



EXCO
RESOURCES LTD

Sale of the Cloncurry Copper Project to Xstrata

May 2011



Disclaimer



This presentation 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 presentation 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.



Agenda



- Proposal Summary
- Benefits to Exco Shareholders
- Transaction Structure
- The New Exco
 - Projects
 - Balance Sheet
 - Strategy
- Conclusion



Snapshot of Exco (ASX:EXS)



EXS – Ordinary Shares	348,544,187
- Unlisted Options	7,500,000
Average Daily Volume	~870,000
Current Share Price (close 5/5/11)	A\$0.625
- 12-month range	A\$0.21 - A\$0.77
Market Capitalisation (undiluted)	A\$217.8M
(fully diluted)	A\$222.5M
Cash (at end March 2011)	A\$35.8M

EXS: 12-month share price history



Management Team

Michael Anderson	Managing Director
Alasdair Cooke	Executive Director
Geoff Laing	GM Projects & BD
Eamon Byrne	CFO & Co. Secretary
Bruce McLarty	GM Commercial
Steve Konecny	Exploration Manager

Major Shareholders (as of 21/4/11)

Ivanhoe Australia Ltd	22.9%
WH Soul Pattinson & Co	7.5%
JP Morgan Nominees	7.4%
Alasdair Cooke	5.0%
Sin-Tang (Aus-Ore)	4.3%
TOP 10	> 60%



Proposal Summary



- Exco and Xstrata Copper (**Xstrata**) have agreed to the sale of Exco's Cloncurry Copper Project (**CCP**) to Xstrata for \$175 million in cash (the **Proposal**).
- The Proposal will crystallise significant value for shareholders and position Exco to actively pursue both organic and new growth initiatives.
- Post completion Exco will:
 - Have cash reserves of ~\$220 million (pre-tax)
 - Continue to own 75% of the White Dam Gold JV, the Great Australia copper royalty and a significant portfolio of exploration tenements in NW Queensland
 - Retain the Board and management team responsible for delivering significant value on the CCP and the White Dam gold project
- The Proposal is subject to Exco shareholder approval, with a shareholder meeting scheduled for early June.

The Exco Board recommends that shareholders approve the Proposal



Key Benefits to Exco Shareholders



- Realisation of significant value for CCP:
 - Superior return on equity than a stand-alone development of CCP
 - Certainty of cash consideration, avoiding the risks inherent in funding, construction and operating the CCP
- Strong balance sheet with cash of ~\$220 million (pre-tax) on completion
- After providing for exploration and business development, it is the current intention of the Exco Board to return up to \$100m of surplus funds to shareholders
- Enables focus on adding value to Exco's asset portfolio:
 - the **Hazel Creek** advanced stage copper-gold exploration project
 - the **White Dam** gold project joint venture
 - the **Great Australia copper royalty**
 - sizeable and strategic **Cloncurry exploration package**
- Creates opportunity to investigate growth through M&A
- Retention of Exco's Board and management team

Transaction Structure

Price

- Xstrata to pay Exco \$175 million

Sale Assets

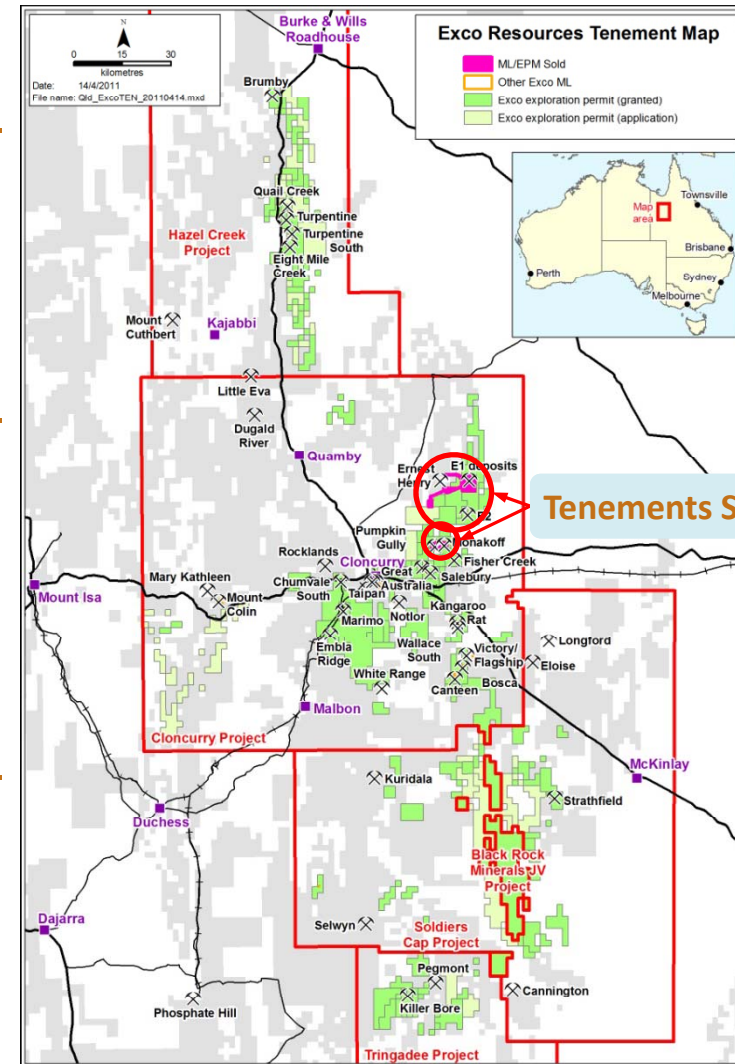
- E1, Monakoff and Monakoff East deposits + 3 EPM's
- Associated IP and 3rd party agreements

Conditions Precedent

- Exco shareholder approval
- Xstrata receiving FIRB and all Queensland government approvals
- Exco eligible directors unanimously recommending the transaction

Timing

- Shareholder Meeting scheduled for 9 June
- Notice of meeting was dispatched early May





Unlocking Value for Shareholders



- **Realisation of value for CCP:**
 - \$175m cash proceeds: 49c / share¹
- **Cash and forecast cash flow:**
 - Cash of \$36m as at 31 March 2011: 10c / share¹
 - White Dam future cash flow of \$24m: 7c / share¹
 - Great Australia forecast cash flow ~\$30m²: ~8c / share¹
- **Significant exploration upside:**
 - Hazel Creek copper-gold exploration project
 - Additional 2,400 km² Cloncurry exploration portfolio
 - Including Pumpkin Gully project
 - White Dam extensions and exploration potential



1. Per share values based on Exco fully diluted capital of approximately 356 million shares.
2. Based on prevailing LME copper price (US\$4.20/lb)



'New Exco' Investment Highlights



Strong Funding Position

- Post completion pre-tax cash position of approximately \$220 million
- Ongoing cash flow from remainder of current White Dam reserve, before any further resource extensions
- Additional expected gross cash flow from the Great Australia copper royalty entitlement of ~\$30 million at a copper price of US\$4.20/lb

Proven Board & Management Team

- Retention of the Board & management team which has:
 - Added significant value to CCP
 - Delivered the highly profitable White Dam gold mine
 - Awarded Patersons "2010 Queensland Explorer of the Year"

Growth Opportunities

- Exco to pursue organic growth opportunities including:
 - Exploration success from its highly prospective Hazel Creek Project
 - Resource and mine life extensions at White Dam
 - Further exploration success from Exco's substantial Cloncurry tenement package
 - Additional resource development opportunities arising from the CopperChem alliance
- Growth through considered acquisition strategy



Exco Snapshot – post Proposal



Exco Board & Management

Board	Barry Sullivan	Non-Exec Chairman
	Michael Anderson	Managing Director
	Alasdair Cooke	Executive Director
	Peter Reeve	Non-Exec Director
Management	Eamon Byrne	CFO & Co. Secretary
	Geoff Laing	GM Projects & BD
	Bruce McLarty	GM Commercial
	Steve Konecny	Exploration Manager

Capitalisation & Major Shareholders

Ordinary shares	348,544,187
Unlisted options	7,500,000
Ivanhoe Australia Ltd	22.8%
WH Soul Pattison & Co	7.4%
JP Morgan Nominees (UK) Ltd	7.4%
Alasdair Cooke	4.9%
Sin-Tang (Aus-Ore)	4.3%
Top 10 shareholders	~60%

Exco Operational Footprint



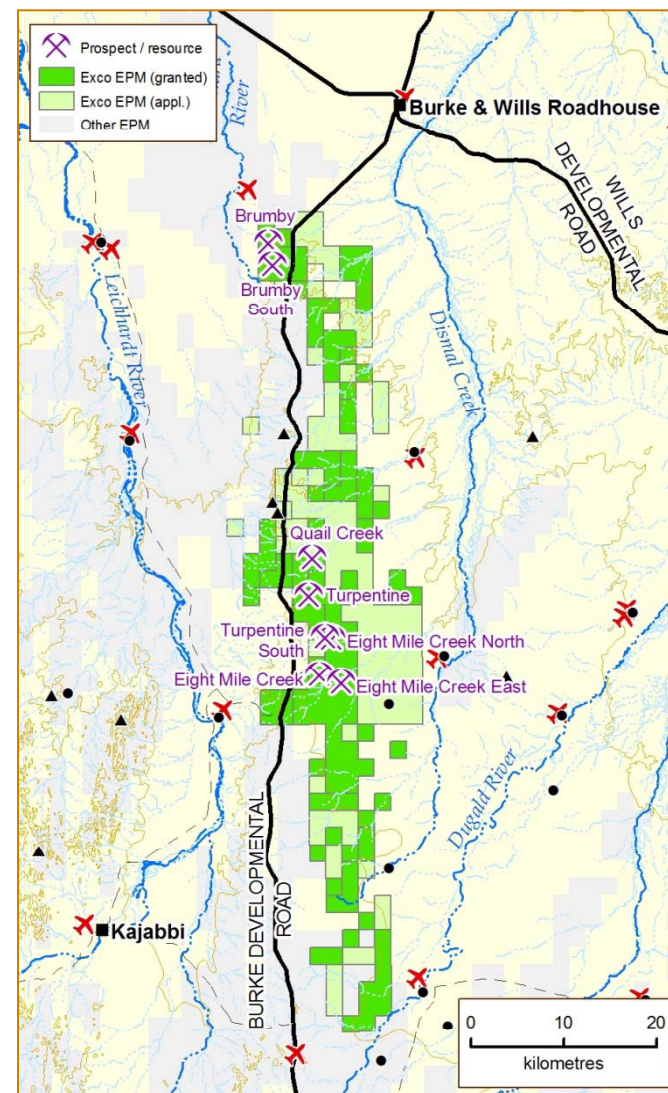


Hazel Creek Project

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- Greenfields exploration project with 400km² of highly prospective tenements
- Hosts a number of copper/gold targets:
 - Majority of targets remain untested
 - Encouraging initial drilling results
 - Under relatively thin cover (0 – 50m)
 - Geophysics has identified targets with numerous ore grade intersections to date
 - Key targets including Eight Mile Creek, Turpentine and Turpentine South
- Strong news flow over the next 12 months

Strong potential for further large scale copper discoveries

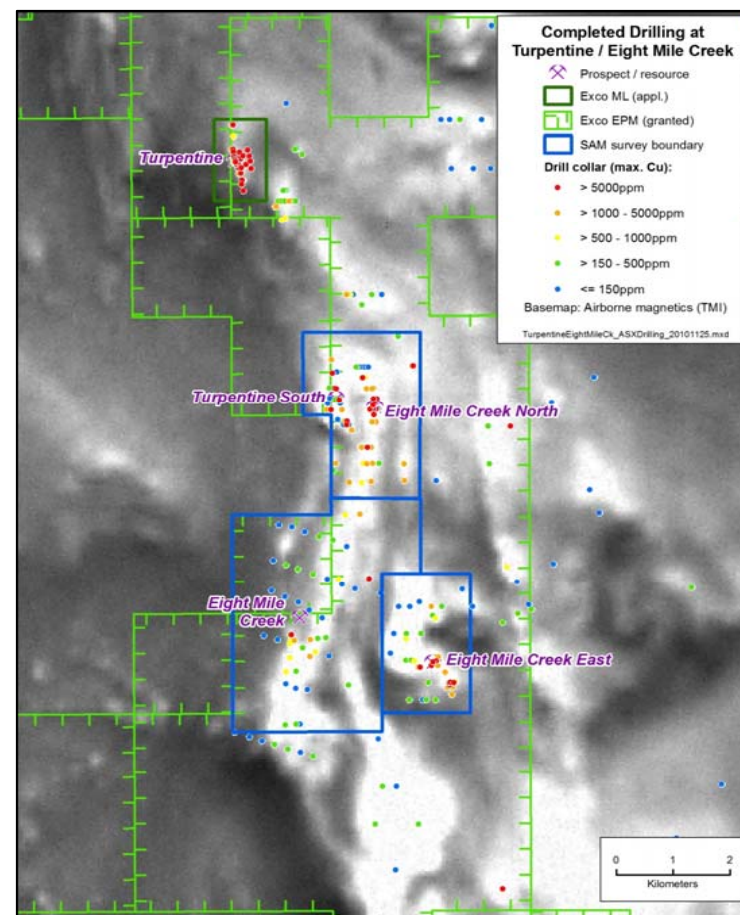




Hazel Creek Project



- **Eight Mile Creek:** drilling has intersected broad areas of mineralisation implying significant tonnage potential. Results include:
 - 41m @ 0.72% Cu & 0.17 g/t Au
 - 18m @ 0.77% Cu & 0.21 g/t Au
 - 48m @ 0.71% Cu & 0.21 g/t Au
 - 54m @ 0.51% Cu & 0.26 g/t Au
- **Turpentine:** previous drilling has outlined a steeply dipping zone of mineralisation. Results include:
 - 11m @ 2.01% Cu & 0.51g/t Au
 - 35m @ 0.44% Cu & 0.09g/t Au
- **Turpentine South:** previous drilling has located zones of magnetite associated copper-gold mineralisation similar to Eight Mile Creek and Turpentine.





Pumpkin Gully Project



- Underexplored area of 123 km² with significant potential to develop further high grade resources similar to the Monakoff and Mt Colin resources
- Potential to treat relatively small tonnages of high-grade ores through third party facilities
- Key targets include:
 - **Salebury:** results to date include:
 - 48m @ 2.18% Cu & 1.97 g/t Au
 - 20m @ 2.07% Cu & 1.53 g/t Au and 873 ppm Co
 - **Tanbah:** results to date include:
 - 23m @ 1.52% Cu, 0.75 g/t Au and 206ppm Co
 - 202m @ 0.32% Cu, 0.32 g/t Au and 676ppm Co
 - **Fisher Creek:** results to date include:
 - 28m @ 3.7% Cu & 3.1 g/t Au
 - 24m @ 3.2% Cu & 1.0 g/t Au



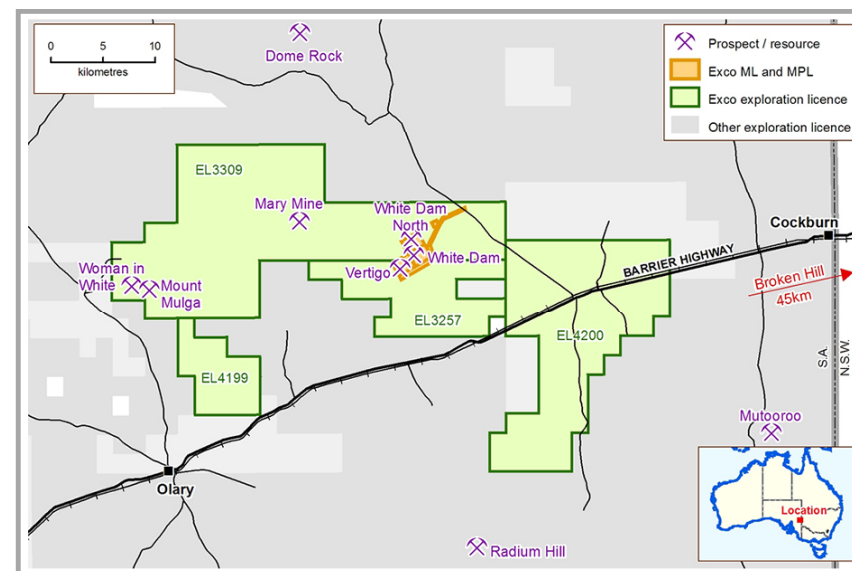
White Dam Joint Venture



- Further production of ~30,000oz¹ and net cash flow of \$24 million¹ from remainder of current reserve
- Debt fully repaid – 9 months ahead of schedule
- In the money hedging and price protection for remaining production
- Highly profitable production – average operating cash costs of <\$500/oz
- Reserves: 170,400 oz²
- Resources: 275,000 oz²

Focus on near-mine exploration to increase resources and extend mine life

1. Exco's 75% share.
2. As depleted at September 2010.



White Dam Production (to 31 March 2011)

Gold poured (oz)	77,248
Exco's 75% share (oz)	57,936
Average sale price (A\$/oz)	\$1,383
Average cash costs (A\$/oz)	\$454
Exco revenue (A\$m)	\$68.9m



Great Australia Royalty

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- Exco-CopperChem entered into an alliance agreement in September 2009
- Under the alliance:
 - Exco entitled to a royalty on ~1.7 million tonnes of sulphide ore within the Great Australia deposit
 - Expected gross royalty cash flows of ~\$30 million based on current copper prices (US\$4.20/lb)
 - Operations have commenced with ore mining to start shortly
 - Potential for additional ore processing with CopperChem in the future



Copper Chem
LIMITED





Exco Work Programme 2011 / 2012



Cloncurry Exploration

- Focus on Hazel Creek project
- Follow up other high priority targets in Cloncurry portfolio

White Dam

- Ongoing gold production and cash flow to Exco
- Exploration and resource development success to extend mine life

Great Australia Royalty

- Cash flow to commence imminently
- Future processing options for additional deposits pursuant to Exco-CopperChem alliance

New Growth Opportunities

- Use balance sheet strength to acquire new assets
- Strong track record of adding value through acquisition



Conclusion



- *The Proposal will crystallise significant value for Exco shareholders*
- *Intention to return up to \$100m of surplus funds to shareholders*
- *Refocus on remaining portfolio of assets*
- *Well funded to pursue growth through exploration and acquisition*
- *Continuing Board and management committed to delivering further value for shareholders*

APPENDICES

Exco Board



BARRY SULLIVAN

*BSc(min), ARSM,
FAUSIMM, MAICD*

**Chairman
Non-Exec Director**

- Experienced mining engineer.
- Career in South Africa with Anglo American Ltd (1969 – 74) and Australia with Mount Isa Mines (MIM 1974 – 95).
- 6 years as Executive General Manager at MIM responsible for all operations including exploration, underground and open cut mining, power stations, dams & support services.
- Director since 2005.
- Also a Non-Executive Director of Catalpa Resources Ltd (since June 2008).



MICHAEL ANDERSON

*BSc(Mining Geology), PhD,
ARSM*

Managing Director

- 18 years industry experience in South Africa & Australia.
- Previous roles include exploration geology with Anglo American, metallurgy & process development with Mintek, and management roles with engineering groups Bateman and Kellogg Brown & Root.
- Prior to joining Exco, he was Group Manager for Business Development with Gallery Gold Ltd, responsible for corporate strategy including project development activities in both Botswana & Tanzania.
- Managing Director since May 2006.



ALASDAIR COOKE

*BSc (Hons Geology),
MAIG*

Executive Director

- One of the founders of Exco.
- 21 years of experience in the exploration & resources industry including 8 years with BHP Minerals & 10 years managing public resource companies.
- Founding partner of the Mitchell River Group, which has established numerous ASX-Ltd companies, including Panoramic Resources, Albidon, Mirabela Nickel & African Energy Resources.
- Director since 2001.
- Current directorships include African Energy Resources Ltd (since 2006) and Energy Ventures Ltd (since 2007).



PETER REEVE

BSc (Metallurgy)

Non-Exec Director

- Involved in the Australian resources industry for 26 years.
- Held positions with Rio Tinto, Shell-Billiton & Normet Consulting before joining Goldman Sachs / JB Were in investment management & corporate finance roles.
- Newcrest Mining Ltd (2001 – 06), as part of the Exec. Committee responsible for corporate development & market related matters.
- Currently CEO & Managing Director of Ivanhoe Australia Ltd (Exco's major shareholder).
- Director since 2008. Also a Non-Executive director of Emmerson Resources Ltd (since 2009).



Resources – Post Transaction



EXCO RESOURCES – NW QUEENSLAND Cu-Au RESOURCE SUMMARY						
Deposit	Class	Tonnes	Grade		Metal	
			Cu%	Au g/t	Cu T	Au Oz
Great Australia ⁽¹⁾	<i>Indicated</i>	1,400,000	1.53	0.13	21,000	6,000
	<i>Inferred</i>	800,000	1.57	0.14	12,000	3,000
TOTAL		2,100,000	1.54	0.13	33,000	9,000
Mt Colin ⁽¹⁾	<i>Indicated**</i>	620,000	3.14	-	19,500	-
	<i>Inferred**</i>	870,000	2.0	-	17,500	-
TOTAL **		1,490,000	2.47	-	37,000	-
Sub-total – Cloncurry	Indicated	2,020,000	2.02	0.13	40,500	6,000
	Inferred	1,670,000	1.79	0.14	29,500	3,000
ALL		3,690,000	1.92	0.13	70,000	9,000
Other Deposits						
Turpentine	<i>Indicated</i>	1,627,000	1.04	0.21	17,000	11,000
	<i>Inferred</i>	215,000	0.9	0.16	2,000	1,000
TOTAL		1,842,000	1.03	0.2	19,000	12,000
Taipan	<i>Inferred</i>	1,460,000	0.80	0.1	12,000	5,000
Kangaroo Rat ⁽¹⁾	<i>Inferred</i>	875,000	1.65	1.0	14,400	28,000
Wallace South	<i>Inferred***</i>	1,000,000	-	1.6	-	53,000
Victory-Flagship	<i>Inferred</i>	196,000	1.2	1.4	2,000	9,000
Sub-total - Other		5,373,000	0.88	0.62	47,400	107,000
TOTAL		9,063,000	1.30	0.42	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.
- ⁽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



Resources – White Dam Gold Joint Venture



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
Sub-Total		3,944	1.07	135.2	2,054	0.87	57.7	5,998	1.00	192.9
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
Sub-Total		1,220	1.18	46.2	1,229	0.91	35.9	2,449	1.04	82.1
PROJECT TOTAL		5,164	1.09	181.4	3,282	0.89	93.6	8,447	1.01	275.0

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.