

# Quarterly Report

For the three months ending 31 March 2011



## Exco Crystallises Value of the Cloncurry Copper Project

### White Dam Project Continues to Outperform Expectations

ASX Code: EXS

Shares on Issue  
346,494,187

Unlisted Options  
9,150,000

Current Share Price  
\$0.66

Market Capitalisation  
\$228.7m (undiluted)

Cash at 31 March 2011  
\$35.8m

**DIRECTORS**  
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### Cloncurry Copper Project (CCP), NW Queensland

- **Xstrata to acquire the CCP for \$175 million:** On 20 April 2011 the Company announced that it had entered into an agreement with Xstrata Copper for the sale of certain tenements of the Cloncurry Copper Project (CCP).
- **Well funded 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, such as the highly prospective Hazel Creek Project, and to actively seek appropriate asset acquisition opportunities.
- **Distribution to shareholders:** The board of Exco has indicated its intention to distribute up to \$100m of surplus funds to shareholders, after providing for exploration and business development budgets.
- **Conditions Precedent:** The proposed transaction is subject to conditions precedent, including Exco shareholders approving the transaction and the eligible directors of Exco unanimously recommending that Exco shareholders approve the proposal.

### White Dam Gold Project, South Australia

- **Gold production again ahead of expectations:** JV production (100%) for the quarter was a record 25,237 ounces, up ~10% from the previous quarter, and again ahead of expectations.
- **Substantial cash flows:** Exco enjoyed net cash flows from White Dam of \$24.4m for the quarter. Exco's gold sales, from inception to 31 March 2011, have been at an average price of A\$1,383/oz.
- **Near mine exploration & resource development:** A drill programme was undertaken at the new Rolling and Valley prospects with some encouraging results that will be followed up in the next quarter, as efforts continue to extend the life of the project.

### Exploration Activities - NW Queensland

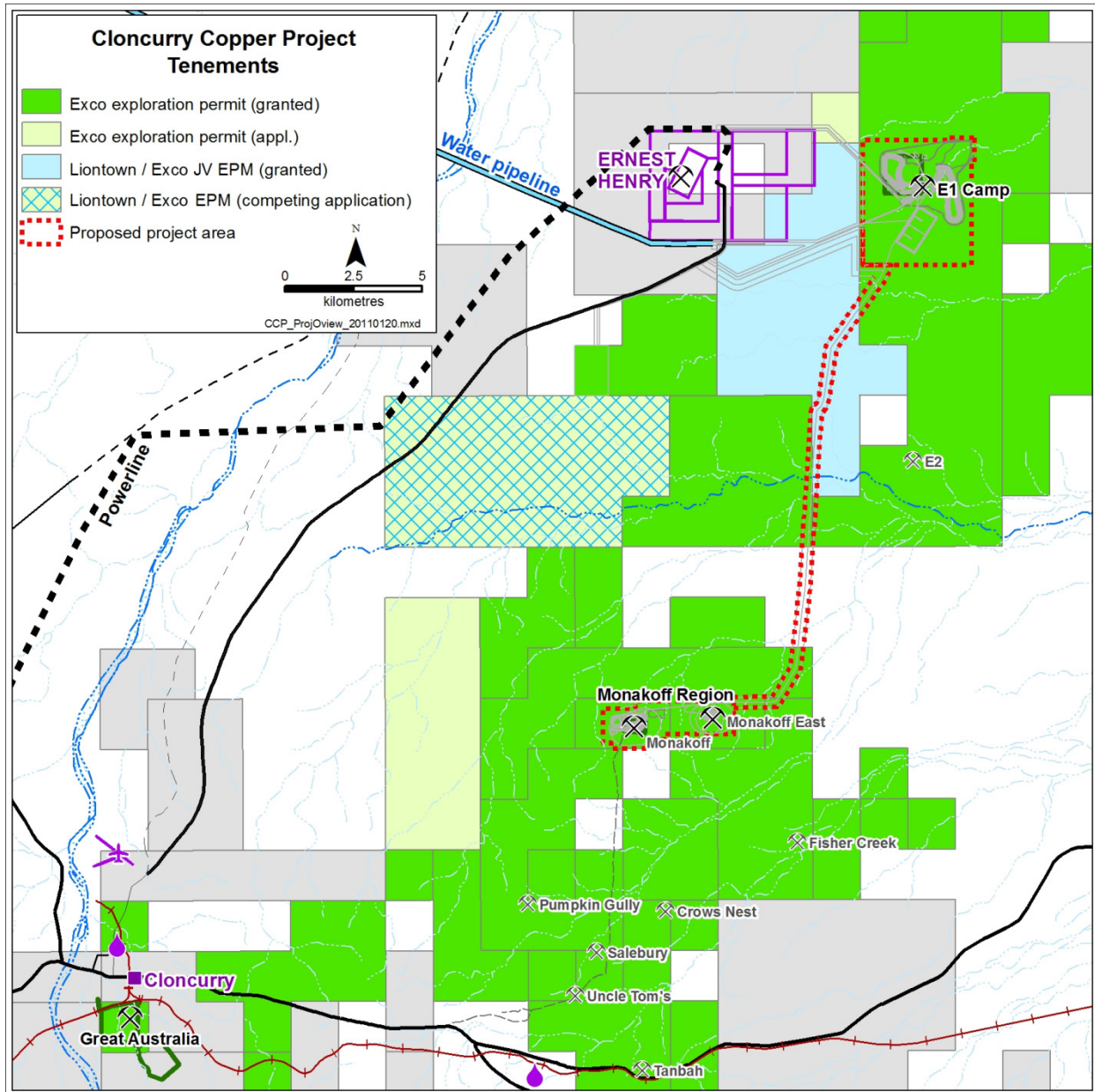
- **Final 2010 results:** Encouraging results include **25m @ 0.94% Cu 0.53 g/t Au** at Tanbah North and **10m @ 6.84 g/t Au** from surface at the Uncle Toms Prospect.
- **2011 programmes about to commence:** Site preparation is currently underway to enable follow up drilling across a number of high priority targets within both the CCP and Hazel Creek Project areas.

### Corporate

- **Record cash position:** Exco's cash balances rose significantly during the period. Cash on hand at 31 March was A\$35.8m, placing the Company in an extremely strong position, ahead of concluding the proposed sale of the CCP.
- **Royalty arrangements:** In March, CopperChem Limited advised that mining of oxide ores from Exco's wholly owned Mt Colin deposit had been completed. Exco is entitled to a royalty and payment of A\$117,000. In addition, CopperChem has advised Exco that it has commenced mining at the Great Australia Mine. Exco is entitled to a royalty on 1.7 million tonnes of sulphide ore contained within the Great Australia resource. Based on prevailing LME Cu prices this royalty is estimated to be in the order of A\$19 to A\$20 per tonne of ore mined.

## CLONCURRY COPPER PROJECT, NW QUEENSLAND (Exco 100%)

The Cloncurry Copper Project, located approximately 40km north east of the town of Cloncurry (see **Figures 1 & 11**), 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.



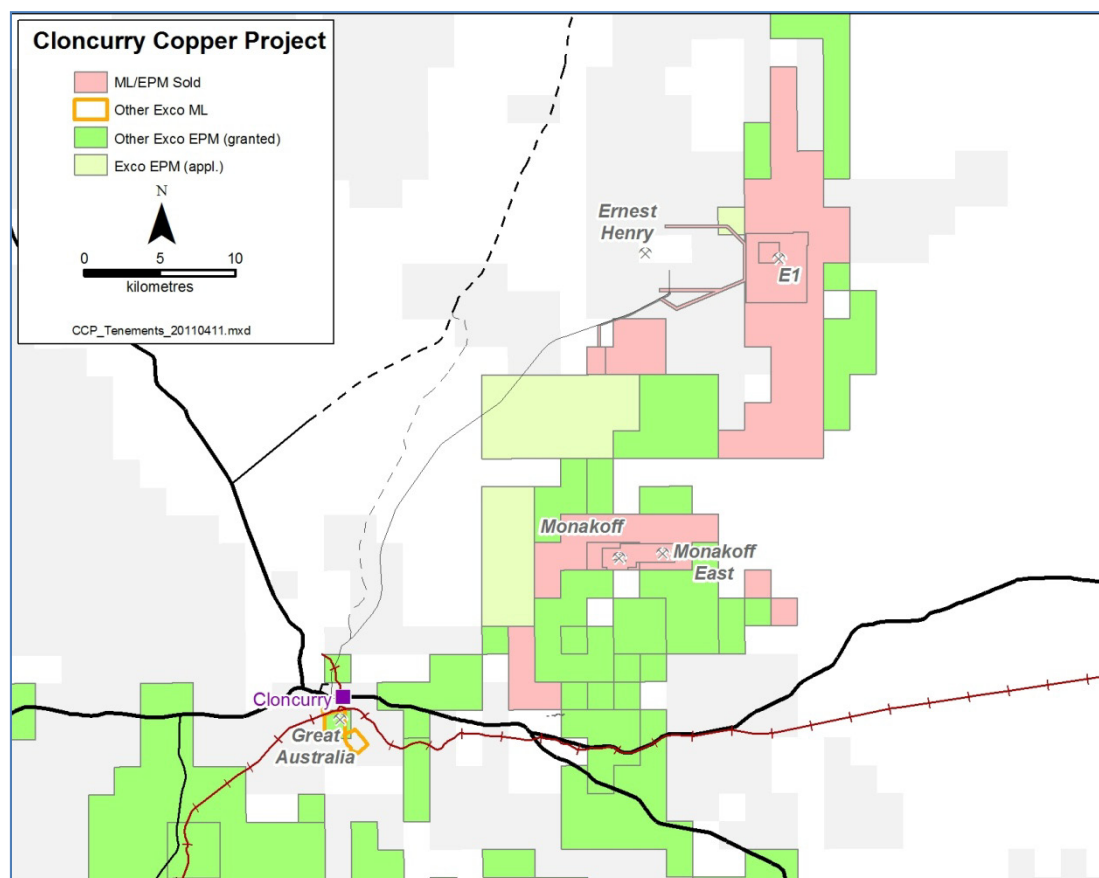
**Figure 1:** CCP location map showing key tenements, deposits and proposed infrastructure.

### Xstrata to acquire the CCP for \$175 million

On 20 April 2011 the Company announced that it had entered into an agreement with Xstrata Copper in regard to the Cloncurry Copper Project.

Exco and Xstrata, via its wholly owned subsidiary Mount Margaret Mining Pty Ltd, have signed an Asset Purchase Agreement (APA), pursuant to which Exco has agreed to sell certain CCP tenements<sup>1</sup> to Xstrata for \$175 million.

<sup>1</sup> 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.



**Figure 2:** Map showing tenements being sold, and remaining in Exco ownership, in the Cloncurry area.

The proposed transaction is 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 CCP on terms that are acceptable to Xstrata, acting reasonably, and the eligible directors of Exco unanimously recommending that Exco shareholders approve the proposal.

The APA contains other terms and conditions that are not unusual for a sale of this nature, including undertakings by Exco and various warranties, including in relation to title, due authorisation and disclosure materials provided by Exco to Xstrata

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

- **Approximately \$220 million in Cash:** Based on the proceeds from the proposed transaction, existing cash reserves and forecast cash flow from White Dam, Exco is expected to have a cash-backing of \$220 million, equivalent to \$0.62 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%):** Located in South Australia approximately 80km from Broken Hill, Exco and its joint venture partner, Polymetals Mining Limited, delivered the White Dam Gold Mine with the first gold pour in April 2010. The project has repaid financing and recouped its capital cost in less than 10 months and has generated net pre-tax operating cash flow to Exco of \$38 million to the end of March 2011. White Dam is expected to produce a further 40koz (Exco share 30koz) from the remainder of the current reserve with good potential for additional resource extensions. Exco and Polymetals have access to over 700km<sup>2</sup> 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 (US\$4.20/lb) and the current estimated 1.7 million tonnes of ore, it is expected that the royalty can generate gross cash to Exco of around A\$30 million over the next 4 years.

- **Other Cloncurry Exploration Projects:** A tenement package of approximately 2,400km<sup>2</sup> in the Cloncurry region which is highly prospective for further copper discoveries. Exco will be 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 will be on developing further high grade resources, at key targets including Salebury, Fisher Creek and Tanbah.

The Board believes the value realised under this proposal offers a greater return on equity to shareholders than pursuing the project as a stand-alone development, with the consequent cost of further equity and debt capital raisings, as well as the exposure to development and market related risks.

The cash delivered under this proposal, in addition to other cash flows, will allow Exco to make a substantial return to shareholders, many of whom have been patiently waiting for such an outcome for many years. After providing for exploration and business development budgets it is the current intention of the Exco Board to distribute up to \$100m of surplus funds to shareholders.

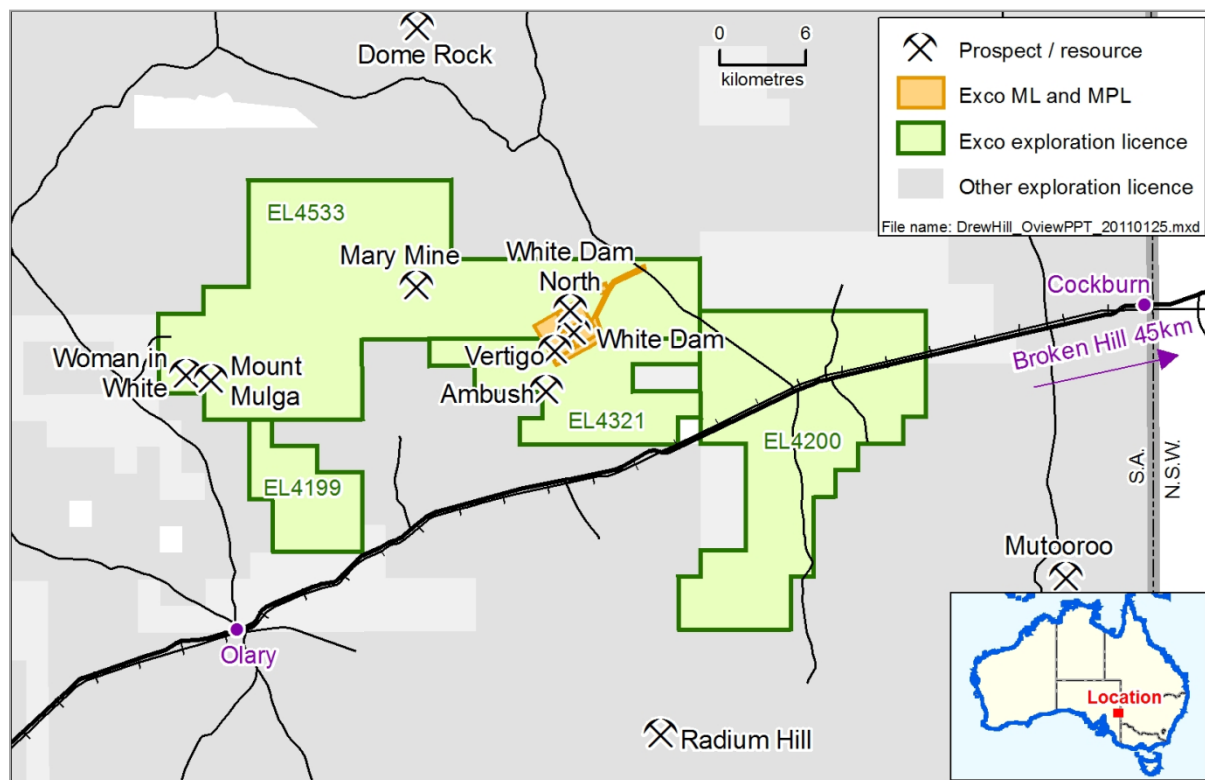
The cash retained by the Company allows a major exploration effort at the Company's other projects, particularly Hazel Creek, where there is good potential for further discoveries of a scale that may exceed the value created to date through the Company's development of the Cloncurry Copper Project.

*(See the ASX announcement issued to the market on 20 April 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 1**). The project contains a depleted resource inventory of **8.4Mt @ 1.01g/t Au for 275,000oz** contained (see **Table 2**).



**Figure 3: 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.

On the 11 September 2009 Exco and Polymetals completed the financing arrangements in respect of the project. A \$16 million gold-linked pre-payment facility was secured which, together with equity funding from the JV partners of \$7.5 million, provided the full funding required to implement the project.

The repayment terms of the financing envisaged staged gold deliveries over a 16 month period to August 2011. In November 2010 the Company announced that it had completed the required gold repayments nine months ahead of schedule. A combination of better than expected production outcomes and higher than envisaged gold prices had allowed the loan to be repaid after only seven months of production. Following debt repayment the project, with average life of project operating cash costs of <A\$500/oz, is providing substantial cashflows to the company and is expected to continuing doing so over the coming months.

## Operations Report

### Production

At the end of March a total of 78,532 ounces of gold had been produced from the project to date with March quarter results again outperforming gold production, unit cost and revenue targets.

Total operating cash costs of A\$388/oz for the quarter were higher than last quarter (see **Table 3**) due primarily to the delayed cash flow timings in the previous quarter spilling over into the March period and the commencement of the second leach pad lift in March which resulted in slower production rates whilst the necessary ramps were constructed.

A total of 3,884,591 tonnes of ore has been placed on the leach pad at an average grade of 1.00g/t Au, with 3,483,208 tonnes now subjected to drip irrigation.



**Figure 4:** Pit operations at WDGPJV

Metallurgical testing of mineralisation below the current planned Hannaford Pit floor has confirmed the presence of cyanide-soluble copper, detrimental to the economic extraction of gold. Whilst depth extension of the pit is therefore currently unviable, Polymetals are currently reviewing the cut-off grade assumptions in light of improved economics with a view to maximising ore production within the current pit design.

The dump leach operation continues to perform well and 'notional' recovery (gold extracted / gold under irrigation) had reached 70% at the end of March, above the design rate of 65%.

Gold production rates from the process plant continued to increase with a new high achieved in February of over 10,000oz produced in the month. Key reagent costs continued below target and plant optimisation work achieved improvements in solution flow rates, carbon loading levels and reduced carbon stripping times.

Extraordinary summer rains continued into this quarter, causing occasional, though immaterial, mining production stoppages with the benefit of significantly mitigating water consumption which was expected to be a project risk factor during the normally high evaporation months. Near mine water exploration continued with two new bores constructed to augment water supply for future production. A further 8 – 12 water targets will be drill tested in the months ahead.



**Figure 5:** *Leach pad operations at WDGPJV*

Work on development of the nearby Vertigo deposit continued with regulatory approvals and metallurgical testwork expected to be completed in May. Pending approval, it is planned to process Vertigo ore within the existing dump leach and process plant facilities.

#### **Health, Safety and Environment**

There were no LTI's recorded during the quarter and no reportable environmental incidents for the project to date.

#### **Additional Exploration and Resource Development**

A 7,000m reverse circulation drilling programme was carried out during the quarter to test extensions to the Vertigo deposit, further test other known nearby prospects (White Dam North, White Dam East, Rolling and Valley prospects), and also to test other green fields targets within a 3km radius of the current operation.

Results from this programme are being incorporated into the project database and models as they are received. Resource modelling is on-going at the Vertigo deposit and further in-fill drilling has been undertaken at White Dam North in April.

A further round of near mine and regional exploration is planned for the fourth quarter to continue to in-fill known areas of mineralisation and to test other targets identified by the exploration team.

# Exco Resources Ltd

## Quarterly Report – March 2011

### Production and Financial Statistics



Figure 6: White Dam Gold Production Joint Venture - Production and Sales

		Jun Qtr 10	Sep Qtr 10	Dec Qtr 10	Mar Qtr 11	YTD 2010/11	Project to Date
Ore Tonnes Mined	(tonnes)	621,839	576,479	684,192	757,370	2,018,040	2,913,443
Mined Grade	(g/t)	1.01	0.90	0.99	1.06	0.99	1.00
Mined Ounces	(ounces)	20,104	16,681	21,824	25,728	64,233	93,309
Waste Tonnes Mined	(tonnes)	737,752	802,988	534,750	294,919	1,632,656	3,720,088
Ore placed on Leach	(tonnes)	621,839	576,479	684,192	757,370	2,018,040	2,913,443
Head Grade	(g/t)	1.01	0.90	0.99	1.06	0.99	1.00
Ounces Produced	(ounces)	9,696	13,143	17,132	18,928	49,203	58,899
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	37,653	41,384
Cash Operating Cost	(A\$/oz)	329	371	172	279	266	275
Cash Development Cost	(A\$/oz)	179	264	74	45	114	126
Royalties	(A\$/oz)	54	46	43	63	55	53
Total Cash Cost	(A\$/oz)	563	681	288	388	435	454
Average Realised Sale Price	(A\$/oz)	1,415	1,363	1,363	1,379	1,372	1,383
Revenue	(A\$ million)	7.7	13.7	16.4	31.1	61.2	68.9

Table 3: Production and Financial Statistics (Exco equity interest)<sup>2</sup>.

<sup>2</sup> **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.



## EXPLORATION AND DRILLING UPDATE

Exco 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 11** for regional location map and **Table 1** for summary of established resources).

### Cloncurry Copper Project (CCP)

Final results for last year's drilling include encouraging initial results at Tanbah North and Uncle Toms Prospects. Site preparation is currently underway to enable follow up drilling which will determine continuity and significance of these results. Drilling will also recommence at other prospects throughout the CCP including Salebury and a number of new prospects not yet tested by Exco, southeast of Cloncurry.

#### Tanbah North

The Tanbah North prospect lies approximately 1.5km north-east of Tanbah and is marked by a series of old copper diggings, calc silicates and mineralised quartz veins trending approximately north-northwest along the contact between Mt.Norna Quartzite and Toole Creek Volcanics. There is one north-south line of historical drilling which returned anomalous copper values. A program of reverse circulation (RC) drilling was undertaken to test these copper occurrences at depth. Approximately 600m south lies a large magnetic high in area of sparse outcrop and shallow cover. A programme of shallow aircore drilling was undertaken over this anomaly. Details of the drilling are given below.

Best result was ECRC480 which intersected **25m @ 0.94% Cu 0.53 g/t Au** from 36-61m (to end of hole). The geometry of the mineralisation is unclear and further drilling is needed to establish the continuity and potential of the mineralized zones.

<b>TABLE 4 - Tanbah North RC Drill Intersections</b>					
<b>Hole ID</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Drilled Width (m)</b>	<b>Cu %</b>	<b>Au g/t</b>
ECRC475	12	16	4	0.51	0.21
ECRC476	32	40	8	0.18	0.05
ECRC477	24	30	6	0.23	0.18
ECRC478	8	16	8	0.14	0.08
ECRC479	8	12	4	0.39	0.34
ECRC480	36	61	25	0.94	0.53
including	42	48	6	2.19	0.19
including	54	56	2	1.62	4.96
ECRC482	6	12	6	0.25	0.11
ECRC484	38	40	2	0.50	0.15
ECRC485	18	22	4	0.25	0.13

#### Tanbah NE Aircore Drilling

A grid of shallow (4-6m) aircore holes were drilled over a large magnetic anomaly just to the south of the RC drilling, where there is limited outcrop. One RC hole (ECRC475) was drilled below a surficial copper occurrence in the centre of the grid and returned **4m @ 0.51% Cu & 0.21g/t Au** from 12m.

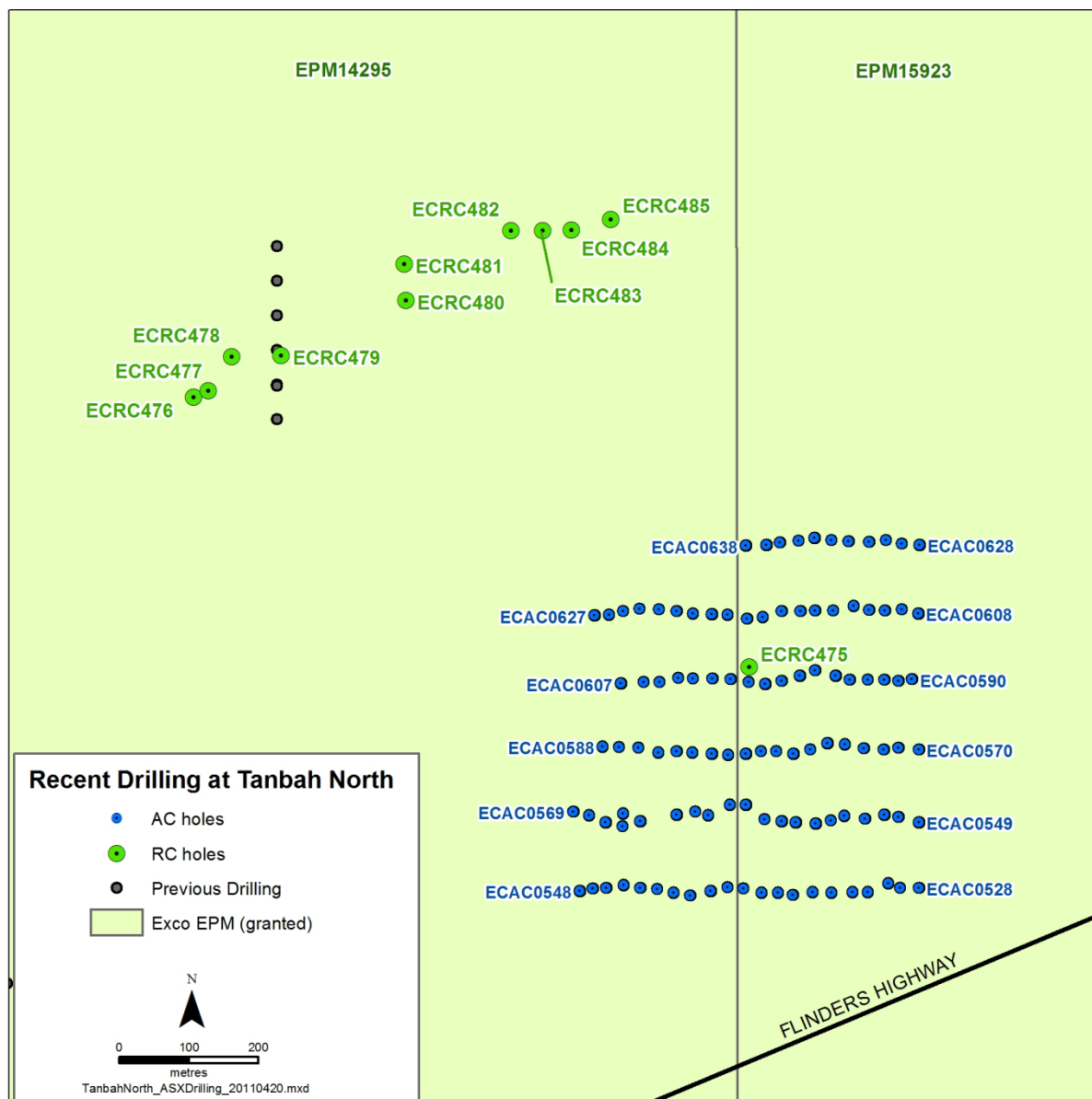
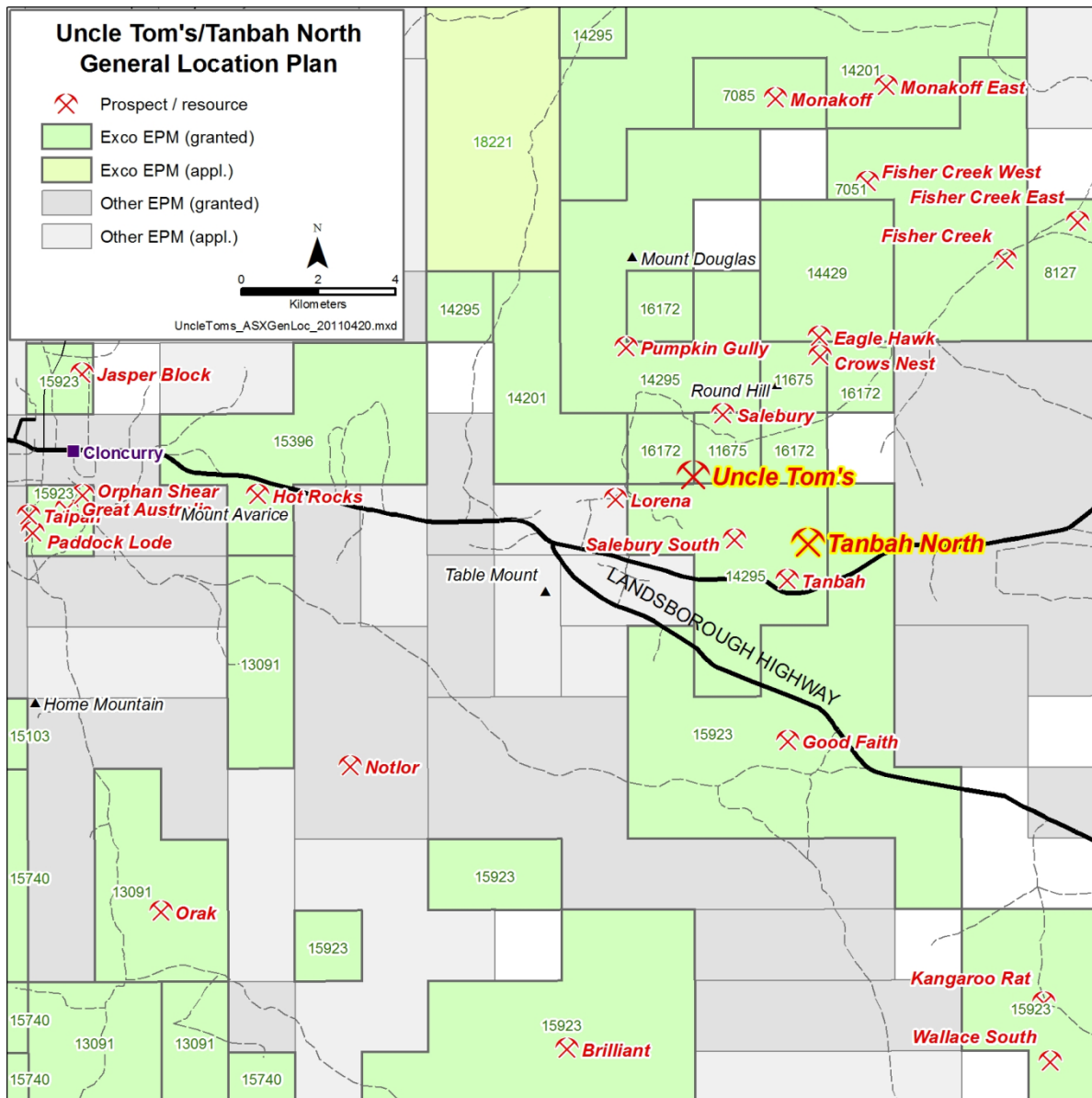


Figure 7: Recent drilling at Tanbah North

TABLE 7 - Tanbah North RC Drillhole Collars					
Hole_ID	Easting	Northing	Dip	Grid Azimuth	Depth(m)
ECRC475	468904	7707319	-60	270	48
ECRC476	468102	7707708	-60	270	48
ECRC477	468124	7707717	-60	270	54
ECRC478	468158	7707767	-60	270	42
ECRC479	468229	7707768	-60	270	42
ECRC480	468409	7707848	-60	270	61
ECRC481	468406	7707900	-60	270	53
ECRC482	468561	7707949	-60	270	48
ECRC483	468606	7707949	-60	270	48
ECRC484	468648	7707949	-60	270	48
ECRC485	468705	7707965	-60	270	42

## Uncle Tom's Prospect

The Uncle Tom's Prospect is an area of historical diggings and received the greatest exploration effort by previous operators during 1987-1988, with soil and limited RAB sampling, geological mapping and completion of 9 shallow trenches. Their interest in the prospect was based on its location in the headwaters of a significant alluvial gold occurrence (Pumpkin Gully), and strong gold soil sample assays from the initial sampling (up to + 19 g/t Au).



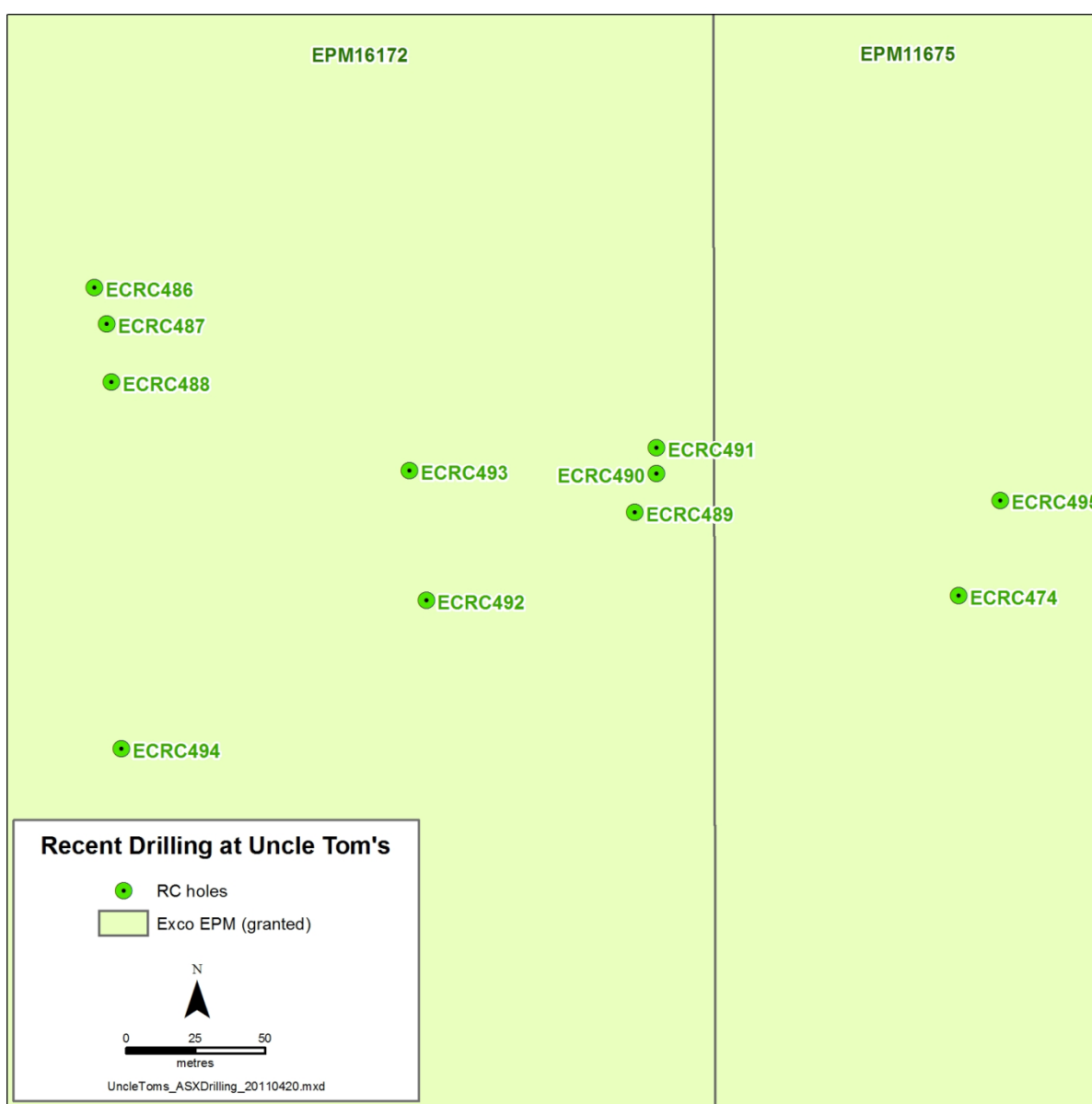
**Figure 8:** *Uncle Tom's general location plan.*

This strong gold anomaly was never drill tested and a programme of RC drilling was undertaken to test the strongest parts of the gold anomaly. The holes targeted quartz veining and old surface workings.

Results were encouraging and include **10m @ 6.84 g/t Au** from surface in ECRC490, the hole stopping at that depth due to hitting a small shaft. ECRC495 intersected **5m @ 2.73g/t** from 49m including **2m @ 6.64g/t** from 51m. EHRC489 averaged **5m @ 4.39 g/t Au** from 25-30m down hole.

Further drilling is scheduled to assess the continuity and geometry of the mineralisation.

TABLE 5 – Uncle Tom's Prospect RC Drill Intersections					
Hole ID	From (m)	To (m)	Drilled Width (m)	Cu %	Au g/t
ECRC489	0	2	2	-	0.47
ECRC489	14	15	1	-	1.29
ECRC489	25	30	5	-	4.39
Incl.	28	29	1	-	20.3
ECRC490	0	10	10	-	6.48
Incl.	6	7	1	-	53.5
ECRC495	49	54	5	-	2.73
Incl.	51	53	2	-	6.64



**Figure 9: Uncle Tom's Prospect drilling plan**



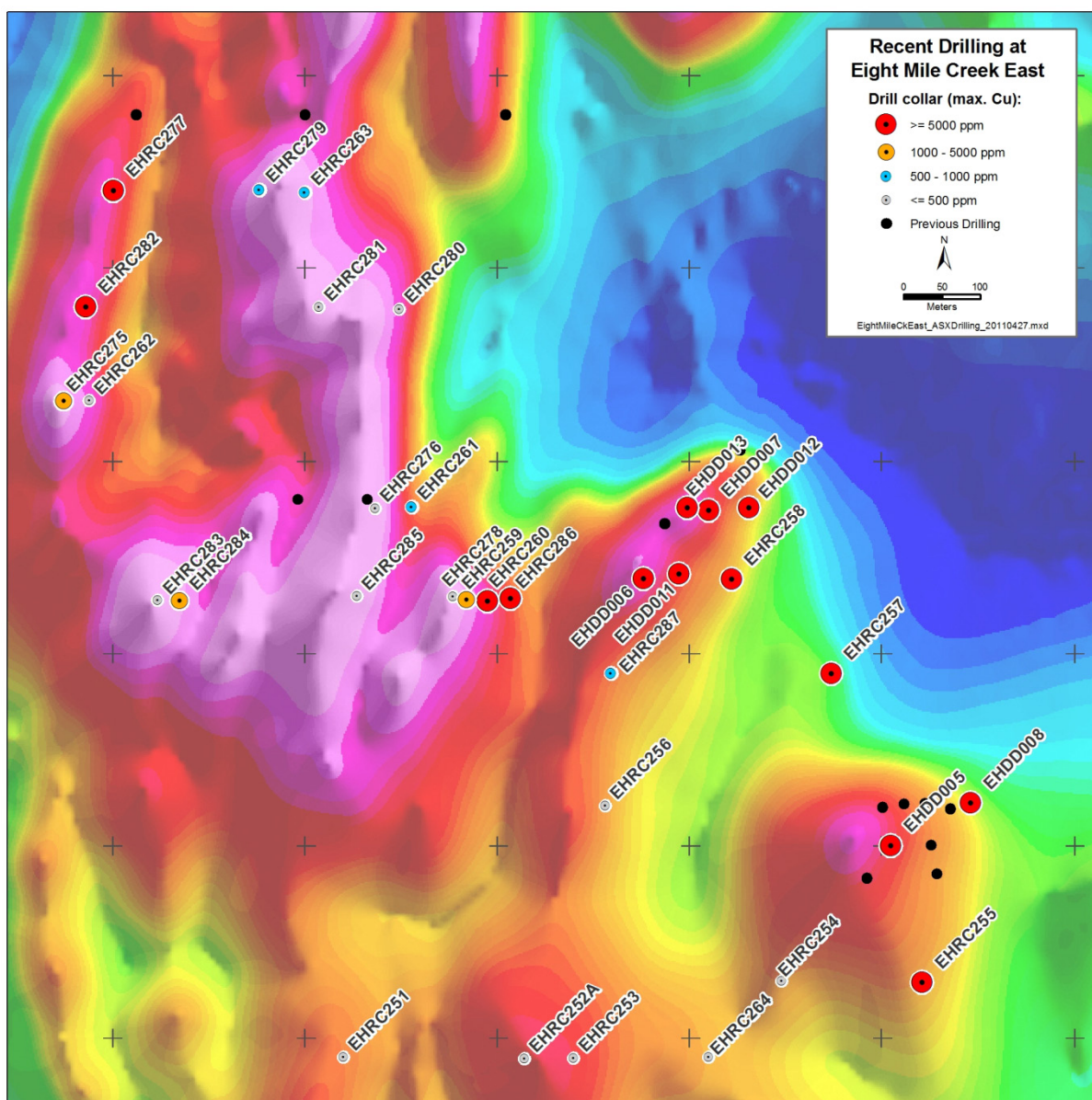
## Hazel Creek Project

Drilling at Hazel Creek was suspended in December 2010 and access to the site has only just been re-established for a continuation of the programme in early May.

The only significant results not previously reported are from the last holes at Eight Mile Creek East. EHRC 286 which was drilled beneath EHRC260 which intersected **54m @ 0.51% Cu & 0.26 g/t Au** including **30m @ 0.70% Cu & 0.36g/t Au** (previously reported). Only 6m composite sample results are available as the hole has only recently been re-sampled due to access issues.

TABLE 6 – Eight Mile Creek East Drill Intersections					
Hole ID	From (m)	To (m)	Drilled Width (m)	Cu %	Au g/t
*EHRC282	120	126	6	0.92	0.16
*EHRC284	24	30	6	0.32	0.01
*EHRC286	72	156	72	0.47	0.11

\*6m composite samples



**Figure 10: 2010 drilling at Eight Mile Creek East**

**TABLE 8 – Eight Mile Creek East RC Drillhole Collar Details**

Hole_ID	Easting	Northing	Dip	Grid Azimuth	Depth(m)
EHRC282	424340	7811880	-60	270	130
EHRC283	424430	7811500	-60	270	130
EHRC284	424460	7811500	-60	270	124
EHRC285	424690	7811500	-60	270	118
EHRC286	424890	7811497	-60	270	166
EHRC287	425020	7811400	-60	270	112

## JOINT VENTURES

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

In May 2007, Exco and Ivanhoe Cloncurry Mines Pty Ltd (Ivanhoe), a subsidiary of Ivanhoe Australia Ltd (ASX:IVA) entered into a joint venture agreement over a number of Exco's tenements in the Soldiers Cap and Tringadee Project areas (see **Figure 11**).

Under the terms of the joint venture agreement, as amended, Ivanhoe were required to spend \$5.5m by May 2011 to earn an 80% interest in the joint venture tenements.

On 6 April 2011 Ivanhoe informed the Company that as of 31 March 2011 Ivanhoe had expended more than \$5.5m on exploration work during earning period two of the agreement

Accordingly pursuant to clause 2.10 of the agreement, Ivanhoe has exercised its option to acquire an interest of 80% in the joint venture

In accordance with clause 2.17 of the 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

### Royalties

In March, CopperChem Limited ("CopperChem"), a privately owned resource development company advised the Company that mining of oxide ores from Exco's wholly owned Mt Colin deposit in the Cloncurry area of NW Queensland (see **Figure 11**) has been completed.

Exco is entitled to a royalty on oxide ore mined from Mt Colin and an amount of A\$117,000 became payable by CopperChem to Exco. Exco retains exclusive rights to the remaining resources at Mt Colin.

In addition to the Mt Colin royalty, Exco is entitled to a royalty ("GA Royalty") on approximately 1.7 million tonnes of sulphide ore contained within the Great Australia resource (see **Figure 11**) pursuant to the terms of the Exco-CopperChem Alliance Agreement entered into in September 2009. CopperChem has advised Exco that it has commenced mining at the Great Australia Mine and that mining of sulphide ores from the open pit will commence during the next quarter.

Under the terms of the GA Royalty, Exco is to receive \$A6.00 per dry metric tonne of ore mined plus an additional \$A0.06 per tonne for each \$US0.01 by which the average copper price in a given six month period exceeds an indexed base price. The current base copper price under the agreement is approximately US\$2.06/lb. Based on prevailing LME copper prices Exco estimates that the GA Royalty would currently be in the order of \$A19.00 to \$A20.00 per dry metric tonne of ore mined.

(See ASX announcement issued to the market on 1 April 2011 for further details)

## Share Holdings

The Company was included in the S&P/ASX All Ordinaries index for the first time in the March 2011 rebalance. At 21 April 2011 the top 20 Shareholders of Exco were as follows:

	Current Units	Percentage
1 Ivanhoe Australia Limited	79,288,632	22.88
2 WH Soul Pattison & Co Ltd	25,847,365	7.46
3 JP Morgan Chase & Co (UK) Ltd	25,750,000	7.43
4 JP Morgan Nominees Australia Ltd	20,631,391	5.95
5 Mr Alasdair Cooke	17,224,988	4.97
6 Aus Ore Investments Pty Ltd	15,019,102	4.33
7 HSBC Custody Nominees	7,847,555	2.26
8 National Nominees Ltd	6,717,589	1.94
9 Mr Geoffrey Rol	3,989,048	1.15
10 Dale Park Pty Ltd	3,080,000	0.89
11 National Health Recovery Agents Pty Ltd	3,020,000	0.87
12 Burls Holdings Pty Ltd	2,786,215	0.80
13 Citicorp Nominees Pty Ltd	2,473,217	0.71
14 Shorlane Pty Ltd	2,450,000	0.71
15 Mr Bruce McLarty	2,200,000	0.63
16 Kinar Pty Ltd	1,905,500	0.55
17 Mr Michael Anderson	1,750,000	0.51
18 Cogent Nominees Pty Ltd	1,511,764	0.44
19 The Trust Company (Superannuation) Ltd	1,455,040	0.42
20 Shayana Pty Ltd	1,360,417	0.39
<b>Top 20 Total</b>	<b>226,307,823</b>	<b>65.31</b>

## Accounts

With net cash flows from White Dam of \$24.4m for the quarter, Exco's cash balances rose significantly during the period. Cash on hand at 31 March was \$35.8m.

Thanks to the Company's previously announced price protection measures, the current gold price and positive production forecasts at the White Dam project, average net cash inflows for the remainder of the financial year are expected to average in the region of \$5m per month.

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.

*On behalf of the Board of  
Exco Resources Ltd*



Michael Anderson  
Managing Director

### **Media Enquiries:**

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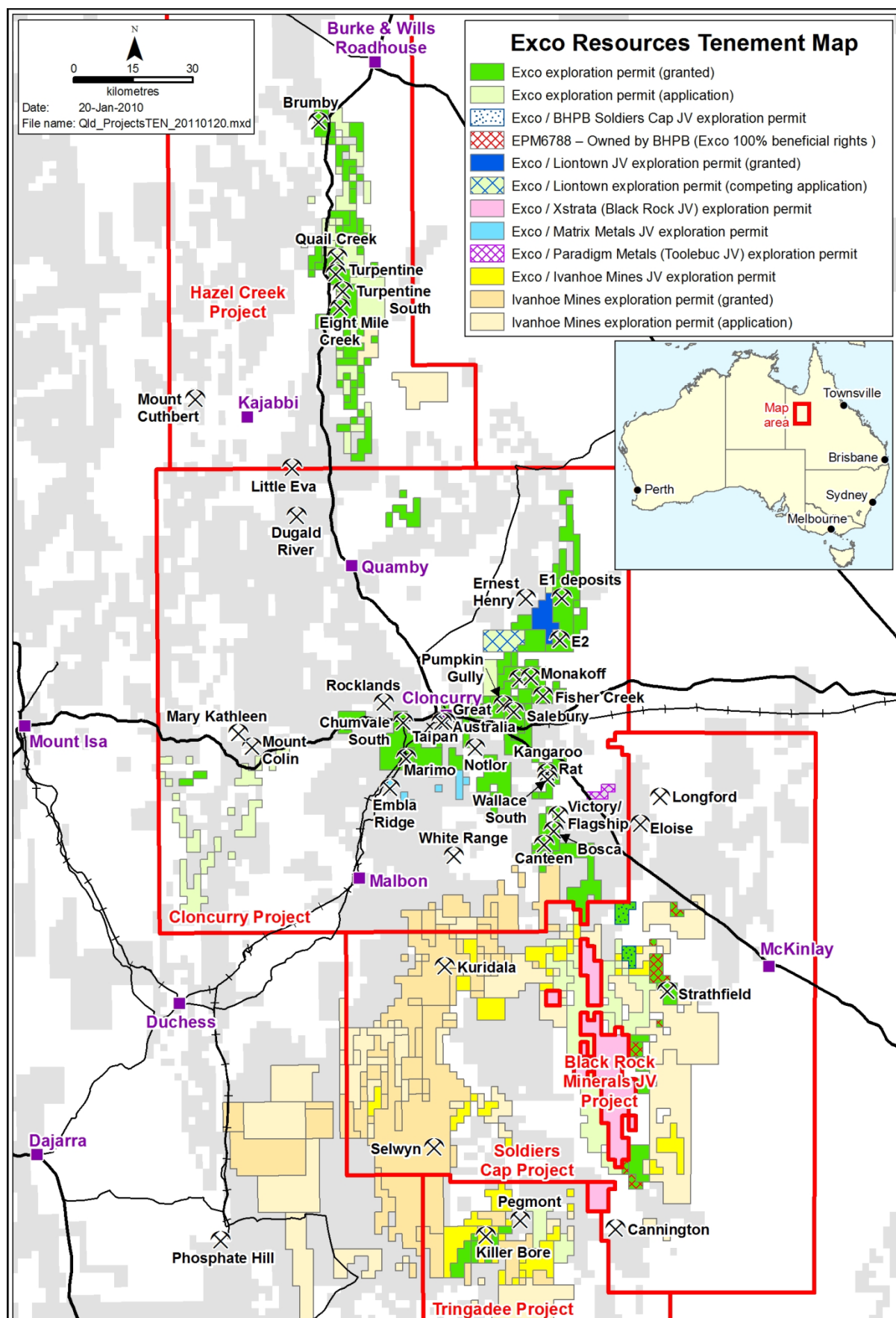


Figure 11: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.



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 <sup>(2)</sup>	<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
<b>TOTAL</b>		<b>48,100,000</b>	<b>0.72</b>	<b>0.21</b>	<b>348,000</b>	<b>330,000</b>
Monakoff <sup>(1)</sup> & 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
<b>TOTAL</b>		<b>4,000,000</b>	<b>1.32</b>	<b>0.42</b>	<b>53,000</b>	<b>54,000</b>
Sub-total – CCP (Proposed transaction)	<b>Measured</b>	<b>9,170,000</b>	<b>0.87</b>	<b>0.25</b>	<b>80,000</b>	<b>75,000</b>
	<b>Indicated</b>	<b>26,700,000</b>	<b>0.76</b>	<b>0.23</b>	<b>205,000</b>	<b>193,000</b>
	<b>Inferred</b>	<b>16,200,000</b>	<b>0.72</b>	<b>0.22</b>	<b>116,000</b>	<b>116,000</b>
<b>ALL</b>		<b>52,070,000</b>	<b>0.77</b>	<b>0.23</b>	<b>401,000</b>	<b>384,000</b>
<b>Other Deposits</b>						
Great Australia <sup>(1)</sup>	<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
<b>TOTAL</b>		<b>2,200,000</b>	<b>1.54</b>	<b>0.13</b>	<b>33,000</b>	<b>9,000</b>
Mt Colin <sup>(1)</sup>	<i>Indicated**</i>	620,000	3.14	-	19,500	-
	<i>Inferred**</i>	870,000	2.00	-	17,500	-
<b>TOTAL **</b>		<b>1,490,000</b>	<b>2.47</b>	<b>-</b>	<b>37,000</b>	<b>-</b>
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
<b>TOTAL</b>		<b>1,842,000</b>	<b>1.03</b>	<b>0.2</b>	<b>19,000</b>	<b>12,000</b>
Taipan	<i>Inferred</i>	1,460,000	0.80	0.1	12,000	5,000
Kangaroo Rat <sup>(1)</sup>	<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
<b>Sub-total - Other</b>		<b>9,063,000</b>	<b>1.47</b>	<b>0.47</b>	<b>117,400</b>	<b>116,000</b>
<b>TOTAL</b>		<b>61.0 Mt</b>	<b>0.87</b>	<b>0.26</b>	<b>518,400</b>	<b>500,000</b>

**Notes** Discrepancies in totals are as result of rounding.  
Unless otherwise stated the above resources are reported at a 0.5% Cu cut-off.  
<sup>(1)</sup> Granted Mining Lease.  
<sup>(2)</sup> ~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**

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	3,604	1.07	124.0	100	0.74	2.4	3,703	1.06	126.3
	Fresh	341	1.03	11.3	1,954	0.88	55.3	2,295	0.90	66.6
<b>Sub-Total</b>		<b>3,944</b>	<b>1.07</b>	<b>135.2</b>	<b>2,054</b>	<b>0.87</b>	<b>57.7</b>	<b>5,998</b>	<b>1.00</b>	<b>192.9</b>
Vertigo	Oxide	1,008	1.10	35.6	703	0.73	16.5	1,711	0.95	52.1
	Fresh	212	1.56	10.6	526	1.15	19.4	738	1.26	30.0
<b>Sub-Total</b>		<b>1,220</b>	<b>1.18</b>	<b>46.2</b>	<b>1,229</b>	<b>0.91</b>	<b>35.9</b>	<b>2,449</b>	<b>1.04</b>	<b>82.1</b>
<b>PROJECT TOTAL</b>		<b>5,164</b>	<b>1.09</b>	<b>181.4</b>	<b>3,282</b>	<b>0.89</b>	<b>93.6</b>	<b>8,447</b>	<b>1.01</b>	<b>275.0</b>

**Notes**    *Discrepancies in totals are as result of rounding.  
White Dam resource (depleted to September 2010) 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 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 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")

**31 March 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	31,235	61,681
1.2	Payments for		
	(a) exploration and evaluation	(1,737)	(4,029)
	(b) development	(227)	(1,038)
	(c) production	(6,847)	(20,329)
	(d) administration	(755)	(6,751)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	203	490
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Refunds/(Payments of security deposits)	340	340
<b>Net Operating Cash Flows</b>		<b>22,212</b>	<b>30,364</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(e) prospects	-	-
	(f) equity investments	-	(25)
	(g) other fixed assets	(6)	(14)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	2	2
1.10	Loans to other entities	-	-
1.11	Refunds/(Payments) of security deposits	(81)	(58)
1.12	Other	-	-
<b>Net investing cash flows</b>		<b>(85)</b>	<b>(95)</b>
1.13	Total operating and investing cash flows (carried forward)	22,127	30,269

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (carried forward)	22,127	30,269
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	5,303
1.15	Fund Raising Costs	(3)	(329)
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(9,534)
1.18	Dividends paid	-	-
1.19	Other – gold call option payment	-	-
	<b>Net financing cash flows</b>	<b>(3)</b>	<b>(4,560)</b>
	<b>Net increase (decrease) in cash held</b>	<b>22,124</b>	<b>25,709</b>
1.20	Cash at beginning of quarter/year to date	13,671	10,086
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>35,795</b>	<b>35,795</b>

**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	227
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	2,000
4.2 Development	600
4.3 Production *	6,000
4.4 Administration	500
<b>Total</b>	<b>9,100</b>

\* 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	6,162	9,080
5.2 Deposits at call	29,633	4,591
5.3 Bank overdraft	-	-
5.4 Other	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>35,795</b>	<b>13,671</b>

### 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	EPM 15412	Direct	100%	0%
6.2 Interests in mining tenements acquired or increased				

+ 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	<b>Preference +securities</b> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	346,494,187	346,494,187		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	9,150,000	9,150,000	<b>Exercise Price</b> 40 cents (1.5m) 40 cents (1.5m) 28 cents (4.5m) 27.3 cents (1.65m)	<b>Expiry Date</b> 30 August 2011 31 August 2012 10 September 2012 20 October 2012
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <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: 28 April 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.