

ASX ANNOUNCEMENT: 7 October 2011**Acting CEO on Resource Upgrade
and Outlook**

Open Briefing with Acting CEO Geoff Laing

Exco Resources Limited
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Exco Resources Limited (ASX:EXS) is an exploration and mining company focused on developing its portfolio of Australian-based copper and gold projects in north-west Queensland and South Australia.

Current Market Cap: \$229 million

In this Open Briefing®, Exco Resources Acting CEO, Geoff Laing discusses

- Resource upgrade and strategy for Mt Colin
- Hazel Creek and exploration update
- Outlook for White Dam, Vertigo and near mine resources
- Immediate management priorities and outlook

Open Briefing interview:**openbriefing.com**

Exco Resources Limited (ASX:EXS) recently increased its mineral resource at the Mt Colin copper/gold deposit (EXS: 100%) in Queensland by 29% to 1.92 Mt at a grade of 2.59% copper and 0.42g/t gold. The amount of material in the 'Indicated' category has increased from 620,000 tonnes grading 3.14% copper to 1.042 Mt grading 3.04%. What are the implications of the updated estimate for the development of Mt Colin?

Acting CEO Geoff Laing

The upgrade of the Mt Colin resource is very significant for Exco's short term strategy. Located between Mt Isa and Cloncurry, the high grade ore is suitable for processing at any of the four facilities in the region within trucking distance from Mt Colin.

Rather than developing it ourselves, we're looking to transact on the Mt Colin resource either via a sale, as we did with the Cloncurry Copper Project (CCP), or a royalty arrangement as we did for the Great Australia resource. The growth in the resource represents additional value that we'll be looking to realise in the short to medium term.

We've delineated approximately 50,000 tonnes of copper within the resource at an average grade of 2.59% and 0.42g/t gold. This is a significant resource with high grades that would be very attractive to parties looking at Mt Colin for a purchase or royalty arrangement.

The resource is on an existing mining lease and oxide material has already been mined there and processed at the Great Australia site. Because of this, many of the approval processes for a new mine wouldn't have to be started from scratch. We believe there would be a fairly quick path for others to achieve additional production from Mt Colin.

Comparison of updated Mt Colin Resources to February 2010 Estimate

Mt Colin Mineral Resource (1.25% Cu Cut-off)									
Resource Category	2011 Resource depleted to Apr 2011					Previous (Feb 2010) depleted to Aug 2006			
	Kt	Cu (%)	Au (g/t)	Cu (t)	Au (oz)	Kt	Cu (%)	Au (g/t)	Cu (t)
Indicated	1,042	3.04	0.42	31,629	14,207	620	3.14	not reported	19,500
Inferred	880	2.09	0.41	18,344	11,597	870	2.00	not reported	17,500
Total	1,922	2.59	0.42	49,855	25,829	1,490	2.47	-	37,000

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The new estimate at the Mt Colin deposit sees the total resource at the Cloncurry Project increase to around 7.65 Mt, with a grading of 1.69% copper and 0.52 g/t gold. Can you update us on your planned exploration program at the remaining tenements in the Cloncurry area over FY2012?

Acting CEO Geoff Laing

We have a substantial exploration program in progress. We retained the majority of our exploration package of more than 3,000 km² post the sale of the CCP to Xstrata. While only a small area was divested with the project, it was still a significant portion of our overall resources so we've embarked on a systematic process of data evaluation and target prioritisation in three main areas within the tenements we retain.

The exploration strategy is to initially establish resources suitable for processing at existing nearby facilities. Our longer term objective is to develop self-sustaining resources, particularly in the more remote northern and southern tenements. This strategy is consistent with the process that previously delivered us tremendous returns and provides us with both intermediate and long term goals.

In the central Pumpkin Gully area, about 15 to 20 km east of Cloncurry we're working on prospects such as Salebury, Tanbah and Fisher Creek. This area has the potential to deliver not only higher grade, smaller tonnage resources suitable for processing at any of the facilities in the region, but also larger, stand-alone resources.

We also continue to explore the Hazel Creek Project area to the north, where we've been operating a satellite camp and facilities for most of this year. The third area we're focusing our exploration on covers the southern tenements of Cloncurry, including the Canteen area. Previously this area hasn't received much attention from us due to lack of funding but earnings from White Dam has provided the funds and we now have the people to enable us to look more closely at this area.

We're currently conducting drilling, and significant geophysical and geochemical programs at each of the locations. Our plan is to pull together the geological models and be well prepared for a very substantial drilling program in 2012.

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Drilling results at the Hazel Creek Project (EXS: 100%) have shown 1.84 Mt at a grade of 1.03% copper and 0.2g/t gold. You see the potential to define large tonnage, open-pit style deposits at the project. What are the next steps toward defining the Hazel Creek resource?

Acting CEO Geoff Laing

We have a systematic program in progress at Hazel Creek to identify suitable self-sustaining resource targets. The distance of Hazel Creek from existing operations such as Ernest Henry may make it uneconomic to transport ore there for processing, so the resource needs to be stand-alone.

We're currently progressing a drilling program on previously identified targets at Turpentine and Eight Mile Creek, along with detailed soil geochemical surveys and geophysical programs including sub-audio magnetic (SAM) surveys. We intend to develop geological models for the main structures in the area to allow for a significant drilling program through the 2012 season.

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For the quarter ending 30 June 2011, the White Dam Gold Project (EXS: 75%) in South Australia produced 21,810 ounces of gold. From April 2010 to 30 June 2011, Exco received over \$90 million in revenues from White Dam at an average price of A\$1,388/oz. Given current gold prices around US\$1,600/oz, what are your expectations for cash flows and production for White Dam over FY2012?

Acting CEO Geoff Laing

The White Dam mine continues to operate extremely well but the current reserve will be depleted by the end of the 2011 calendar year. Leaching on the heap will continue next year and work is ongoing to ensure viable near-mine resources are developed and that the life of the mine is extended as far as possible. The Vertigo deposit, located approximately 1 km west of the plant, is being evaluated and approvals for development are nearing completion.

The current White Dam resource is unusual due to its low strip ratio and exceptional metallurgy, and recovery has been better than expected. Other resources being considered at Vertigo and White Dam North are not as positive and will have higher strip ratios as well as less simple metallurgy. Our average resource to reserve conversion rate at White Dam has been about 60% but will be substantially lower for Vertigo and White Dam North. We expect Vertigo may yield an incremental 10,000 to 15,000 ounces in recovered gold if mined. It's too early to estimate the yield from White Dam North.

At current gold prices, there's plenty of incentive for us and our joint venture partner Polymetals to extract every last viable ounce from the resource, especially after having already sunk the capital and established the processing facilities at the site.

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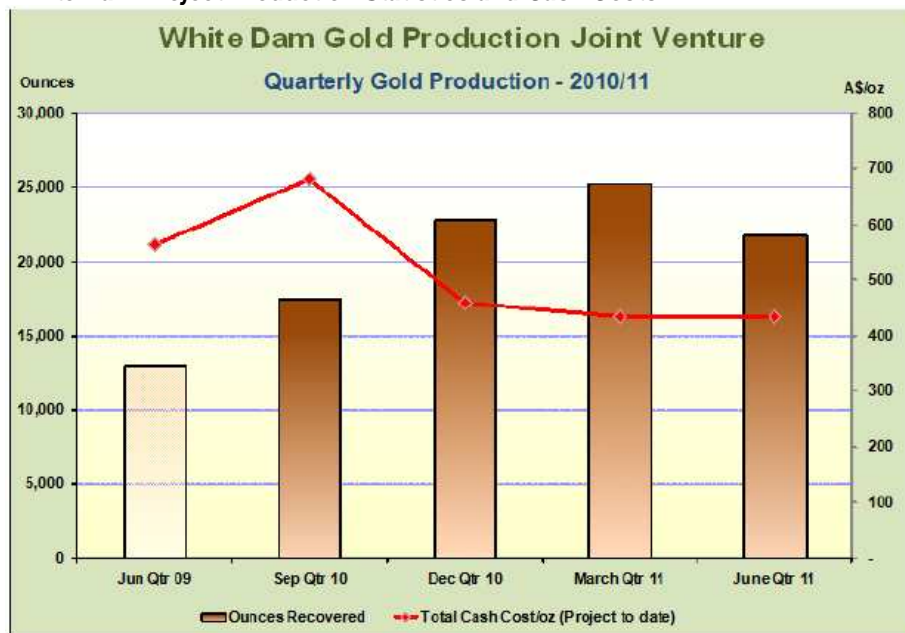
Total operating cash costs at White Dam were A\$434/oz for the June quarter, up from A\$388/oz in the March quarter. Why have costs increased and how are they expected to trend over FY2012? What scope is there to reduce costs?

Acting CEO Geoff Laing

Costs increased in the current pit as we drove deeper and tried to recover all remaining available ounces. The cash cost is still extremely low and we're still seeing a margin of well over AU\$1000/oz, so the mine continues to generate substantial cash flow for the company.

It's unlikely other-near mine resources will generate the same margins as the current pit, so operating costs will increase. There isn't a great deal we can do to reduce costs so our focus is on extending the mine life and making sure we extract every last economic ounce.

White Dam Project Production Statistics and Cash Costs



While White Dam production and cash flow will inevitably wind down over the next six months, we're in the fortunate situation where the cash flow from White Dam will to some degree be replaced by royalty payments from the Great Australia operation. This also means our exploration programs are likely to remain fully funded for the foreseeable future.

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After receiving \$175 million from the sale of CCP to Xstrata along with continued cash flow from White Dam, Exco's cash balance at 30 June 2011 was \$224.5 million. Are you still on track to pay \$135 million (38 cents per share, fully diluted) to your shareholders by 31 October 2011? After the payout, how will your remaining cash be utilised?

Acting CEO Geoff Laing

We continue to make every effort to meet the target of the 31 October but are awaiting a response from the Australian Tax Office regarding the proposed capital return. When we have clarification on the allowable capital return, shareholders will be asked to vote on the distribution and payments will be made as soon as practically possible. Payments will have a fully franked dividend component and a capital return component.

We expect to have \$45 million to \$50 million in cash post the distribution and payment of tax.

We also expect ongoing royalty payments from the Great Australia operation of up to \$10 million per annum for three years as well as residual White Dam cash flow.

Our ongoing cash flow will sustain most of our exploration over the short to medium term. While we expect our ongoing exploration to provide medium to long term cash generation opportunities, we'll also be looking to use some of our significant cash reserve to acquire projects that offer near term cash generating potential.

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You were appointed acting CEO on 5 August. What are your immediate management priorities? How might Exco's strategy change under your leadership?

CEO Geoff Laing

While it's dependent on an ATO ruling, the delivery as soon as possible of both the capital return and fully franked dividend from the CCP sale is our first management priority.

Secondly, implementing a process that delivers near term value from Mt Colin is an important priority. Adding value to and on-selling projects has generated good returns for us in the past and we'll be looking to repeat the CCP process with Mt Colin if it stacks up as the best business case.

Our third priority is to extend the White Dam Project as far as possible through near-mine resources and ensuring optimal recovery from the existing heap.

The fourth priority is the initiation of an exploration program that satisfies our medium to long term growth objectives. That program will be results-driven and we expect it to expand as the results come in.

Over the last few years, the Company has focused on delivering maximum value from the CCP through project development and stakeholder management. We'll now revert to fundamental resource identification to generate long term value growth within our existing portfolio.

We'll also look to identify opportunities that potentially deliver near term upside to cover the gestation period for resource growth. We have a preference for copper and gold projects because we have expertise in and have historically done well in those metals but we won't rule out better opportunities in other base metals. It's tough to acquire projects in copper and gold with residual value to be realised as they are both fully priced metals.

I see a tremendous future for the company and will continue to commit my energy to ensuring shareholders are rewarded and that the company continues to thrive and grow.

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Thank you Geoff.

For further information on Exco Resources visit www.excoresources.com.au or call Geoff Laing on (08) 9211 2000.

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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.