.21g/t Au.**
- EHRC260 intersected **54m @ 0.51% Cu & 0.26g/t Au incl 30m @ 0.70% Cu & 0.36g/t Au**
- Mineralisation occurs as coarse grained chalcopyrite with associated magnetite. The area has no outcrop, but significant magnetic anomalies require further drilling. Grades are similar to Exco's E1 Camp of deposits, and the drilled widths suggest significant tonnage potential.

Turpentine Deposit Extensions

- EHDD003 intersected **11m @ 2.01% Cu & 0.51g/t Au incl 3m @ 5.11% Cu & 1.35g/t Au.**
- EHDD001 intersected **35m @ 0.44% Cu & 0.09g/t Au incl 7m @ 1.29% Cu & 0.35g/t Au.**

Turpentine South

- RC drilling has intersected similar style chalcopyrite mineralisation. Results are expected soon.

Other Targets

- Drilling is scheduled to test a number of high priority targets including a strong coincident magnetic/conductivity anomaly at Quail Creek, and follow-up to previous successful drilling at the Brumby Prospect. Results will be released over the coming months when available.

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 area hosts a number of copper-gold prospects under relatively thin cover (0-50m). Only limited drilling has been completed to date, and the style of mineralisation appears similar to Iron Oxide Copper Gold (IOCG) mineralisation elsewhere in the district. Previous drilling in the Eight Mile Creek and Turpentine South areas was guided by relatively wide spaced airborne magnetic data and intersected copper-gold mineralisation at a number of localities.

Recent SAM data collected in 2009/10 has enhanced the magnetic anomalies 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.

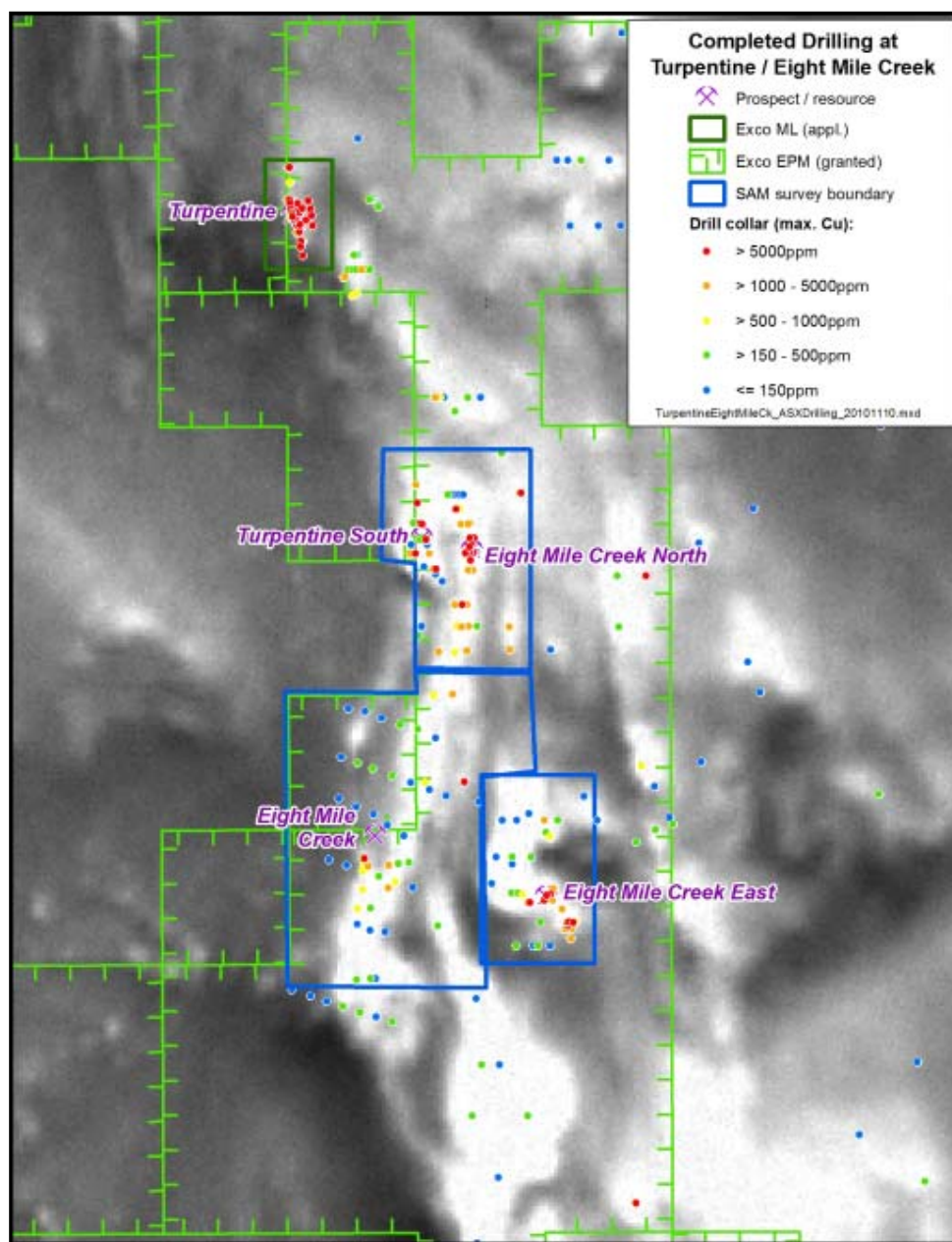


Figure 2: Total Magnetic Intensity image.

Distance between Turpentine and Eight Mile Creek is approximately 10km

Eight Mile Creek East (EMCE)

An initial phase of diamond drilling has been completed at EMCE with all three holes intersecting significant mineralisation over broad zones. The mineralisation is relatively low grade; however, like other IOCG-style mineralisation offers significant bulk tonnage potential. Mineralogy is simple and coarse grained with multi element analysis suggesting a lack of deleterious elements. The coarse grained nature of the sulphides is expected to translate into good metallurgical performance (i.e., good recoveries and clean concentrate), as is the case for Exco's nearby Turpentine Deposit.



Figure 3: Coarse chalcopyrite-magnetite mineralisation within brecciated red altered metamorphic rock

- EHDD005 intersected **41m @ 0.72% Cu & 0.17 g/t Au incl 9m @ 1.54% Cu & 0.31 g/t Au.**
- EHDD006 intersected **18m @ 0.77% Cu & 0.21 g/t Au** in pre-collar and appears to have only clipped the top of the mineralised zone.
- EHDD007 intersected **48m @ 0.71% Cu & 0.21 g/t Au.**
- EHRC260 intersected **54m @ 0.51% Cu & 0.26 g/t Au incl 30m @ 0.70% Cu & 0.36 g/t Au** (results from 6m composite RC samples).

Further diamond and RC drilling follow-up is in progress and these holes will confirm continuity and geometry of the mineralisation. Results, including cross sections, will be provided once these holes have been completed and assayed. The mineralised host sequence appears to be steeply dipping and there may be more than one mineralised body.

Figure 4 shows the location of drill holes on the SAM magnetic background image. The image suggests the strongest parts of the magnetic anomalies in this immediate area are yet to be fully tested.

Turpentine Deposit Extensions

The Turpentine Cu-Au mineralisation was discovered by Exco in mid 2000, the initial target being a magnetic anomaly with a relatively weak coincident electromagnetic anomaly. Drilling has outlined a steeply dipping zone of mineralisation with coarse grained chalcopyrite, associated with magnetite.

The deposit has an average overburden thickness of approximately 1 metre. Exco calculated an initial resource of 1.84 Mt @ 1.03% Cu & 0.2 g/t Au from drilling centred on a 200m strike extent of the magnetic anomaly. The deposit varies in thickness (average thickness is approximately 15m) and has been drilled to approximately 150m from surface. The drilling reported here is an initial programme to determine depth continuity and potential for higher grades continuing at depth.

All holes intersected relatively wide zones of the mineralised structure with some higher grade portions as listed below.

- EHDD003 intersected **11m @ 2.01% Cu & 0.51g/t Au incl 3m @ 5.11% Cu & 1.35g/t Au.**
- EHDD001 intersected **35m @ 0.44% Cu & 0.09g/t Au incl 7m @ 1.29% Cu & 0.35g/t Au.**

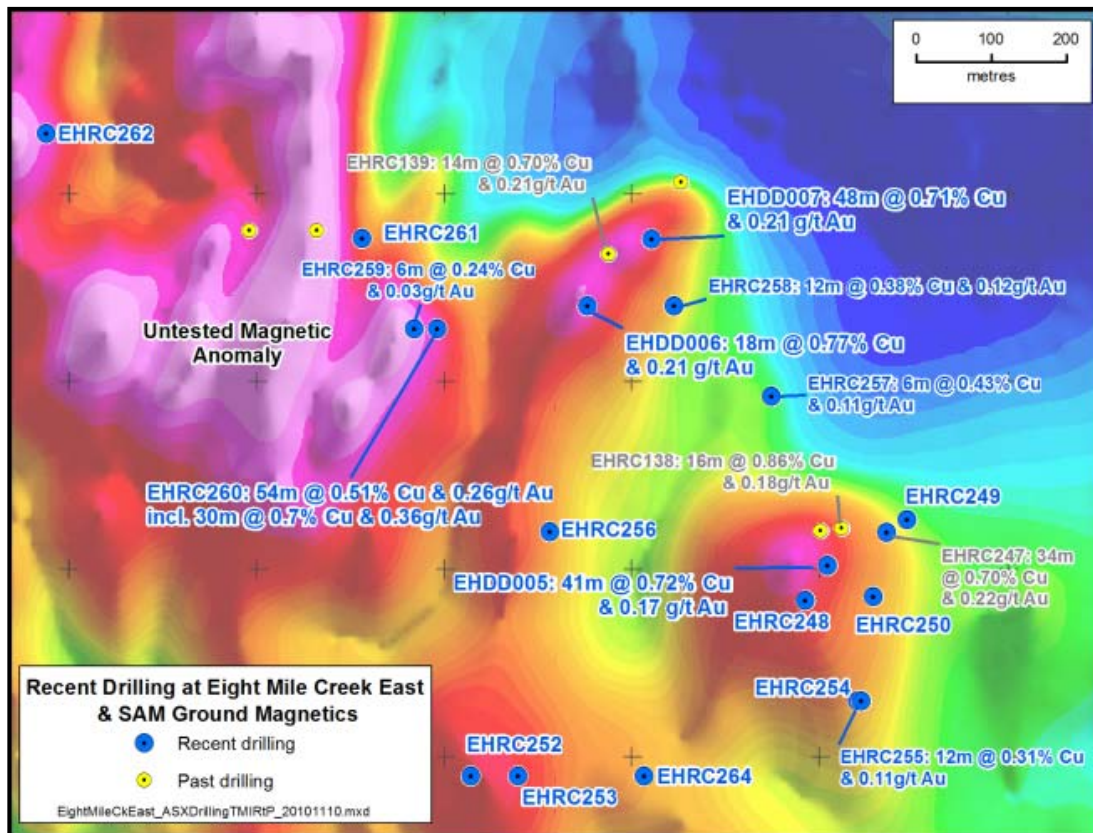


Figure 4: Eight Mile Creek East - Location of drill holes

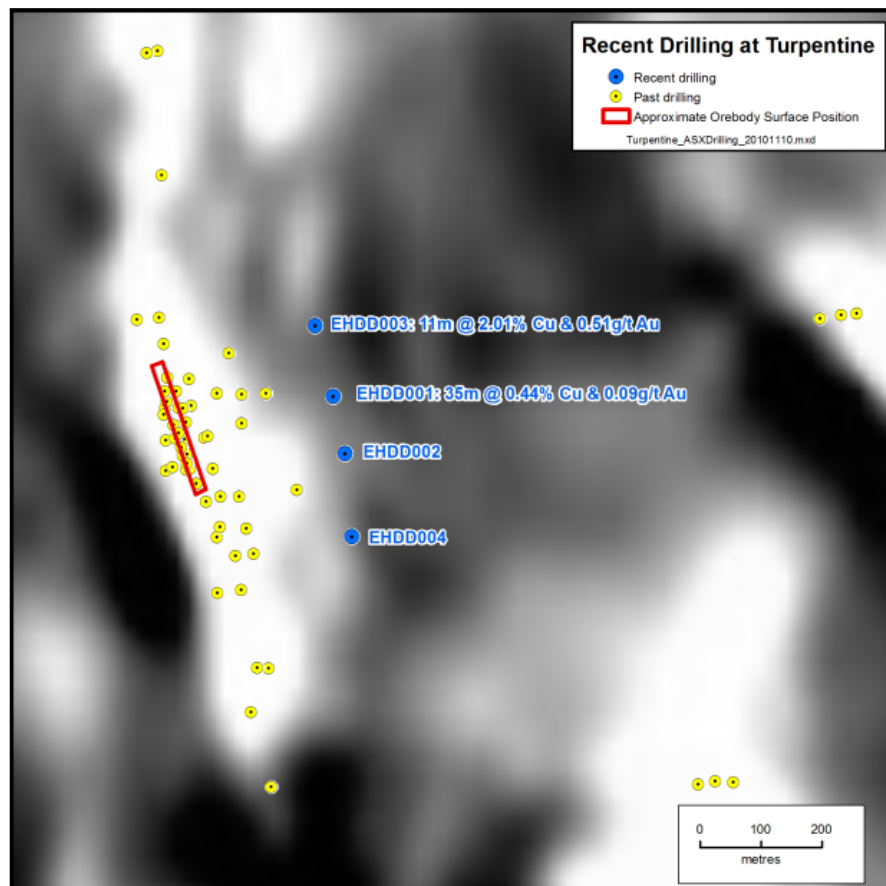


Figure 5: Location of drill holes at Turpentine

Further drilling will be required between these holes and the current Turpentine resource, as well as along strike, where the magnetic anomaly has not been extensively drilled (see **Figure 5** for location of the deposit on magnetic background image).

See **Table 2** for full results of all holes and **Table 3** for drill-hole collars.

Turpentine South

RC drilling is in progress at Turpentine South where previous drilling has located zones of magnetite associated copper-gold mineralisation, similar to that at the Eight Mile Creek Prospect and the Turpentine Deposit. Chalcopyrite-magnetite mineralisation has been observed and results will be reported when they are received from the laboratory.

On behalf of the Board of Exco Resources Ltd

For further information contact:

Michael Anderson
Exco Resources Ltd
Managing Director
Phone +61 (0)8 9211 2000

Media Enquiries
James Harris
Professional Public Relations
Phone +61 (0)8 9388 0944

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.

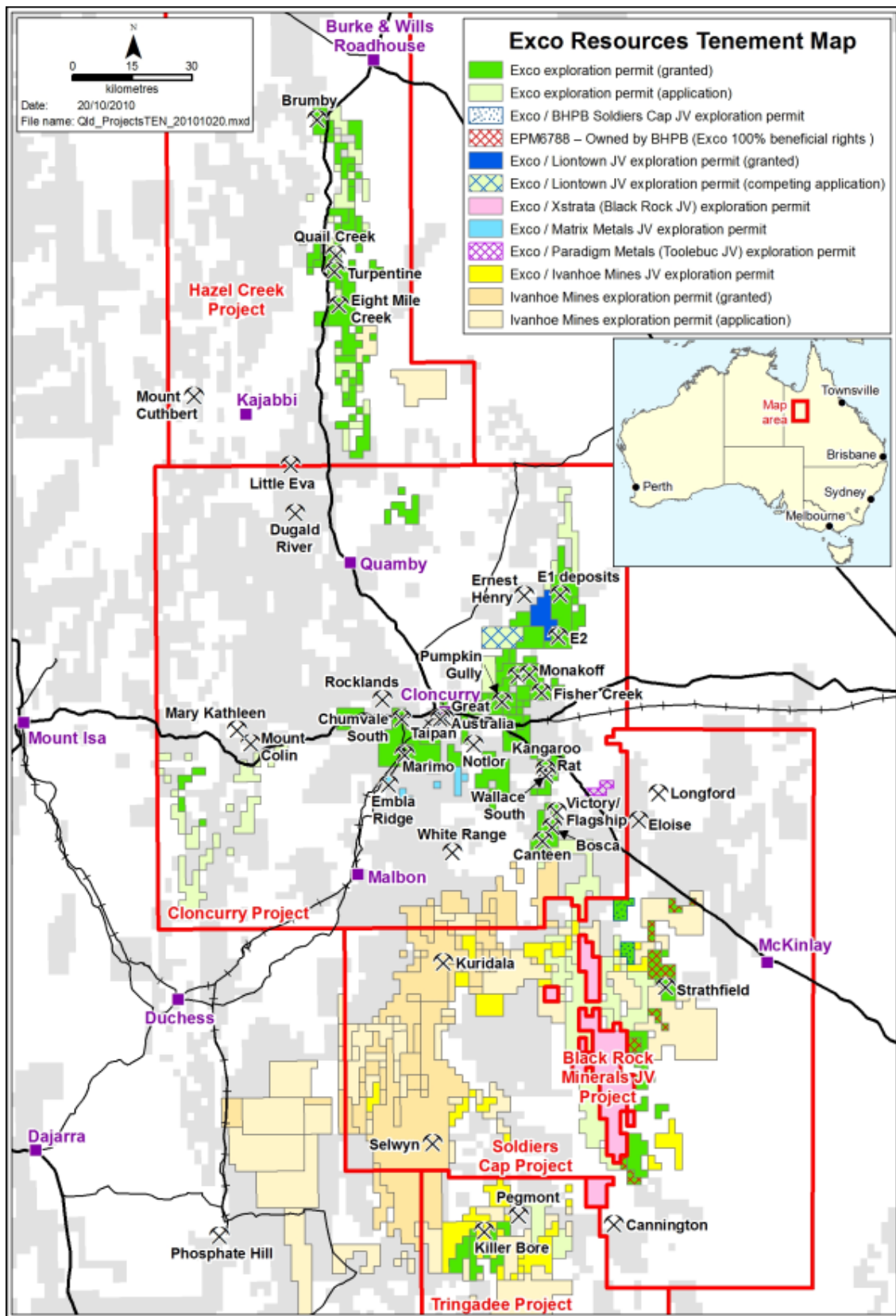


Figure 1: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

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: HAZEL CREEK NEW RESULTS - NOVEMBER 2010						
Hole	From (m)	To (m)	width (m)	Cu %	Au g/t	
Turpentine						
EHDD001	280	315	35	0.44	0.09	
EHDD001	280	284	4	0.59	0.03	
EHDD001	289	315	26	0.50	0.11	
including	294	301	7	1.29	0.35	
EHDD001	343	347	4	0.70	0.1	
EHDD002	288	318	30	0.26	0.06	
including	288	291	3	0.41	0.04	
EHDD003	48	54	6	0.24	0.03	
EHDD003	66	72	6	0.14	0.04	
EHDD003	277	288	11	2.01	0.51	
including	277	280	3	5.11	1.35	
EHDD003	284	288	4	1.45	0.35	
EHDD004	269	271	2	2.12	0.83	
EHDD004	281	295	14	0.52	0.04	
EHDD004	307	322	15	0.38	0.04	
Eight Mile Creek East						
Diamond Drilling						
EHDD005	67	108	41	0.72	0.17	
including	99	108	9	1.54	0.31	
EHDD006	36	54	18	0.77	0.21	Hole clipped mineralisation in precollar
EHDD006	72	74	2	0.45	0	
EHDD007	44	92	48	0.71	0.21	
	105	108	3	1.19	0.47	
Reverse Circulation (RC) Drilling (6m composite assays)						
EHRC255	60	72	12	0.31	0.11	
EHRC256						no significant results
EHRC257	84	90	6	0.43	0.11	
EHRC258	66	78	12	0.38	0.12	
EHRC259	30	36	6	0.24	0.03	
EHRC260	30	84	54	0.51	0.26	
including	30	60	30	0.70	0.36	
EHRC261						anomalous Cu maximum 536ppm
EHRC262						no significant results

TABLE 3: HAZEL CREEK DRILL COLLARS - NOVEMBER 2010							
Hole_ID	Depth	Hole_Type	Grid_ID	Northing	Easting	Dip	Azimuth (magnetic)
EHDD001	381.7	DDH	MGA94_54	7821007	421854	-55	264
EHDD002	423.6	DDH	MGA94_54	7820913	421873	-55	264
EHDD003	360.7	DDH	MGA94_54	7821123	421824	-55	264
EHDD004	372.5	DDH	MGA94_54	7820777	421884	-55	264
EHDD005	186.4	DDH	MGA94_54	7811180	425383	-60	264
EHDD006	150.5	DDH	MGA94_54	7811525	425063	-60	264
EHDD007	129.3	DDH	MGA94_54	7811614	425148	-60	264
EHRC251	138	RC	MGA94_54	7810900	424673	-60	264
EHRC252	120	RC	MGA94_54	7810900	424908	-60	264
EHRC253	120	RC	MGA94_54	7810900	424971	-60	264
EHRC254	126	RC	MGA94_54	7811000	425423	-60	264
EHRC255	132	RC	MGA94_54	7811000	425428	-60	264
EHRC256	120	RC	MGA94_54	7811225	425013	-60	264
EHRC257	120	RC	MGA94_54	7811405	425308	-60	264
EHRC258	114	RC	MGA94_54	7811525	425178	-60	264
EHRC259	96	RC	MGA94_54	7811495	424833	-60	264
EHRC260	150	RC	MGA94_54	7811495	424863	-60	264
EHRC261	150	RC	MGA94_54	7811615	424763	-60	264
EHRC262	102	RC	MGA94_54	7811755	424343	-60	264

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 and is on track to repay its debt by December 2010 (more than 6 months ahead of schedule). 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