

Quarterly Report

For the three months ending 30 September 2011



Exco set to distribute \$135m in December

Post-distributions the company is well funded to pursue new opportunities

ASX Code: EXS

Shares on Issue
351,544,187

Unlisted Options
4,500,000

Current Share Price
\$0.69

Market Capitalisation
\$242.6m (undiluted)

Cash at 30 September 2011
\$234m

DIRECTORS
Barry Sullivan (Chairman)
Alasdair Cooke
Peter Reeve
Tom Whiting

ACTING CEO
Geoff Laing

COMPANY SECRETARY
Eamon Byrne

CONTACT DETAILS
Level 2 / 8 Colin St
West Perth WA 6005

PO Box 1726
West Perth WA 6872

Telephone: +61 8 9211 2000
Facsimile: +61 8 9211 2001

www.excoresources.com.au

ABN 99 080 339 671

31 October 2011

Cloncurry Project and Northwest Queensland Exploration

- **Mt Colin Resource upgrade:** An upgrade to the Mt Colin resource was announced on 13th September. The resource has been re-estimated based on infill and extensional drilling. The overall Mineral Resource at Mt Colin has increased by 29% to **1.92Mt @ 2.59% Cu**. The re-estimate has improved confidence levels of the resource, with the high grade zone still open at depth (350m below the surface).
- **Exploration advancing within Cloncurry and at Hazel Creek:** The exploration programmes within the Cloncurry and Hazel Creek project areas are progressing in parallel and include geophysics, geochem and drilling.
- **Existing targets yielding results and new targets being generated:** The exploration programme is yielding results from existing targets and new targets are being identified through the comprehensive work programme.
- **Well funded:** Exco's cash balance at the end of the quarter was \$234 million which equates (pre tax obligations) to approximately 66 cents per share, fully diluted.

White Dam Gold Project, South Australia

- **Gold production continues ahead of expectations:** Joint venture production at 15,938 ounces (100%) for the quarter was again ahead of expectations. Recovery levels from the leach process are exceeding initial predictions.
- **Substantial cash flows and continued low costs:** Exco continued to enjoy substantial net cash flows from White Dam during the quarter. Exco received \$21m in revenues for the three months at an average price of A\$1,587/oz. Unit costs were maintained at lower than life of project rates by strong cost controls despite a less favourable than previous ore-to-waste ratio.
- **Near mine exploration & resource development:** The assessment to mine the nearby Vertigo deposit was on-going during the quarter. A deed of variation to the native title agreement for the Vertigo deposit has been executed and the mining lease application is nearing completion. Assessments of White Dam North and White Dam East prospects concluded during the quarter. These prospects are not economic based on current project parameters. However, White Dam North regulatory approvals are being progressed so that it may be developed promptly should circumstances change.

Corporate

- **Distributions to shareholders:** The company received a draft class ruling from the ATO on 19 October which indicated that up to \$36 million of the \$135 million that the company has promised to return to shareholders could be returned by way of a capital distribution. The company has tabled a resolution at the upcoming AGM seeking shareholder approval of a capital reduction under s256 of the Corporations Act and intends to make the distribution(s) in mid-December.
- **Board and management changes:** On the 5 August the company announced that Mr Michael Anderson had tendered his resignation as managing director in order to pursue new interests. Mr Geoffrey Laing, currently General Manager Corporate and Business Development, has been appointed as Acting CEO and has taken over all the day-to-day responsibilities of the managing director until a final appointment is made. On 21 September, as foreshadowed in the last quarterly report, the company advised the appointment of Dr Tom Whiting to the board as a non-executive director.

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 **6Mt @ 0.98g/t Au for 188,700oz** contained (see **Table 4**).

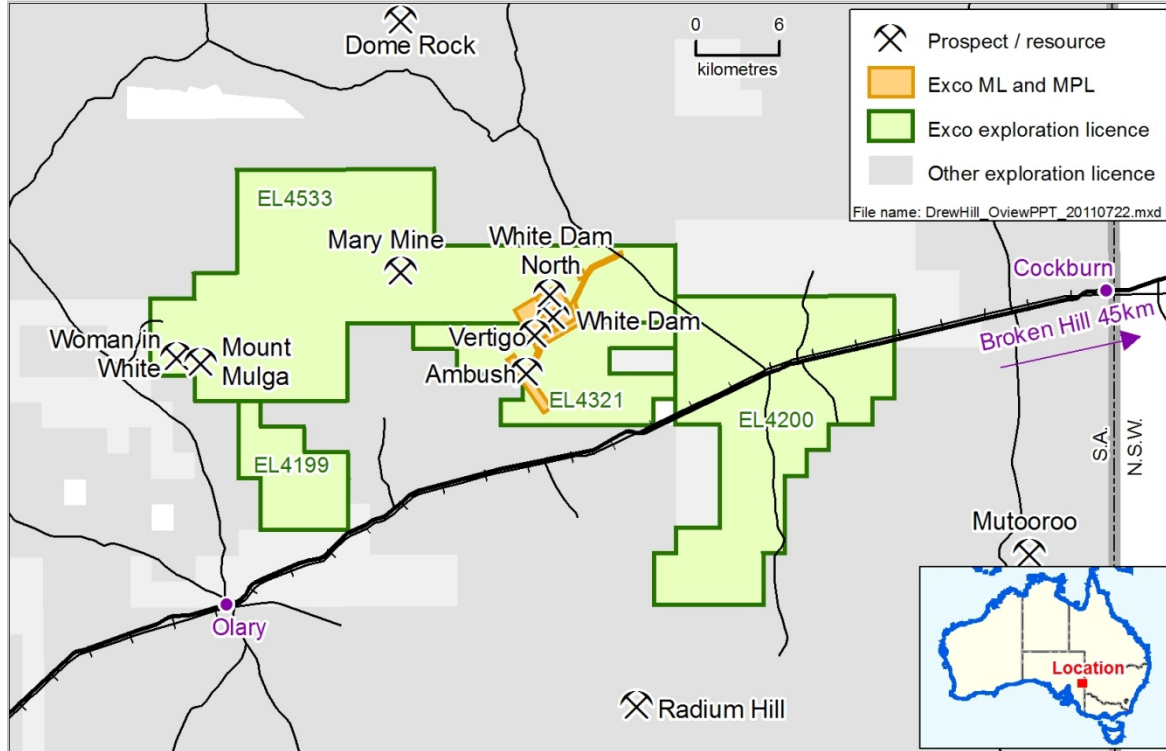


Figure 1: White Dam Gold Project Location Map

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

There were no lost-time injuries during the quarter. Efforts to maintain the safety culture at the operation continues with emphasis on leading indicators. Manual lifting work practices continue to be a focus. No environmental or regulatory infringements were reported during the quarter.

Geotechnical monitoring and management within the Hannaford pit perimeter continued with no wall stability incidents during the period.

Production and Financial Statistics

White Dam Gold Joint Venture September 2011



Figure2: White Dam Gold Production Joint Venture - Production and Sales

		LOM to June 11	Sep Qtr 11	Dec Qtr 11	Mar Qtr 12	Jun Qtr 12	Year 2011/12	Project to Date
Ore Tonnes Mined	(tonnes)	3,525,093	375,226	-	-	-	375,226	3,900,319
Mined Grade	(g/t)	1.00	0.89	-	-	-	0.89	0.99
Mined Ounces	(ounces)	113,622	10,737	-	-	-	10,737	124,359
Waste Tonnes Mined	(tonnes)	3,893,563	470,378	-	-	-	470,378	4,363,941
Ore placed on Leach	(tonnes)	3,525,093	375,226	-	-	-	375,226	3,900,319
Head Grade	(g/t)	1.00	0.89	-	-	-	0.89	0.99
Ounces Produced	(ounces)	75,257	11,954	-	-	-	11,954	87,210
Gold Loan Repayments	(ounces)	15,687	-	-	-	-	-	15,687
Ounces Sold	(ounces)	57,302	13,206	-	-	-	13,206	70,508
Cash Operating Cost	(A\$/oz)	289	281	-	-	-	281	287
Cash Development Cost	(A\$/oz)	108	102	-	-	-	102	106
Royalties	(A\$/oz)	53	30	-	-	-	30	50
Total Cash Cost	(A\$/oz)	450	413	-	-	-	413	444
Average Realised Sale Price	(A\$/oz)	1,393	1,587	-	-	-	1,587	1,429
Revenue	(A\$ million)	91.8	21.0	-	-	-	21.0	112.8

Table 1: Production and Financial Statistics (Exco equity interest)¹.

¹ **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.

Production

Total project production for the quarter was 15,938 ounces. This figure is down from last quarter's 21,810 ounces as the project moves towards the end of production from the Hannaford pit. As noted in **Table 1**, cumulative production to date is 116,280 ounces which represents a substantial increase on the original life-of-mine production forecast used as the basis for the debt facility approval.

Mining from Hannaford Pit moved 451k bank cubic metres of material comprising 500k tonnes of ore and 627k tonnes of waste for a strip ratio of 1.25.

During the quarter, a northern cutback of Hannaford Pit commenced. The current plan is that mining from the Hannaford Pit will continue until late 2011 and gold production will continue until mid-2012. However, near-mine exploration and resource definition continues with the aim to extend the life of the mine if it is economically feasible to do so.

A total of 500k tonnes of ore at 0.89 g/t was placed on the leach pad. Leaching performance continues to exceed target. Gold recovery to date of 73% is significantly higher than the original life-of-mine estimate of 65%.

Costs

Cash Operating and Development unit costs for the quarter were \$383/oz with Total Cash Costs at \$413/oz.

These levels remain consistent with the previous Quarter. Costs are expected to trend upwards as remaining mining activity targets commercially viable, but higher cost, production extensions (such as the north wall cutback) to maximise value extraction from the Hannaford pit.

Project Development

Assessment to mine the nearby Vertigo deposit continued during the quarter. A deed of variation to the native title agreement for the deposit has been executed and the mining lease application is nearing completion.

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

Assessments of White Dam North and White Dam East prospects concluded during the quarter. These prospects are not economic based on current project parameters. However, White Dam North regulatory approvals are being progressed so that it may be developed promptly should circumstances change.

Exploration

During the quarter, Polymetals took over management of the Drew Hill Exploration Joint Venture from Exco and has focussed on developing an understanding of patterns of known mineralised occurrences at White Dam, Vertigo, White Dam North and White Dam East. This will assist in the next phases of near-mine and regional exploration. 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.

Exploration work completed during the quarter includes:

- Reverse Circulation (RC) drilling; 367 holes for a total 7,610m consisting of:
 - Scout drilling in the northern tenement areas located in regions of interest interpreted from aeromagnetic data; a total of 311 holes for 6,076m were drilled.
 - Drill testing where mineralisation appears open to known resources; at Hannaford Pit - East, White Dam North, and Rolling prospects; a total of 56 RC holes for 1,534 m were drilled.
- Tenement wide structural and geological interpretation of aeromagnetic data.
- Delineation of a systems-style exploration model incorporating empirical data, structural geological interpretation, and definition of interpreted intrusive rock-types that may be the locus of intrusive related mineralisation.

Results to date from the shallow scout RC drilling (311 holes for 6,076m) indicate a cluster of highly anomalous gold associated with domal to arcuate shaped magnetic bodies. 15 holes returned anomalous gold grades of >0.06g/t Au over a six metre composite sample. This included 4 holes that returned high anomalous values >0.15 g/t Au. Deeper follow-up RC drilling is planned in the December quarter.

During the quarter, \$0.5 million was expended on exploration at White Dam.

CLONCURRY PROJECT (Exco 100%)

Mt Colin resource upgrade

On 13th September the company advised that it has completed an updated resource estimate for the Mt Colin copper-gold deposit, located approximately 50km west of Cloncurry, in the Mt Isa region of Queensland. (See **Figure 11** for deposit location). The 100% interest in the project forms part of Exco's Cloncurry Project. Resource modelling incorporating geological interpretation, wireframing and geostatistical analysis has resulted in the completion of a resource estimate containing approximately **1.92Mt @ 2.59% Cu**.

This represents an increase of 29% in the overall mineral resource at Mt Colin. Ores classified as Indicated Mineral Resource have increased by 68% to **1.04Mt @ 3.04% Cu**. The Cloncurry Project total resource has increased to **7.65Mt @ 1.69% Cu & 0.52g/t Au**.

A Long section (See **Figure 3**) shows the change in boundaries between Indicated and Inferred Mineral Resource resulting from this upgrade.

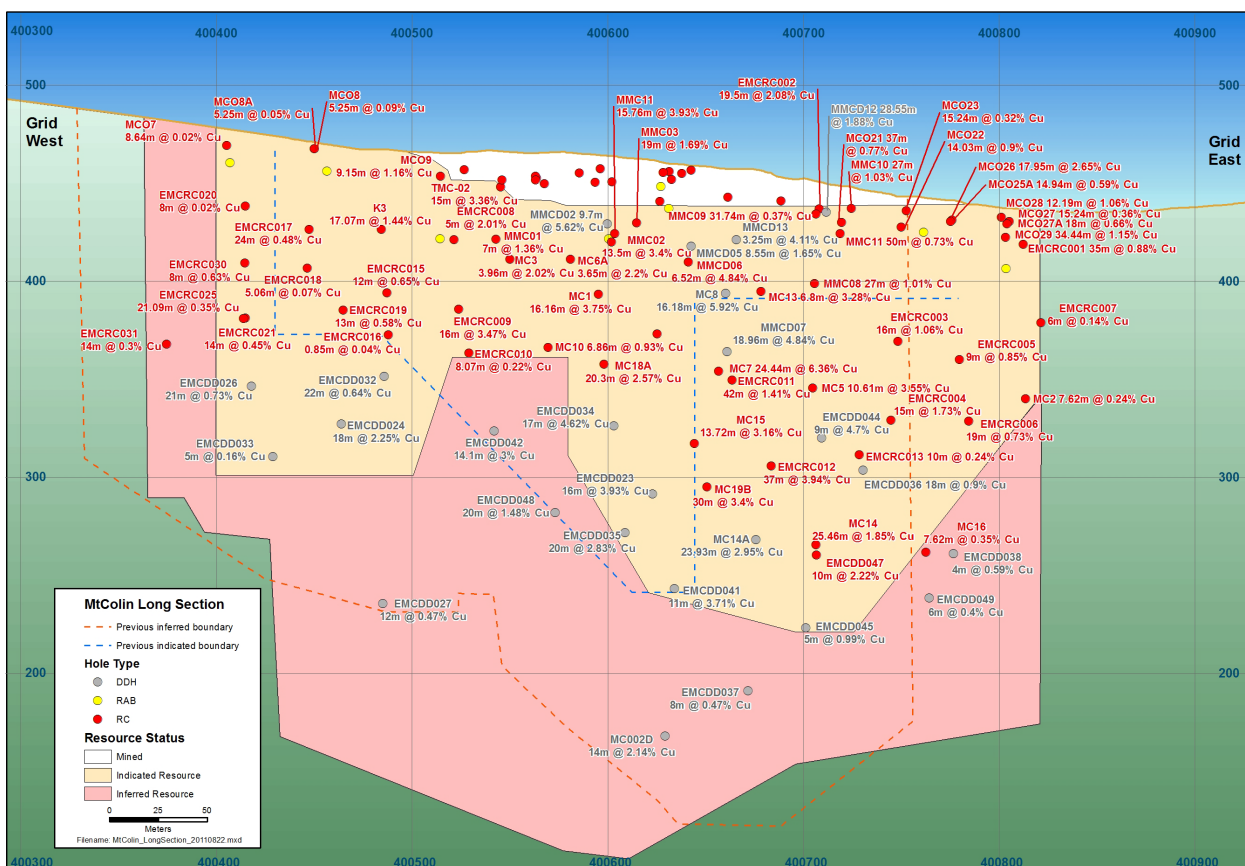


Figure 3: Long Section of Mount Colin showing Indicated/Inferred boundary.

The Mt Colin resource has been re-estimated based on a further 37 holes including 13 Reverse Circulation and 24 Diamond holes. The re-estimate has significantly increased the resource size and improved confidence levels of the resource, with the high grade zone still open at depth (350m below the surface). A scoping study completed on the previous resource indicated robust economic potential. Further work is in progress for underground mining design.

(See the ASX announcement issued to the market on 13 September 2011 for further details)

EXPLORATION AND DRILLING UPDATE

Highlights

- At Salebury, nineteen RC holes were drilled during the quarter to extend the strike of the known mineralisation and results are expected during the next quarter.
- A SAM survey conducted during the quarter over a 14.1km² area covering the Salebury-Crow's Nest trend has substantially enhanced the structural understanding of the prospect and will generate new drilling targets.
- RC holes drilled at Crow's Nest and at Eaglehawk during the quarter have returned positive results including **16m @ 0.62% Cu and 32m @ 0.56%Cu.**
- Eleven RC holes were drilled at Tanbah North during the quarter. The holes intersected quartz veining within strongly silica-biotite-carbonate altered dolerite with varying amounts pyrite and chalcopyrite.
- A soil geochemistry programme covering 12km² was completed during the quarter at Canteen and has defined several strong and coherent copper anomalies that will be rock-chip sampled during the December quarter.
- Seventeen RC holes were drilled at Turpentine South during the quarter to test strong magnetic anomalies. Significant results include **2m @1.04% Cu and 30m at 0.4% Cu.**

Cloncurry (Exco 100%)

Reverse Circulation (RC) drilling has continued throughout the quarter on a number of prospects within the Cloncurry Project (see **Figure 4**) including Uncle Tom's, Fisher Creek West, Salebury, Crow's Nest-Eaglehawk, Tanbah North, Tanbah, Canteen, Bosca, MLT-Victory and Marimo. Extensive geochemical sampling has been conducted and a sub-audio magnetic (SAM) survey completed over the Salebury-Crow's Nest trend.

Uncle Tom's (Au)

The Uncle Tom's Prospect is located on EPM11675 and EPM16172, approximately 2km east northeast of the Lorena gold deposit and 1.5km south of the Salebury copper-gold prospect. Auriferous quartz veins were exploited historically from a small shaft and alluvial gold in economic quantities was recovered from a drainage leading north from Uncle Tom's.

The area is underlain by a folded, interbedded sequence of metasediments and amphibolites with a predominantly east-west strike, which are cut by numerous north-northeast faults. There are several old workings in the area developed on K-spar-sericite altered, ferruginous quartz-carbonate breccias situated on a black shale-amphibolite contact.

RC drilling by the company during 2010 returned a best intersection of **10m @ 6.48g/t Au** from surface in ECRC490. The SAM survey completed over the Salebury–Crow's Nest trend during the quarter covered the prospect and these results, combined with geological mapping planned for the December quarter are anticipated to improve the understanding of structural controls on mineralisation in the prospect area. A soil geochemistry programme currently being sampled will also assist in generating additional drill targets.

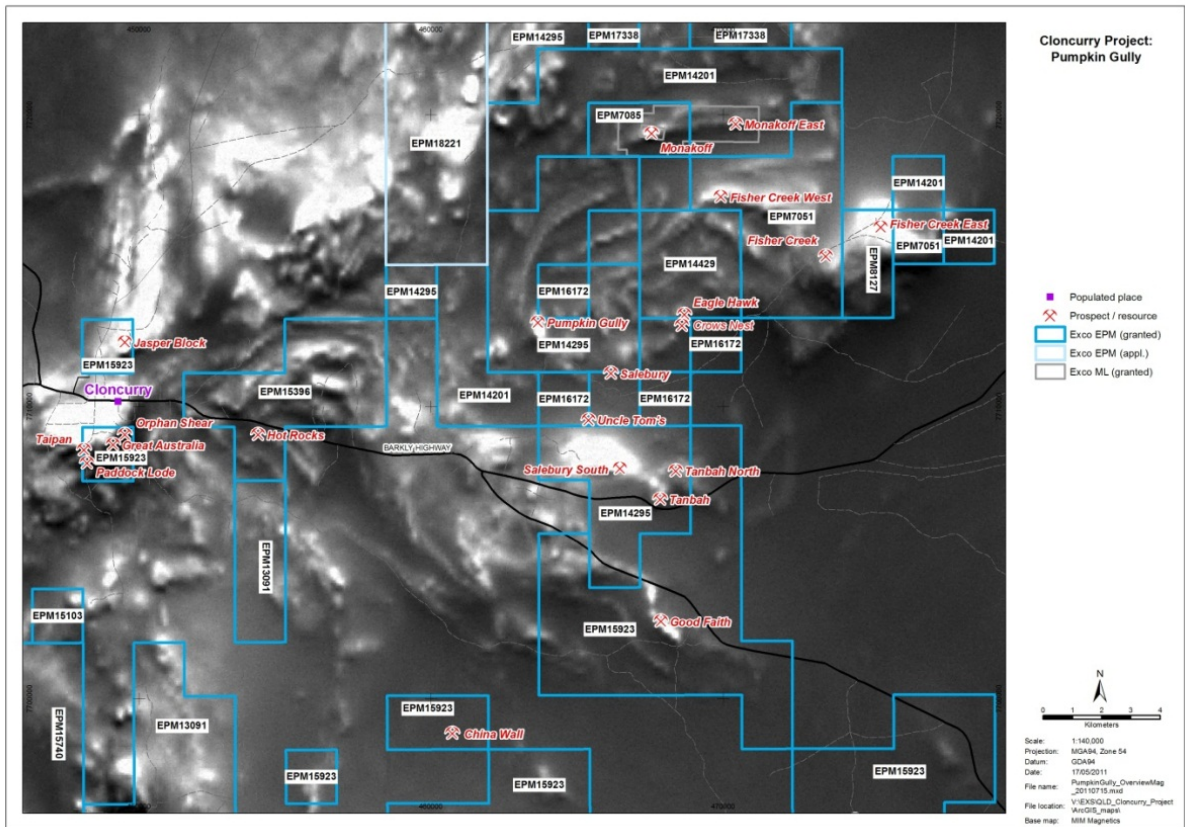


Figure 4 – Pumpkin Gully

Fisher Creek West (Cu-Au)

The Fisher Creek West Prospect is situated approximately 4km north west of the Company's Fisher Creek prospect and is associated with a regionally significant magnetic anomaly at the southern end of the Mt Margaret Fault zone. Exco completed aircore geochemical drilling and eight deeper RC holes at the prospect during 2008. 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 from 90m in ECRC308.**

Many of the holes also returned strongly anomalous Cobalt and Gold concentrations over significant widths confirming that the prospect hosts a large hydrothermal system.

Four holes were drilled during the quarter that confirmed extensions to the mineralisation to the east of ECRC308 with the best intersection being **6m @ 0.74% Cu & 0.22g/t Au** from 68m in ECRC509, drilled 200m east of ECRC308. Further drilling, to define the extent of the copper mineralisation, is to be completed.

Salebury (Cu-Au)

The Salebury prospect is located 17km east of Cloncurry on EPM11675, and is situated on the southern limb of the Pumpkin Gully Syncline where metasediments and mafic volcanics of the Toole Creek Volcanics are juxtaposed on a south-east dipping thrust fault. Calc-silicate breccias also occur in the vicinity of the prospect. The main target to date has been a zone of approximately 600m strike defined by sporadic copper oxide mineralisation at surface associated with the northeast striking thrust fault that is complicated by northwest striking faults. The prospect contains a number of historic workings, including a small open cut that exposes underground workings, which appear to be connected to a small shaft to the south.

Previous drilling by Exco has involved traverses of Rotary Air Blast (RAB) drilling followed by several phases of RC drilling. The deeper RC drilling intersected significant sulphide mineralisation with a best intersection of **30m @ 1.93% Cu & 1.25g/t Au** from 78m to the end of hole in ECRC307. Follow-up diamond drilling (DD) verified the result with an intersection of **48m @ 2.18% Cu & 1.97g/t Au** from 87m. The mineralisation is hosted by a brecciated and carbonate altered black shale sequence and is dominated by chalcocite.

Nineteen RC holes were drilled during the quarter to extend the strike of the known mineralization with the majority intersecting variably hematite-carbonate-silica altered black shale and amphibolite with disseminated pyrite and chalcopryite in the vicinity of the south dipping thrust. Anomalous composite samples have been re-split and submitted to the laboratory. Results are expected to be announced during the December quarter.

A SAM survey conducted during the quarter over a 14.1km² area covering the Salebury-Crow's Nest trend has substantially enhanced the structural understanding of the prospect and will generate new drilling targets. Further RC and DD is planned to verify structural controls on mineralization at the prospect. An extensive soil geochemical survey is currently being undertaken.

Crow's Nest – Eaglehawk (Cu-Au)

The Crow's Nest and Eaglehawk prospects occur on EPM11675 and EPM14429. The prospects are situated within Toole Creek Volcanics on the southern limb of the Pumpkin Gully Syncline. They are located approximately 800m apart along a northwest striking sequence of calc-silicates and black shales that have been intruded by dolerite, and are now partially masked with thin transported cover. The mineralisation at Crow's Nest is interpreted to be controlled by a southeast dipping thrust fault that intersects a northwest trending fault. Exploration by previous explorers included intersections of;

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

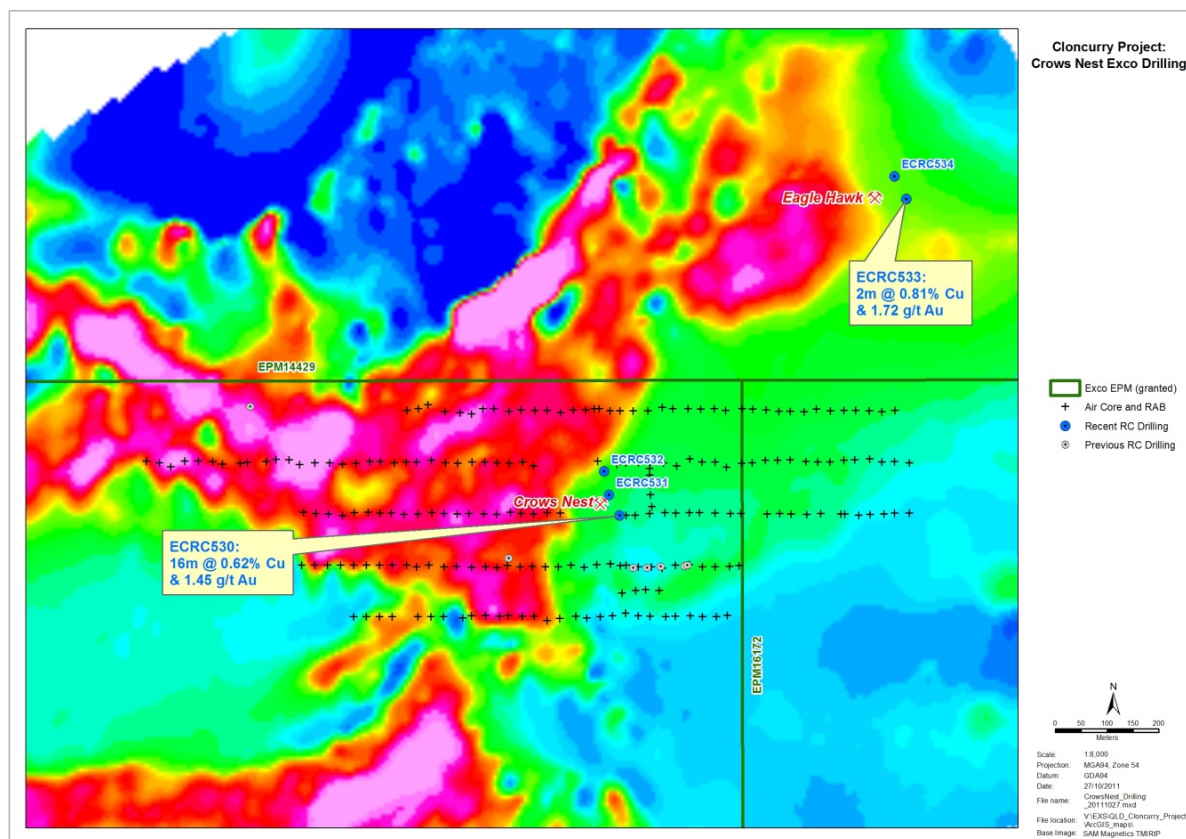


Figure 5 – Drilling at Crows Nest

Three RC holes were drilled at Crow's Nest and two at Eaglehawk during the quarter. Significant intersections include;

- **16m @ 0.62% Cu & 1.45g/t Au** from 14m and **32m @ 0.56% Cu & 1.04g/t Au** from 74m in ECRC530 at Crow's Nest.
- **2m @ 0.81% Cu & 1.72g/t Au** from 48m in ECRC533 at Eaglehawk.

A regional structural study and soil geochemical survey are currently being undertaken to better understand the structural controls on the mineralisation at Crow's Nest so that new drill targets can be generated.

Tanbah – Tanbah North (Cu-Au)

The Tanbah North Cu-Au prospect is located 19km east southeast of Cloncurry on EPM14295. Mineralisation at Tanbah North is controlled by north-west striking quartz veins intersecting a 200m thick, east west striking and south dipping dolerite sill within the Toole Creek Volcanics. Drilling during 2010 returned a best intersection of;

- **25m @ 0.94% Cu & 0.53g/t Au** from 36m to the end of the hole.

Eleven RC holes were drilled at Tanbah North during the quarter. The holes intersected quartz veining within strongly silica-biotite-carbonate altered dolerite with varying amounts pyrite and chalcopyrite. The dolerite-shale footwall contact is also mineralised in places. Re-splits have been submitted to the laboratory and results are expected to be announced during the December quarter.

Geological mapping, a SAM survey and a soil geochemistry survey are planned for the December quarter to improve understanding of the structural controls on mineralisation at Tanbah North, as well as the Tanbah and Tanbah Flats prospects. Further RC drilling will also be undertaken at Tanbah North.

Tanbah – Tanbah Flats (Cu-Co-Au)

The Tanbah Cu-Au prospect is located 1km southwest of Tanbah North and is situated on a sub-vertical faulted contact between amphibolite and carbonaceous shale with irregularly distributed calc-silicate breccia. Intense quartz-carbonate veining with pyrite-chalcopyrite veining occurs either side of the faulted sediment-volcanic contact. The area is characterised by complex folding and widespread copper oxide occurrences at surface, some of which have been exploited by small historical excavations.

Initial RC drilling outlined areas of widespread copper and gold mineralisation occurring at the contact between metasediments and amphibolites, 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;

- **47m @ 0.59% Cu & 0.25g/t Au** from 34m in ECDD003
- **202m @ 0.33% Cu, 0.34g/t Au & 0.07% Co** from 38m in ECDT345

Five RC holes drilled at the prospect during the quarter intersected locally intense pyrite-chalcopyrite bearing quartz-carbonate veining in black shale and amphibolite. Final results are currently being received and expect to be reported during the December quarter.

The occurrence of broad copper intersections and strongly elevated cobalt concentrations in the metasediments, including an interval of **33m @ 0.12% Co** in ECDT345 drilled during 2010, supports Exco's belief that the Tanbah prospect has the potential to host an economic Cu-Co-Au deposit.

An RC hole was also drilled to test and coincident magnetic, radiometric and copper in soil anomaly at the Tanbah Flats prospect. The hole intersected strongly hematite-magnetite altered metasediments and calc-silicate breccia with disseminated chalcopyrite.

A soil geochemical sampling programme has recently been sampled over the greater Tanbah area which has verified mineralised trends that will be tested with drilling during the December quarter. SAM and detailed gravity surveys are also proposed for the December quarter to cover the Tanbah Flats and Tanbah prospects. The data will be inverted to generate detailed drill targets for testing during 2012.

The Tanbah, Tanbah North and Tanbah Flats prospects are located within the highly prospective Toole Creek Volcanics on a major flexure of the crustal scale Cloncurry Lineament. Exco believes that mineralisation in the Tanbah project area is part of a single but substantial hydrothermal system.

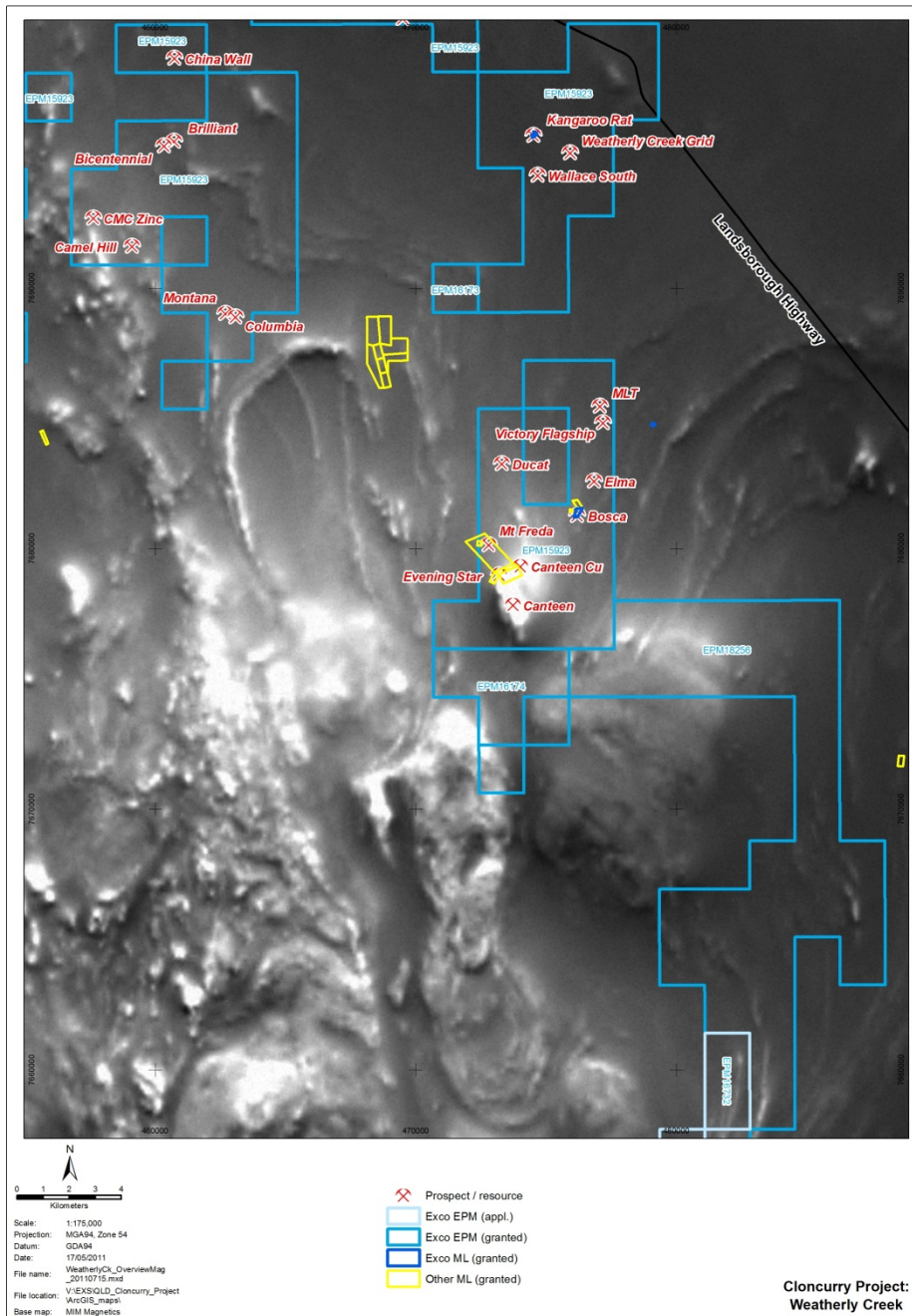


Figure 6 – Weatherly Creek

Canteen Prospect (Cu-Au-U)

The Canteen prospect is located on EPM15923, approximately 40km SE of Cloncurry near the fold axis of the Weatherly Creek Syncline and is hosted by the lower volcanic package of the Toole Creek Volcanics, proximal to the Mt Norna Quartzite and Saxby Granite. The Cloncurry Lineament, a 200km long north-south feature defined by regional magnetic and gravity data, is interpreted to reflect a deep crustal scale tectonic feature and is spatially associated with a number of mineral deposits, and passes through the prospect area. The historical Mt Freda, Evening Star and Canteen mines, as well as numerous small historic workings occur in the immediate vicinity.

A soil geochemistry programme covering 12km² was completed during the quarter and has defined several strong and coherent copper anomalies that will be rock-chip sampled during the December quarter. At Weatherly Creek, a 1.5km long Cu-As-Mo-K-U anomaly, with peak copper values exceeding 2000ppm has been delineated. The anomaly is associated with quartz-hematite veining within mafic volcanics and metasediments of the Toole Creek Volcanics, and is coincident with a strong aeromagnetic anomaly. No historic workings have been identified in the anomalous area.

Five RC holes for 636m were drilled to test for sulphide mineralisation beneath the historic Canteen open pit. The holes all intersected broad zones of brecciated and variably silica-carbonate altered black shales and amphibolite with disseminated iron and copper sulphides. Final analyses are expected during the December quarter.

A HeliSAM survey scheduled for the December quarter is expected to substantially improve the structural interpretation of the prospect and combined with the geochemical data, will enable detailed drill targeting.

The Bosca Prospects (Cu-Au)

The Bosca and Bosca South Prospects on EPM15923 are hosted within the Toole Creek Volcanics and situated on the eastern limb of the Weatherly Creek Syncline, approximately 40km southeast of Cloncurry. The prospects are located approximately 2km east of the Cloncurry Lineament and 7km north of the Saxby Granite. Copper-gold mineralisation has historically been mined from quartz veins along the contact between amphibolite and metasediments and from metasomatic ironstones replacing calcareous sediments. The prospects have not previously been subject to systematic modern exploration.

Three RC holes were drilled at the Bosca and Bosca South prospects during the quarter. The holes targeted sulphide mineralisation beneath a small open-cut and shaft respectively. All holes intersected disseminated iron and copper sulphides associated with quartz-carbonate veining within strongly altered and locally sheared black shale and amphibolite. Final analyses are expected during the December quarter.

MLT-Victory (Cu-Au)

The Victory-Flagship Cu-Au prospect is located 38km southeast of Cloncurry within EPM15923. Copper-gold mineralisation, exploited in the historic Victory, Flagship and MLT workings, occurs along a 1.3km long north-south striking shear zone occupying the contact between amphibolites and black shale of the Toole Creek Volcanics. Gossanous quartz-carbonate veins with copper oxides are located within the 50-80m wide shear zone that disappears beneath shallow Quaternary cover to the north and south of the prospect.

Cloncurry Mining Company (CMC) reported an inferred resource of **196,000t @ 1.2% Cu & 1.4g/t Au**, primarily within the oxide zone, after drilling 52 RC holes at the prospect. Reconnaissance mapping in the area has revealed semi-continuous occurrences of malachite along a strike length of approximately 2.7km. A review of the historic drill hole data has revealed strong copper and gold zonation within the system, and apparent higher grade shoots that require testing at depth. Exco believes that opportunities remain to identify extensions to the mineralised system along the strike of the principal shear zone and also along a northwest trending fault that appears to focus mineralisation in the vicinity of the historic workings.

Three RC holes were drilled during the quarter to test beneath isolated historic workings with the objective of extending the mineralised trend to the north northwest. The holes intersected amphibolite containing zones of intense silicification and carbonate alteration with disseminated pyrite. Analyses are anticipated during the December quarter.

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 Marimo Slate of the Corella Formation.

Seven RAB holes were drilled by Exco during 2005 with the best results reported of;

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

Eight RC holes were drilled at the Marimo Prospect at the end of the quarter to test for sulphide mineralisation beneath the oxide and also to test a magnetic anomaly. The holes intersected sequences of mafic rocks with intercalated shales with variable and locally intense hematite-albite-carbonate alteration, however quartz veining was sparse and sulphides concentrations low. The drilling was completed early in the December quarter and results have not yet been received.

Kangaroo Rat (Cu-Au)

The Kangaroo Rat prospect is located approximately 30km south of Cloncurry and proximal to the Landsborough Highway. The prospect occurs within EPM15923, surrounding a small mining lease that contains the old Wallace Copper mine. Previous drilling by CMC and Eagle Mining as well as infill drilling by Exco has defined a small copper-gold resource of **875,000t @ 1.65% Cu & 1.0 g/t Au**.

The copper and gold (+/- Zn-Co) mineralisation is hosted by a poorly exposed major shear zone up to 50–70m wide that trends northeast and dips steeply to the northwest. The mineralised structure is partially exposed in the vicinity of old workings, however historical RAB drilling indicates that the structure does extend in both directions under the alluvial cover. Gossanous quartz veins are hosted by mylonitised and variably altered metavolcanics, shale, siltstone and quartzite of the Toole Creek Volcanics.

A 1km long, high amplitude isolated magnetic feature, that appears to be discordant to stratigraphy is located 4km northeast of the Kangaroo Rat prospect. The anomaly is largely masked by shallow alluvium but is interpreted to occur within Toole Creek Volcanics. The mineralisation is open at depth and has the potential for extensions along strike.

A programme of resource development RC drilling is currently underway at Kangaroo Rat to infill the drill hole spacing and extend the strike of the known mineralisation. Exco plans to undertake a Helimag survey over the prospect during the December quarter.

Hotrocks

The Hotrocks prospect is located on EPM15396, immediately east of Cloncurry, and is underlain by shale dominated facies of the Toole Creek Volcanics. A soil geochemical sampling programme completed over the prospect during the quarter has highlighted a northeast-southwest striking arcuate copper anomaly conformable with regional stratigraphy. Field verification of the anomaly will be conducted during the December quarter with the objective of defining drill targets.

Proposed exploration during the December quarter

Exploration on the Cloncurry Project for the December quarter will include;

- HeliSAM surveys over the Strathfield, Canteen and Tanbah prospects
- Helimag surveys over the Canteen-Shamrock, Kangaroo Rat, Lawlor and Jessievale prospects.
- RC drilling at the Kangaroo Rat, Marimo, Rock Rat, Pumpkin Gully and Tanbah propsects.
- Soil Geochemistry on the Salebury-Crow's Nest trend.

Hazel Creek Project (Exco 100%)

The Hazel Creek Project is centred approximately 90km north of Cloncurry and incorporates a large area (> 1,000km²) of prospective terrene that remains relatively unexplored. Exco has confirmed the prospectivity of the area through the discovery of the Turpentine Deposit (1.84Mt @ 1.03% Cu & 0.2g/t Au) and several key prospects.

The Hazel Creek Project is situated to the east of the Leichardt River on the Boomarra horst, along an interpreted northern continuation of the mid-Proterozoic Soldier's Cap Group. The host lithologies comprise amphibolite grade quartz-biotite gneisses, calc-silicates, meta-sandstones and amphibolite that are intruded by pegmatites and porphyritic felsic dykes. There is extensive regional sodic metasomatism and magnetite alteration consistent with an IOCG setting. Strong localised hematite-potassic-scapolite, and intense magnetite alteration with coarse disseminated chalcopryite mineralisation may be associated with pegmatoidal veins or felsic dykes. A thin veneer of Mesozoic and Quaternary deposits mask outcrop over parts of the project area.

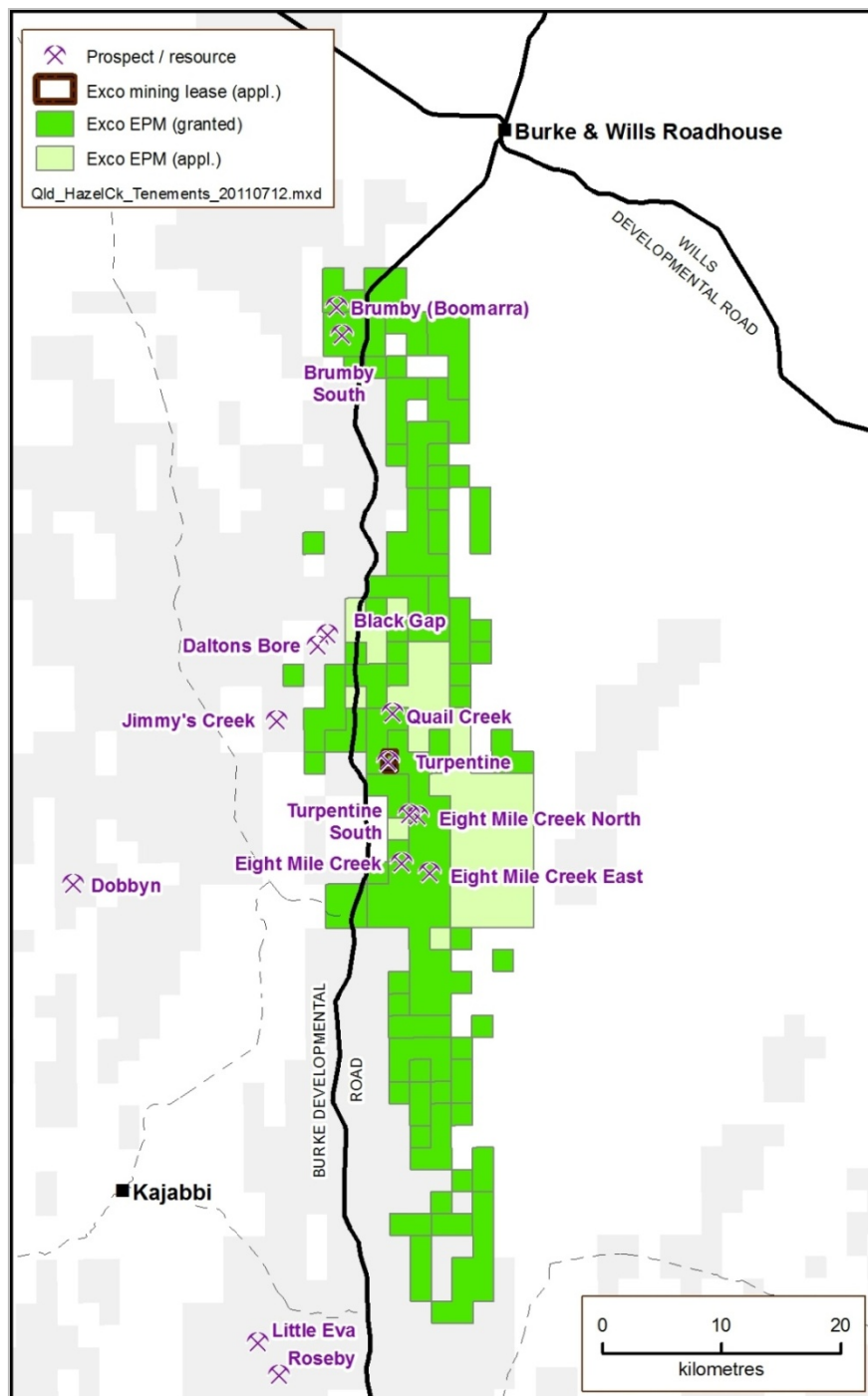


Figure 7 - Location map for Hazel Creek area

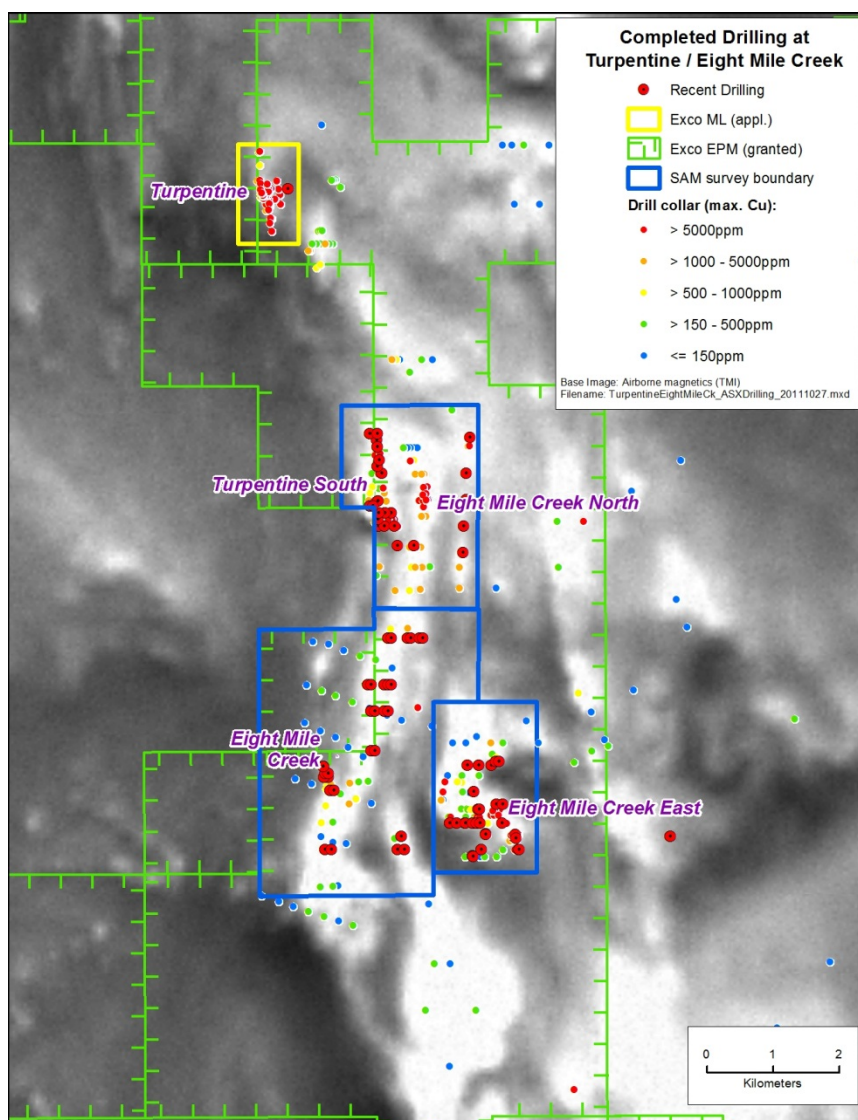


Figure 8 – Completed drilling at Turpentine South/Eight Mile Creek

Turpentine

Previous drilling by Exco has outlined a steeply dipping zone of skarn style mineralisation and defined a resource of **1.84Mt @ 1.03% Cu & 0.20g/t Au**. Deeper drilling during 2010 intersected the mineralised structure well below the current resource with best results including;

- **11m @ 2.01% Cu & 0.51g/t Au** from 277m in hole EHDD003
- **35m @ 0.44% Cu & 0.09g/t Au** from 280m in hole EHDD001

No drilling was completed at the prospect during the quarter however a programme of infill and extensional drilling is currently underway and is anticipated to be completed by December.

Turpentine South

A SAM survey previously conducted by Exco identified several north-south striking very strong magnetic anomalies locally coincident with conductivity anomalies. Drilling during 2010 has located zones of magnetite associated copper-gold mineralisation similar to Eight Mile Creek and Turpentine, including;

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

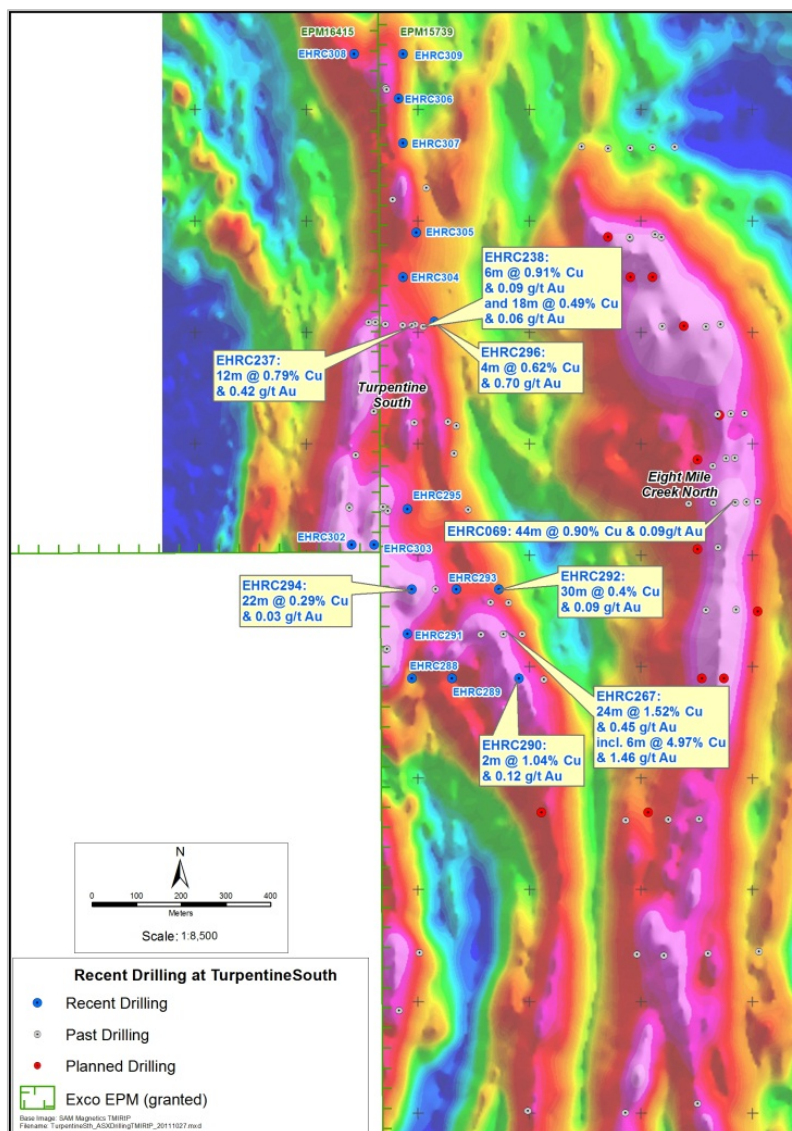


Figure 9 – Drilling at Turpentine South

Seventeen RC holes were drilled at Turpentine South during the quarter to test strong magnetic anomalies. Significant results include;

- **2m @ 1.04% Cu & 0.12g/t Au** from 82m in EHRC290
- **30m @ 0.40% Cu & 0.09g/t Au** from 136m in EHRC292
- **22m @ 0.29% Cu & 0.03g/t Au** from 10m and **20m @ 0.35% Cu & 0.07g/t Au** from 50m in EHRC294
- **4m @ 0.62% Cu & 0.70g/t Au** from 12m and **4m @ 0.82% Cu & 0.47g/t Au** from 76m in EHRC296

A detailed ground gravity survey will be completed over the Turpentine South prospect during the December quarter, and diamond drilling is planned to follow-up the significant mineralisation intersected in EHRC267.

Eight Mile Creek

Previous drilling during the 1990's intersected **30m @ 0.90% Cu** within the Eight Mile Creek prospect area and a recent SAM survey by Exco has outlined a number of significant magnetic and conductivity anomalies coincident with this historical intersection. Exco drilled twenty seven RC holes at the prospect during the quarter and although not all assays have been received, significant intersections to date include;

- **10m @ 0.90% Cu & 0.13g/t Au** from 54m in EHRC323
- **18m @ 0.27% Cu & 0.16g/t Au** from 12m in EHRC327
- **12m @ 0.65% Cu & 0.11g/t Au** from 48m in EHRC328
- **30m @ 0.19% Cu** from 12m in EHRC340

A detailed ground gravity survey will be completed over the Eight Mile Creek prospect during the December quarter.

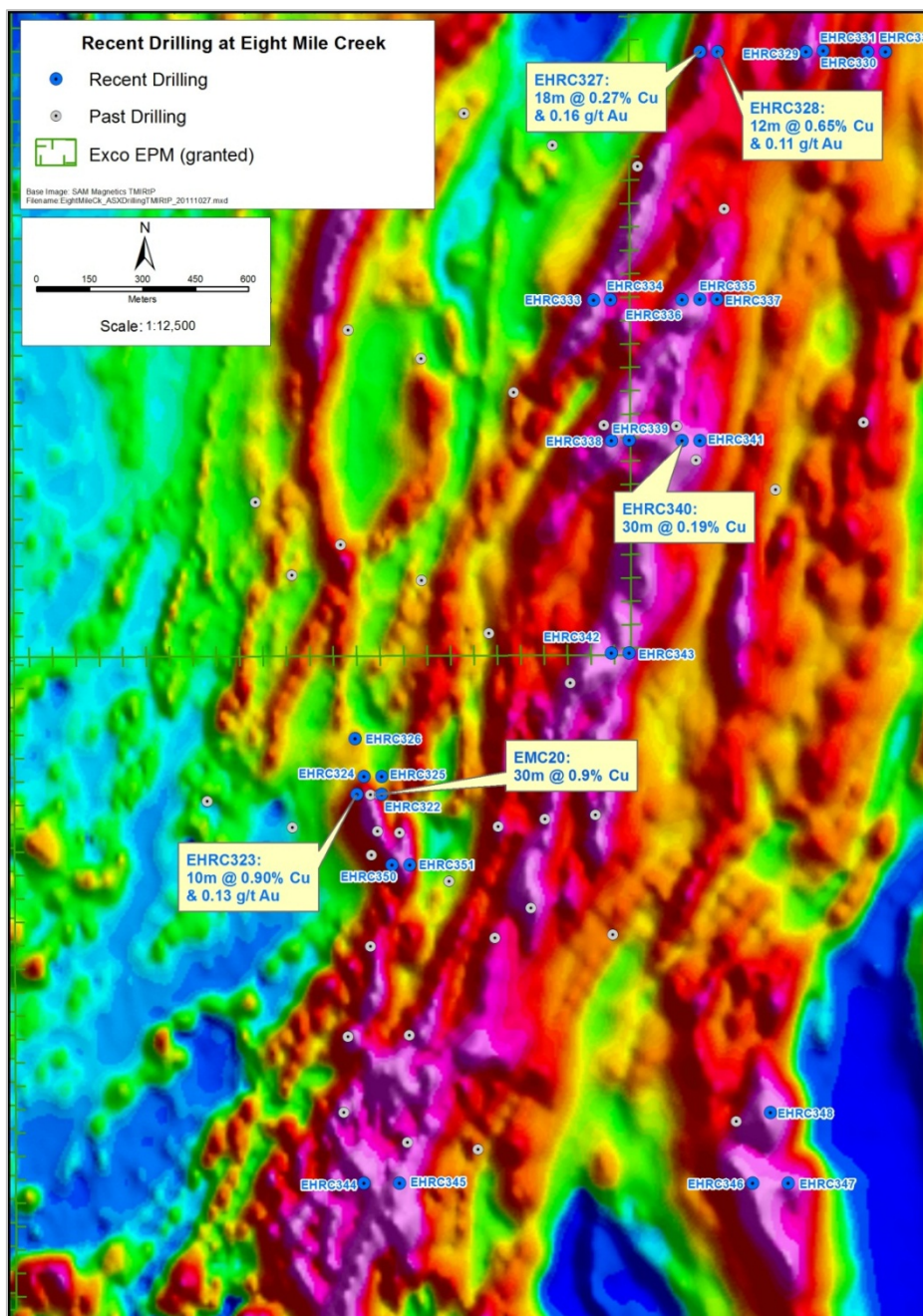


Figure 10 – Drilling in Eight Mile Creek area

Eight Mile Creek East

Drilling by Exco at Eight Mile Creek East has previously intersected significant mineralisation associated with strong magnetic and/or conductivity anomalies defined by a SAM survey. These include;

- **41m @ 0.72% Cu & 0.17g/t Au** from 67m in EHDD005
- **12m @ 0.93% Cu & 0.28g/t Au** from 36m in EHDD006
- **48m @ 0.71% Cu & 0.21g/t Au** from 44m in EHDD007
- **48m @ 0.43% Cu & 0.13g/t Au** from 34m in EHRC260

A detailed ground gravity survey will be completed over the Eight Mile Creek East prospect during the December quarter, and diamond drilling is currently in progress.

Quail Creek North

Three RC holes were drilled to test a coincident magnetic and electromagnetic anomaly at Quail Creek North during the quarter. No significant assays were reported.

Brumby South

This area has poor outcrop and a best drill result to date of **30m @ 0.78% Cu**. Detailed magnetic and limited Induced Polarisation surveys identified targets that were tested during the quarter with 5 RC drill holes. The drilling intersected disseminated sulphides, however it was mostly pyrite and the highest values reported was **0.13% Cu**.

Proposed exploration during the December quarter

Infill and extensional RC and DD drilling is scheduled for the Turpentine deposit during the December quarter and additional RC and core drilling at the Eight Mile Creek East prospect. A ground gravity survey will be completed over the entire Turpentine, Eight Mile Creek and Eight Mile Creek East prospects to assist in delineating mineralisation in 3 dimensions.

JOINT VENTURES

Ivanhoe Joint Venture (Exco 20%, Ivanhoe80%)

In May 2007, Exco and Ivanhoe Cloncurry Mines Pty Ltd ("Ivanhoe") entered into a joint venture agreement over a number of Exco's tenements in the Soldiers Cap and Tringadee Project areas. Under the terms of the 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 Exco that as of 31 March 2011 Ivanhoe had expended more than \$5.5m on exploration work during earning period two of the agreement. Accordingly, Ivanhoe exercised its option to acquire an 80% interest in the joint venture. Exploration has been on-going with geophysics, surface sampling, mapping and drilling throughout the joint venture EPMs. The work to date has outlined a number of drill targets and additional geophysical surveys are scheduled to commence in October.

Aircore drilling is planned on EPMs 13709, 13741, 16177 and 14223 to close down the grid spacing from previous surveys to allow sufficient data for RC and diamond drilling. In particular a 2.2km long copper anomaly (800ppm-1200ppm Cu) within EPM13741 represents a significant new target.

RC drilling is planned for EPMs 12285, 12290 and 11676. A programme of approximately 2,500m is proposed for EPM11676 over uranium bearing shear zones at the U4 prospect.

Diamond drilling is planned for EPM11169 to test a north west trending shear zone where previous drilling has intersected 44m @ 0.5% Cu. A large overlapping magnetic gravity anomaly will also be tested.

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

Distributions to shareholders

The company lodged a request for a class-ruling to the Australian Taxation Office (ATO) on 29 July 2011 in respect of the ability, and if available, the amount of funds, that might be returned to shareholders by way of a capital distribution following the sale of the Cloncurry Copper Project.

On 19 October 2011 the ATO issued a draft ruling which indicated that up to \$36 million of the \$135 million that the company had promised to return to shareholders could be returned by way of a capital distribution.

Accordingly on 24 October 2011 the company announced that subject to approval of the reduction of capital by shareholders, it intended to return 10 (ten) cents per share (\$35.6 million fully diluted) as a capital return and 28 (twenty eight) cents per share (\$99.7 million) as a fully franked dividend to shareholders as soon as possible.

A resolution proposing the reduction and return of capital would be included in the agenda for the Annual General Meeting of the company on 24 November 2011 and, if agreed by the members, the capital and fully franked distributions would be paid in early December.

No shares will be cancelled as a result of the reduction. The record date for both the capital and fully franked distributions will be 2 December 2011 with a payment date of 9 December 2011.

The nature of the distributions will have varying results for shareholders depending on their individual tax position. The company advises all its shareholders to consult with their advisors and cautions that any 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 distributions 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 25 August 2011 the Company advised that 1,500,000 employee incentive options at a price of 40 cents had been exercised raising a total of \$600,000.

On 5 September 2011 the Company advised that a further 1,500,000 employee incentive options at a price of 40 cents had been exercised raising a total of \$600,000

At 26 October 2011 the top 20 Shareholders of Exco were as follows:

	Current Units	Percentage
1 Ivanhoe Australia Limited	79,288,632	22.55
2 Washington H Soul Pattison & Co Ltd	46,587,023	13.25
3 JP Morgan Nominees Australia Ltd	27,060,811	7.70
4 Mr Alasdair Cooke	17,317,878	4.93
5 National Nominees Ltd	8,524,055	2.42
6 HSBC Custody Nominees (Australia) Ltd	6,276,144	1.79
7 Kembla No.20 Pty Ltd	5,753,184	1.64
8 Mr Geoffrey Rol	3,739,048	1.06
9 National Health Recovery Agents Pty Ltd	3,620,000	1.03
10 Dale Park Pty Ltd	3,080,000	0.88
11 Burls Holdings Pty Ltd	2,786,215	0.79
12 Citicorp Nominees Pty Ltd	2,683,658	0.76
13 KLIP Pty Ltd	2,025,000	0.58
14 Mr Bruce McLarty	2,000,000	0.57
15 Kinar Pty Ltd	1,905,500	0.54
16 Bradleys Polaris Pty Ltd	1,558,000	0.44
17 The Trust Company (Superannuation) Limited	1,505,040	0.43
18 Eastern Goldfields Exploration Pty Ltd	1,355,000	0.39
19 HASL Investments Pty Limited	1,330,669	0.38
20 Mr William Anthony Murray	1,300,000	0.37
Top 20 Total	219,695,857	62.49

Table 2 – Top 20 Shareholders

Board structure

On the 5 August 2011 the company announced that Mr Michael Anderson had tendered his resignation as managing director in order to pursue new interests.

Mr Anderson had been managing director since 2006 and led Exco through the most important phase of its history culminating in the sale of the Cloncurry Copper Project to Xstrata and the successful development of the White Dam gold project in South Australia.

The board expressed its appreciation of his substantial contribution during his time with the company and wished him well in his future endeavours.

Mr Geoffrey Laing, currently General Manager Corporate and Business Development, has been appointed as Acting CEO and has taken over all the day-to-day responsibilities of the managing director until a final appointment is made.

On 21 September, as foreshadowed in the last quarterly report, the company advised the appointment of Dr Tom Whiting to the board as a non-executive director.

Dr Whiting has spent over 30 years in the minerals exploration industry both as a geophysicist and an exploration manager. From 2000 to 2004 he was Vice President of Minerals Exploration for BHP Billiton. During his career with BHP Billiton he was associated with a number of discoveries, in particular the Cannington Pb/Zn/Ag mine in Queensland, the world's largest producer of silver and lead.

He also was at the forefront of promoting the development and application of new exploration technologies related to the search for ore deposits under cover. To this end he backed the development of new generation airborne electromagnetic technologies and the FALCON[®] airborne gravity gradiometer system. Dr Whiting recognised the potential of the Predictore[™] approach and was one of the principal supporters of the research programme conducted at the Predictive Mineral Discovery Cooperative Research Centre.

He is currently a consultant and is a non-executive director of Predictive Discovery Limited, non-executive director of Stellar Resources Limited and the non-executive chairman for the Deep Exploration Technologies Cooperative Research Centre.

The board looks forward to working with Dr Whiting whose broad-ranging experience is expected to add significant value as Exco continues to progress its portfolio of Cu-Au projects in Northwest Queensland.

Financial statements and annual report

The company's financial statements were lodged on the ASX on 23 September 2011. The shareholders annual report was dispatched on 25 October 2011 together with the notice of meeting and proxy form for the Annual General Meeting which will take place on 24 November 2011 at 2.30pm AWST in the Rydges Hotel, Hay Street, Perth.

*On behalf of the Board of
Exco Resources Ltd*

Geoff Laing
Acting Chief Executive Officer

Media Enquiries:

James Harris - Professional Public Relations
Tel: (08) 9388 0944

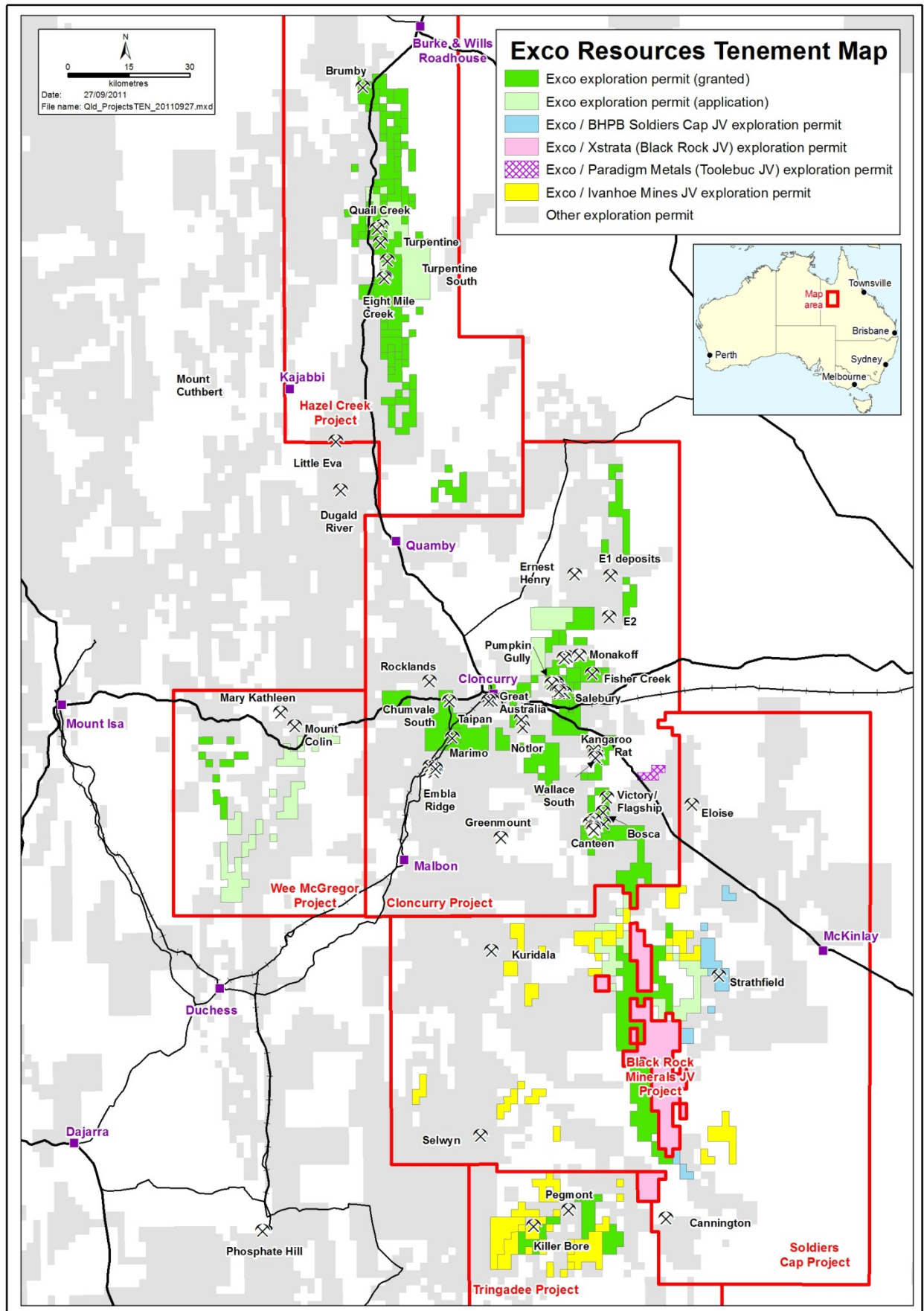


Figure 11: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

TABLE 3: EXCO RESOURCES – NORTHWEST QUEENSLAND RESOURCE SUMMARY

Deposit	Class	Tonnes	Grade		Metal	
			Cu%	Au g/t	Cu T	Au Oz
Cloncurry Project						
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*	1,042,000	3.04	0.42	32,000	14,000
	Inferred*	880,000	2.09	0.41	18,000	12,000
TOTAL *		1,922,000	2.59	0.42	50,000	26,000
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	1.20	1.4	2,000	9,000
Sub-Total Cloncurry Project		7,653,000	1.69	0.52	111,400	130,000
Hazel Creek Project						
Turpentine	Indicated	1,627,000	1.04	0.21	17,000	11,000
	Inferred	215,000	0.9	0.16	2,000	1,000
Sub-Total Hazel Creek		1,842,000	1.03	0.2	19,000	12,000
Northwest Queensland Total		9,495,000	1.56	0.46	130,400	142,000

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 4: 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	1952	0.89	55.7	2277	0.90	66.2
	Sub-Total	1,508	1.00	48.4	2,053	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	1229	0.91	35.9
	Sub-Total	1,711	0.95	52.1	738	1.26	30.0	2,449	1.04	82.1
Project Total		3,219	0.97	100.5	2,791	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 0.4g/t.

Exco Resources Ltd

Quarterly Report –September 2011

TABLE 5: Northwest Queensland Exploration Collar Table - September Quarter 2011

Hole ID	Site Name	Hole Type	Max Depth	NAT Grid ID	NAT East	NAT North	NAT RL	Dip	NAT Azimuth
EHRC290	Turpentine South	RC	109	MGA94_54	423597.9776	7815897.9916	133.7114	-60	270
EHRC291	Turpentine South	RC	115	MGA94_54	423347.8171	7815998.5790	134.3101	-55	270
EHRC292	Turpentine South	RC	197	MGA94_54	423549.9153	7816100.4255	133.5091	-60	270
EHRC293	Turpentine South	RC	199	MGA94_54	423454.8103	7816100.2860	133.8091	-60	270
EHRC294	Turpentine South	RC	130	MGA94_54	423357.6176	7816099.9955	133.1090	-60	270
EHRC295	Turpentine South	RC	150	MGA94_54	423350.1464	7816279.2104	131.8070	-60	270
EHRC296	Turpentine South	RC	150	MGA94_54	423410.5361	7816699.0888	132.1024	-60	270
EHRC327	Eight Mile Creek	RC	100	MGA94_54	423500.0000	7814200.0000	136.0000	-60	270
EHRC328	Eight Mile Creek	RC	90	MGA94_54	423547.0827	7814201.0688	135.8301	-60	270
EHRC329	Eight Mile Creek	RC	100	MGA94_54	423800.1434	7814201.4602	132.7303	-60	276
EHRC330	Eight Mile Creek	RC	100	MGA94_54	423848.5857	7814202.6154	133.9304	-60	270
EHRC331	Eight Mile Creek	RC	100	MGA94_54	423974.9090	7814201.7956	133.9306	-60	270
EHRC332	Eight Mile Creek	RC	100	MGA94_54	424024.7102	7814201.0544	135.6307	-60	270
EHRC333	Eight Mile Creek	RC	100	MGA94_54	423198.5083	7813501.1251	143.6373	-60	270
EHRC334	Eight Mile Creek	RC	132	MGA94_54	423249.5795	7813499.1008	140.3373	-60	270
EHRC335	Eight Mile Creek	RC	100	MGA94_54	423449.2589	7813500.3368	139.3372	-60	270
EHRC336	Eight Mile Creek	RC	126	MGA94_54	423499.3695	7813501.3228	137.4372	-60	270
EHRC337	Eight Mile Creek	RC	100	MGA94_54	423548.7104	7813501.6438	139.8372	-60	270
EHRC338	Eight Mile Creek	RC	100	MGA94_54	423249.1888	7813101.0359	138.6413	-60	270
EHRC339	Eight Mile Creek	RC	100	MGA94_54	423298.7063	7813101.1035	139.9413	-60	270
EHRC340	Eight Mile Creek	RC	100	MGA94_54	423449.8660	7813099.1078	136.3413	-60	270
EHRC341	Eight Mile Creek	RC	114	MGA94_54	423499.3681	7813100.2011	137.7413	-60	270
EHRC342	Eight Mile Creek	RC	100	MGA94_54	423250.9115	7812500.4428	135.9474	-60	270
EHRC343	Eight Mile Creek	RC	97	MGA94_54	423298.6567	7812499.6800	132.6473	-60	270
EHRC344	Eight Mile Creek	RC	100	MGA94_54	422550.0000	7811000.0000	136.0000	-60	270
EHRC345	Eight Mile Creek	RC	100	MGA94_54	422647.8419	7811001.4196	134.4636	-60	270
EHRC346	Eight Mile Creek	RC	100	MGA94_54	423649.6218	7811000.8820	132.8622	-60	270
EHRC347	Eight Mile Creek	RC	100	MGA94_54	423750.0000	7811000.0000	134.0000	-60	270
EHRC348	Eight Mile Creek	RC	80	MGA94_54	423699.7456	7811199.7013	132.7602	-60	270
EHRC349	Eight Mile Creek	RC	115	MGA94_54	427775.0000	7811200.0000	136.0000	-60	270
EHRC350	Eight Mile Creek	RC	50	MGA94_54	422631.0711	7811901.2348	135.4544	-60	270
EHRC351	Eight Mile Creek East	RC	55	MGA94_54	422683.6484	7811899.7850	136.4543	-60	270
ECRC530	Crows Nest	RC	108	MGA94_54	468639.1629	7712772.9630	184.9856	-60	270
ECRC531	Crows Nest	RC	108	MGA94_54	468618.6566	7712812.8888	184.4847	-60	270
ECRC532	Crows Nest	RC	100	MGA94_54	468609.3983	7712858.1078	186.1839	-60	270
ECRC533	Eagle Hawk	RC	102	MGA94_54	469194.8096	7713385.9256	177.2775	-60	270
ECRC534	Eagle Hawk	RC	102	MGA94_54	469172.1911	7713429.6760	179.2766	-60	270

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.

The information in this report that relates to White Dam Mineral Resources is based on information compiled by Mr Troy Lowien, Polymetals Senior Resource Geologist who is a Member of The Australasian Institute of Mining and Metallurgy and is a fulltime employee of Polymetals Mining Limited. The information in this report that relates to White Dam Exploration Results is based on information compiled by Mr Jess Oram, Polymetals Exploration Manager who is a Member of the Australian Institute of Geoscientists and is a fulltime employee of Polymetals Mining Limited. Messers Lowien and Oram have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities which they undertook to qualify as a Competent Persons as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Messers Lowien and Oram consent to the inclusion of matters based on their information in the form and context in which it appears in this report.

Other 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 September 2011

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	18,022	18,022
1.2	Payments for		
	(a) exploration and evaluation	(3,219)	(3,219)
	(b) development	(200)	(200)
	(c) production	(4,583)	(4,583)
	(d) administration	(3,676)	(3,676)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2,335	2,335
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Refunds/(Payments of security deposits)	-	-
Net Operating Cash Flows		8,679	8,679
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(e) prospects	-	-
	(f) equity investments	(35)	(35)
	(g) other fixed assets	(356)	(356)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Refunds/(Payments) of security deposits	-	-
1.12	Other	-	-
Net investing cash flows		(388)	(388)
1.13	Total operating and investing cash flows (carried forward)	(8,291)	(8,291)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (carried forward)	8,291	8,291
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,200	1,200
1.15	Fund Raising Costs	(7)	(7)
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – gold call option payment	-	-
Net financing cash flows		1,193	1,193
Net increase (decrease) in cash held			
1.20	Cash at beginning of quarter/year to date	224,524	224,524
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	234,008	234,008

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	559
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

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	4,600
4.2 Development	400
4.3 Production *	3,000
4.4 Administration	750
Total	8,750

* Production cash flow 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	2,321	29,938
5.2 Deposits at call	231,687	194,586
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	234,008	224,324

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				
6.2 Interests in mining tenements acquired or increased	EPM 18123	Direct	-	100%
	EPM 18125	Direct	-	100%
	MC 4307	Direct	-	75%

+ 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	351,544,187	351,544,187		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,000,000	3,000,000	40 cents	40 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>)	4,500,000	4,500,000	Exercise Price 28 cents	Expiry Date 10 September 2012
7.8	Issued during quarter				
7.9	Exercised during quarter	3,000,000	3,000,000		
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: 31 October 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.

== == == == ==

+ See chapter 19 for defined terms.