

ASX Code: EXS

Shares on Issue
356,044,187

Current Share Price
\$0.19

Market Capitalisation
\$67.6m (undiluted)

Cash at 31 December 2011
\$58.6m

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

COMPANY SECRETARY
Eamon Byrne

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Post Distributions, Exco is poised for new opportunities

Northwest Queensland Exploration

- **Exploration advancing at Cloncurry and Hazel Creek:** The exploration programmes within the Cloncurry and Hazel Creek project areas are progressing in parallel and include geophysics, surface geochemistry and drilling.
- **Existing targets yielding results and new targets being generated:** The exploration programme is yielding results from existing prospects and new targets are being identified through a comprehensive work programme.
- **Geophysical Surveys:** A total of twelve airborne and ground based geophysical surveys were completed during the quarter.

White Dam Gold Project, South Australia

- **Gold production continues:** Joint venture production for the quarter at 8,421 ounces (100%) was ahead of expectations as recovery levels from the leach process continue to exceed initial predictions.
- **Cash flows continue:** Exco continued to enjoy positive net cash flows from White Dam during the quarter. Exco received \$9.5m in revenues for the three months at an average price of A\$1,612/oz. Unit cash costs have risen as expected with the drop-off in production as mining at the Hannaford pit comes to an end.
- **Vertigo development and exploration:** The Joint Venture partners have agreed in principle to develop the Vertigo deposit and continue exploration in the Drew Hill area under revised arrangements whereby by Polymetals Mining Ltd will increase its interest to 50% through a earn-in arrangement and cash consideration. A mining lease application in respect of the Vertigo deposit and deed of variation to the native title agreement have been completed, submitted to PIRSA and received approval.

Corporate

- **Appointment of Managing Director:** The Company announced on the 10th January 2012 that the Board had appointed Mr Geoffrey Laing as its new managing director. Mr Laing had been in the role of Acting CEO since the resignation of the Company's previous managing director in August 2011.
- **Annual General Meeting:** The Annual General Meeting of the Company was held in Perth on 24th November 2011. All resolutions before the meeting were passed on a show of hands.
- **Distributions to shareholders:** Following agreement by the shareholders at the AGM, the Company proceeded to distribute \$135m in cash to its shareholders by way of a capital return of 10 cents per share and a fully franked dividend of 28 cents per share in mid-December.
- **Well funded:** Exco's cash balance at the end of the quarter was \$58.6million or approximately 16.4 cents per share.

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**).

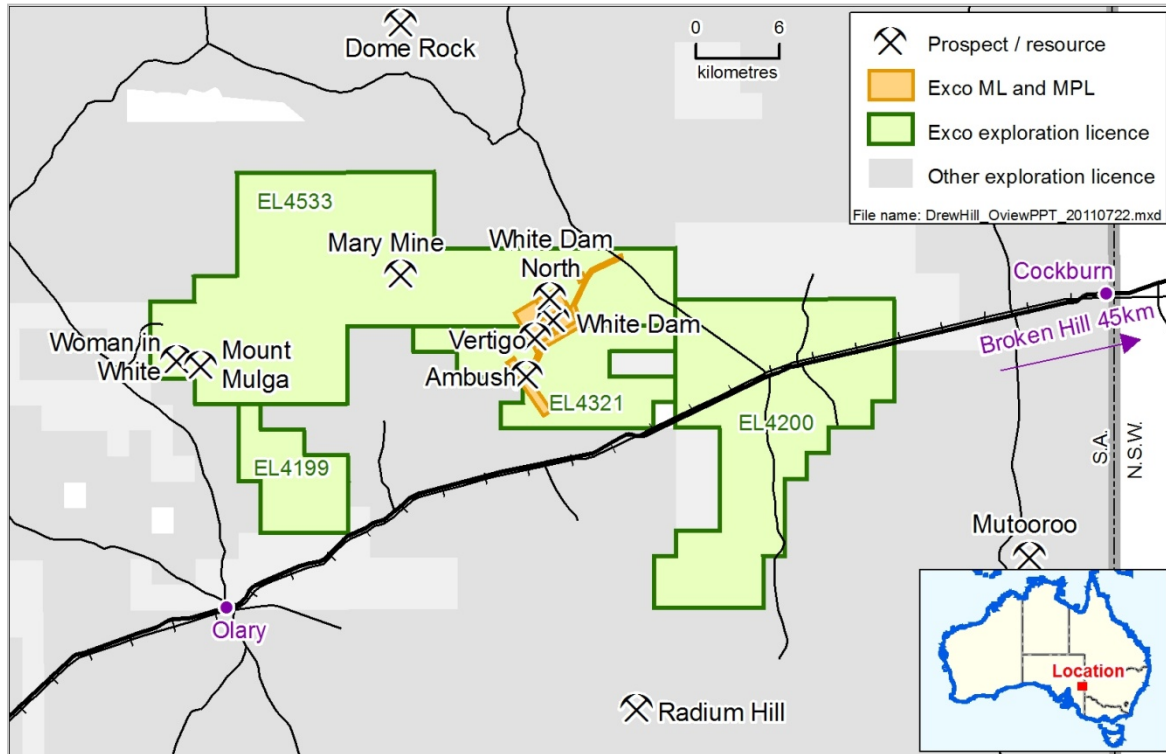


Figure 1: White Dam Gold Project Location Map

White Dam Gold Production Joint Venture (WDGPJV)

The project is subject to a JV agreement whereby Polymetals Mining Ltd hold a 25% interest in the project. Exco and Polymetals have also entered into a management agreement appointing Polymetals as project manager.

Polymetals specialises in the development of remote small to medium size resource projects. In-house expertise includes metallurgy, mining and project management.

Operations Report

Health, Safety and Environment

Two minor lost-time injuries occurred during the Quarter. There were no reportable environmental incidents and one regulatory infringement which was self-reported and rectified immediately.

Geotechnical monitoring and management for the Hannaford Pit continues with no significant wall stability issues during the period.

Production

Total project production for the quarter was 8,421 ounces. This figure is down from last quarter's 15,938 ounces as the project continues to move towards the end of production from the Hannaford pit. Cumulative production to date is 124,701 ounces which represents a substantial increase on the original life-of-mine production forecast.

A northern cutback of the Hannaford Pit was completed and a southern cutback proposal to deliver 2,100 additional ounces was approved and mining commenced. A total of 257k tonnes of ore at 0.71 g/t Au was put on the leach pad. Leaching continues to outperform expectations. The gold recovery to date is calculated at 74 per cent compared to the feasibility estimate of 65 per cent.

Mining from the Hannaford Pit concluded in mid-January 2012.

Production and Financial Statistics

White Dam Gold Joint Venture December 2011

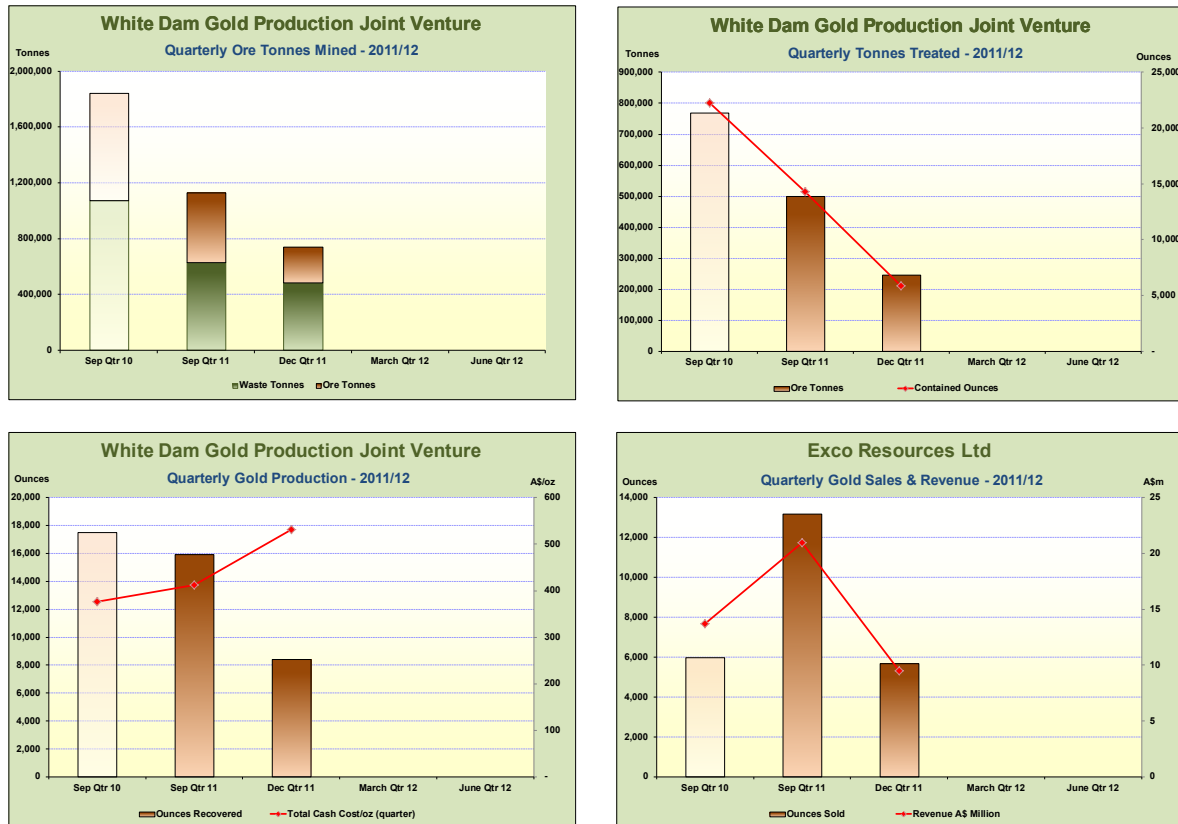


Figure 2: White Dam Gold Production Joint Venture - Production and Sales

		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	192,333	-	-	567,559	4,092,652
Mined Grade	(g/t)	1.00	0.89	0.71	-	-	0.83	0.98
Mined Ounces	(ounces)	113,622	10,737	4,409	-	-	15,146	128,768
Waste Tonnes Mined	(tonnes)	3,893,563	470,378	363,452	-	-	833,830	4,727,393
Ore placed on Leach	(tonnes)	3,525,093	375,226	184,833	-	-	560,059	4,085,152
Head Grade	(g/t)	1.00	0.89	0.71	-	-	0.83	0.98
Ounces Produced	(ounces)	75,257	11,954	6,315	-	-	18,269	93,526
Gold Loan Repayments	(ounces)	15,687	-	-	-	-	-	15,687
Ounces Sold	(ounces)	57,302	13,206	5,677	-	-	18,883	76,185
Cash Operating Cost	(A\$/oz)	289	281	537	-	-	370	340
Cash Development Cost	(A\$/oz)	108	102	176	-	-	127	124
Royalties	(A\$/oz)	53	30	42	-	-	34	53
Total Cash Cost	(A\$/oz)	450	413	756	-	-	531	517
Average Realised Sale Price	(A\$/oz)	1,393	1,587	1,612	-	-	1,594	1,447
Revenue	(A\$ million)	91.8	21.0	9.5	-	-	30.4	122.3

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.

Costs

Cash Operating and Development unit costs for the quarter were higher at \$713/oz with Total Cash Costs also higher at \$756/oz.

As foreshadowed in the September report, these cost levels are in line with expectations. The reduction in volume of gold production as the Hannaford pit reached the end of its productive life is the overriding cause of the increase in unit costs. Mining activity during the quarter has targeted commercially viable, but higher cost, production extensions (such as the north wall cutback) to maximise value extraction from the pit.

Project Development

On 10th January 2012 the partners announced that they had agreed in principle to develop the small Vertigo deposit under new joint venture arrangements.

Production from the Hannaford pit will continue to be shared on a 75:25 basis but Polymetals will earn a further 25% interest in the exploration tenements in the Drew Hill area by spending \$1.3m on exploration prior to 30 June 2012. In addition Polymetals will increase its interest in the White Dam infrastructure, including plant and camp facilities, from 25% to 50% in return for a cash consideration based on an agreed independent valuation and a commitment to take on an extra 25% of the future closure costs.

(See the ASX announcement issued to the market on 10 January 2012 for further details)

A mining lease application in respect of the Vertigo deposit and deed of variation to the native title agreement have been completed, submitted to PIRSA and have received approval.

Operations commenced at Vertigo in mid-January and are planned to continue until April 2012 with gold production until the September Quarter 2012.

Exploration

During the September 2011 quarter Polymetals took over management of the Drew Hill Exploration Joint Venture from Exco and has worked to increase the understanding of patterns of known mineralised occurrences at White Dam, Vertigo, White Dam North and White Dam East in order to improve drill targeting.

The focus is on further exploration of shallow open-pit-pit gold mineralisation near to current operations. Drilling during the quarter followed-up anomalous areas defined by scout drilling completed during the September Quarter. Additional drilling sought to extend the span of the area.

Exploration activity during the Quarter encompassed:

- Drilling of deeper reverse circulation (RC) holes to follow-up anomalous areas defined from initial scout drilling in the northern tenement areas - 113 RC holes for 5,102 m;
- Reconnaissance scout drilling in new locations identified by aeromagnetic data - 16 holes for 383 m;
- Award of a tender to Daisch Aerosystems to extend coverage of high resolution aeromagnetic data over the tenement group; and
- Compilation of historic exploration data of the wider Drew Hill tenements to contribute to development of a systems-style exploration model incorporating empirical data, structural geological interpretation and definition of interpreted intrusive centres.

Results from shallow scout RC drilling completed in the September Quarter show a cluster of highly anomalous gold values associated with domal to arcuate shaped magnetic bodies located adjacent to fault structures. These magnetic features are similar to those near all known economic and sub-economic mineralised bodies, such as White Dam, Vertigo, White Dam East and White Dam North. The relationship between subtle aeromagnetic features and areas of known mineralisation has been used in finalising the drilling strategy. During the quarter, \$0.8million was expended on exploration at White Dam.

Exploration planned for the March Quarter includes:

- First pass scout drilling of new areas to determine shallow oxidised gold mineralisation and indications of mineralisation that require follow-up drilling;
- Deeper follow-up RC drilling of gold anomalies located by the scout drilling;
- Extension of coverage of high resolution aeromagnetic data to all areas in the tenement group to assist target generation and refining the geological and structural model; and
- Use of the extensive historical exploration data to review, plan and prioritise identified regional targets and prospects and to refine the longer-term exploration methodology.

QUEENSLAND EXPLORATION AND DRILLING UPDATE

Highlights

Salebury

22 holes for 2,150 metres have been drilled in the Salebury area during 2011, targeting extensions to previously drilled mineralisation. New geophysical and surface geochemical surveys have also recently been completed, and these have highlighted previously unknown regional structures and anomalies.

- New results include **ECRC526** intersecting **14m @ 1.02% Cu and 0.28 g/t Au** from 70m depth.

Tanbah North

Recent RC drilling at Tanbah North has intersected quartz veining within strongly silica-biotite-carbonate altered dolerite with varying amounts of pyrite and chalcopyrite

- New results include **ECRC543** intersecting **10m @ 1.51% Cu and 1.32 g/t Au** from 98m depth.

Tanbah

Five RC holes were drilled at the prospect and have intersected locally intense pyrite-chalcopyrite bearing quartz-carbonate veining in black shale and amphibolite. Assay results confirm the persistence of the mineralisation in this drilling with a best intersection of **98m @ 0.36% Cu & 0.25 g/t** in hole **ECRC551** from surface.

Hazel Creek

RC and Diamond drilling on a number of prospects within the Hazel Creek Project has encountered widespread zones of generally low grade mineralisation and final results are being prepared for release in the coming weeks. Further geophysical surveys have also been completed (SAM and gravity), and these have generated new target zones for drill testing during 2012.

Other Prospects

Final results have been received post quarter for drilling and geophysical surveys in the Weatherly Creek area of the Cloncurry Project and also from various prospects within the Hazel Creek Project. These are being compiled for release.

Exco continues to expand exploration activities within the Northwest Queensland package that covers nearly 3,000km² of prospective ground. The company is well funded and is focussed on resource identification and growth in Queensland (see **Figure 7** for regional location map and **Table 3** for summary of established resources).

GEOPHYSICAL SURVEYS

A total of twelve airborne and ground based geophysical surveys were completed during the quarter. Five heliSAM (sub-audio magnetics) surveys were flown over the Hazel Creek South, Rose Green, Tanbah, Canteen and Strathfield prospects, four heliMAG surveys were flown over the Canteen-Shamrock, Lawlor, Kangaroo Rat and Jessievale, and three detailed ground gravity surveys were completed over the Turpentine-Eight Mile Creek, Tanbah and Elder Creek. Inversions of the respective data sets are currently being undertaken.

PUMPKIN GULLY

Work completed to date in the Pumpkin Gully syncline has yielded a number of very positive results (see **Figure 3**).

The Pumpkin Gully Syncline is an area of considerable interest, hosting numerous advanced targets that have yielded positive results. The area is less than 20km from the town of Cloncurry and close to existing processing infrastructure.

It is clear that potential exists at a number of additional prospects on the southern limb of the syncline, and extensive geophysical and geochemical surveys have recently been completed. These surveys have highlighted new anomalies and have delineated structures that appear to control the localisation of mineralisation (See **Figures 4 to 6**). This new data has provided a basis for a clearer understanding of the geology of the area, and has established a range of new targets that will be tested over the next 6 months.

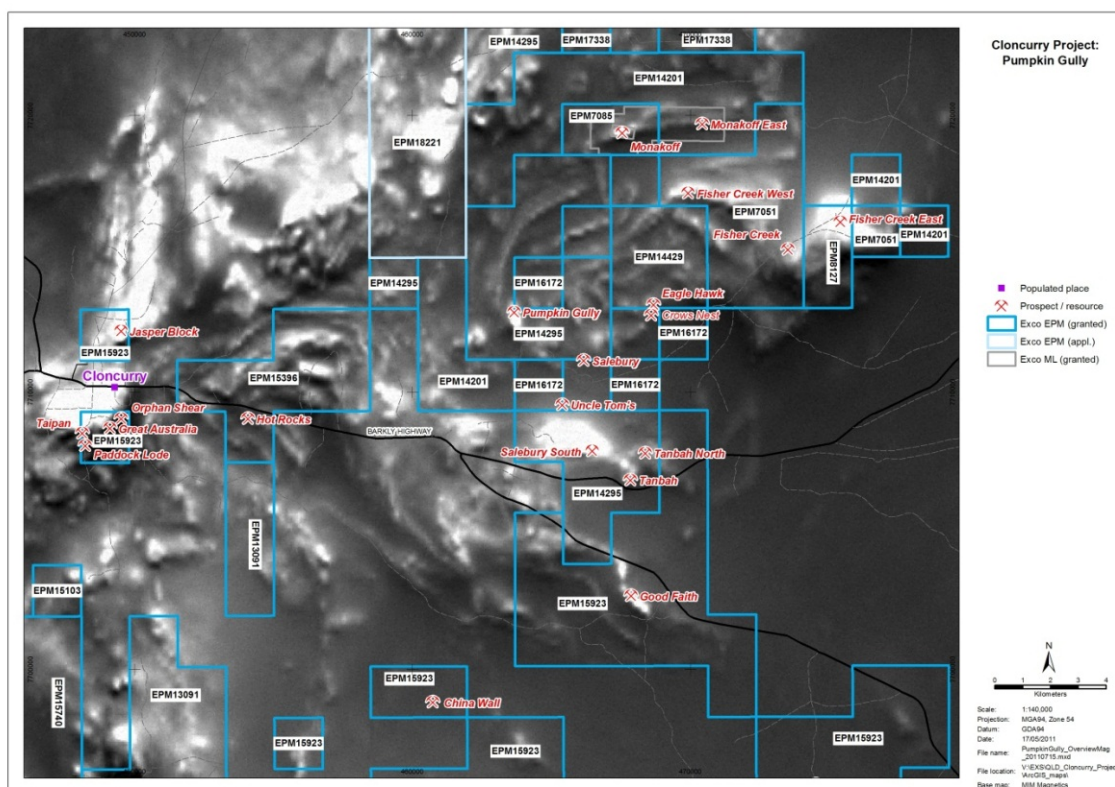


Figure 3: Pumpkin Gully Syncline area, with prospect locations on regional TMI magnetic background.

SALEBURY PROSPECT (EPM 11675 - 100% Exco)

The Salebury prospect occurs on the southern limb of the Pumpkin Gully syncline (see **Figure 3**) at the contact of shales and volcanics. Previously reported results include **ECDD002** which intersected **48m** (from 87-135m) @ **2.18% Cu, 1.97 g/t Au and 619ppm Co** including **32m** (from 87-119m) @ **2.87% Cu, 2.76 g/t Au & 734ppm Co**.

22 holes for 2,150 metres have been drilled in the Salebury area during 2011, targeting extensions to previously drilled mineralisation. New geophysical and surface geochemical surveys have also recently been completed, and these have highlighted previously unknown regional structures and anomalies (See **Figures 4 and 5**). The new anomalies will be tested in the coming months. Drilling commenced at the Salebury prospect during the first week of December to follow up high grade intersections from previous campaigns. It is intended that this programme will continue through much of the monsoon season as the prospect is situated close to Cloncurry and has relatively good access.

Assay results of the more regional programme have been received and include widespread zones of copper and gold mineralisation with a best intercept of **14m @ 1.02% Cu and 0.28 g/t Au** in **ECRC526** from 70m depth. A revised geological model incorporating the new geophysical data is now being developed and this is creating a strong metallogenic model which is defining new targets for definitive follow up drilling programmes in 2012. The drilling will also be designed to establish initial resource estimates for the various prospects in the immediate area.

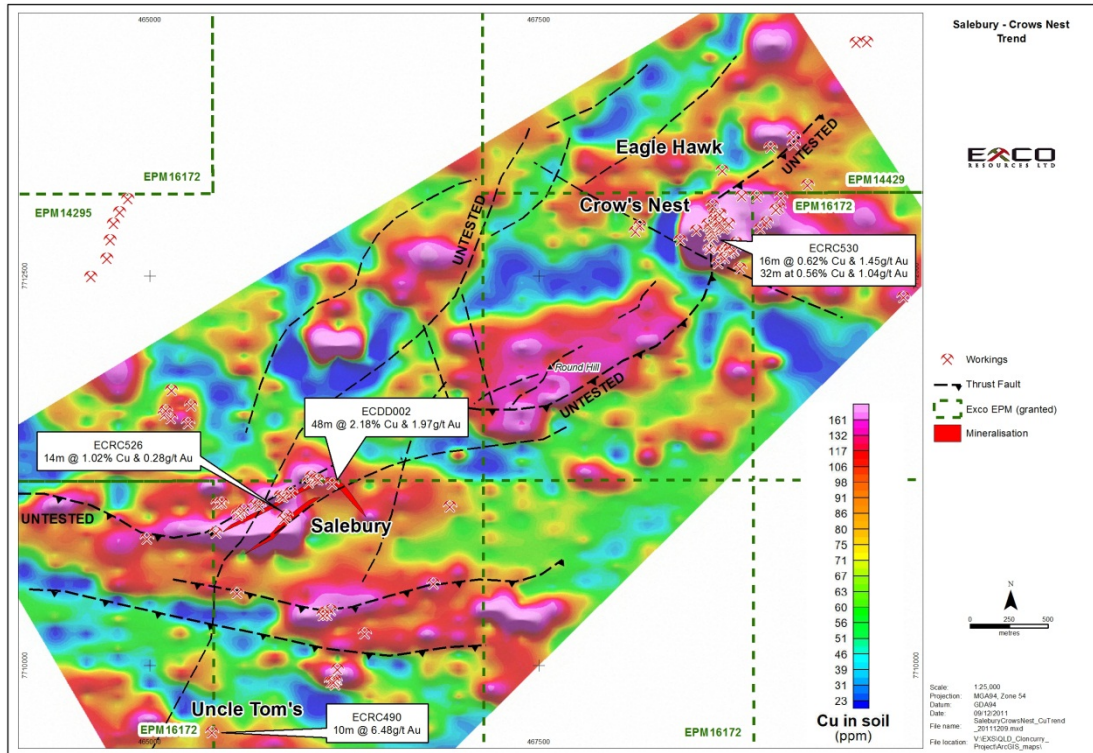


Figure 4: Salebury - Crows Nest Copper in Soils

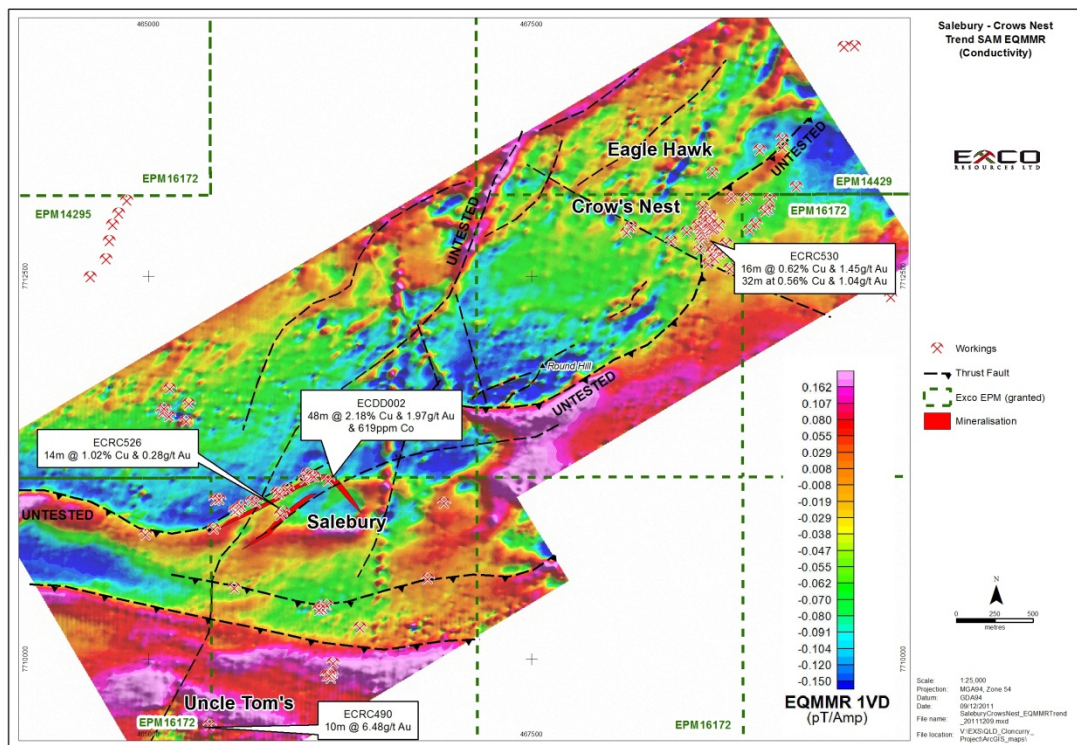


Figure 5: Salebury – Crows Nest SAM Conductivity

TANBAH PROSPECTS (EPMs 14295 & 15923 – 100% Exco)

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.

Tanbah North (Cu-Au)

The Tanbah North Cu-Au prospect is located 19km east southeast of Cloncurry on EPM 14295. Recent RC drilling at Tanbah North has 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. New results from this prospect include;

- **10m @ 1.51% Cu & 1.32 g/t Au** from 98 to 108m in **ECRC543**.

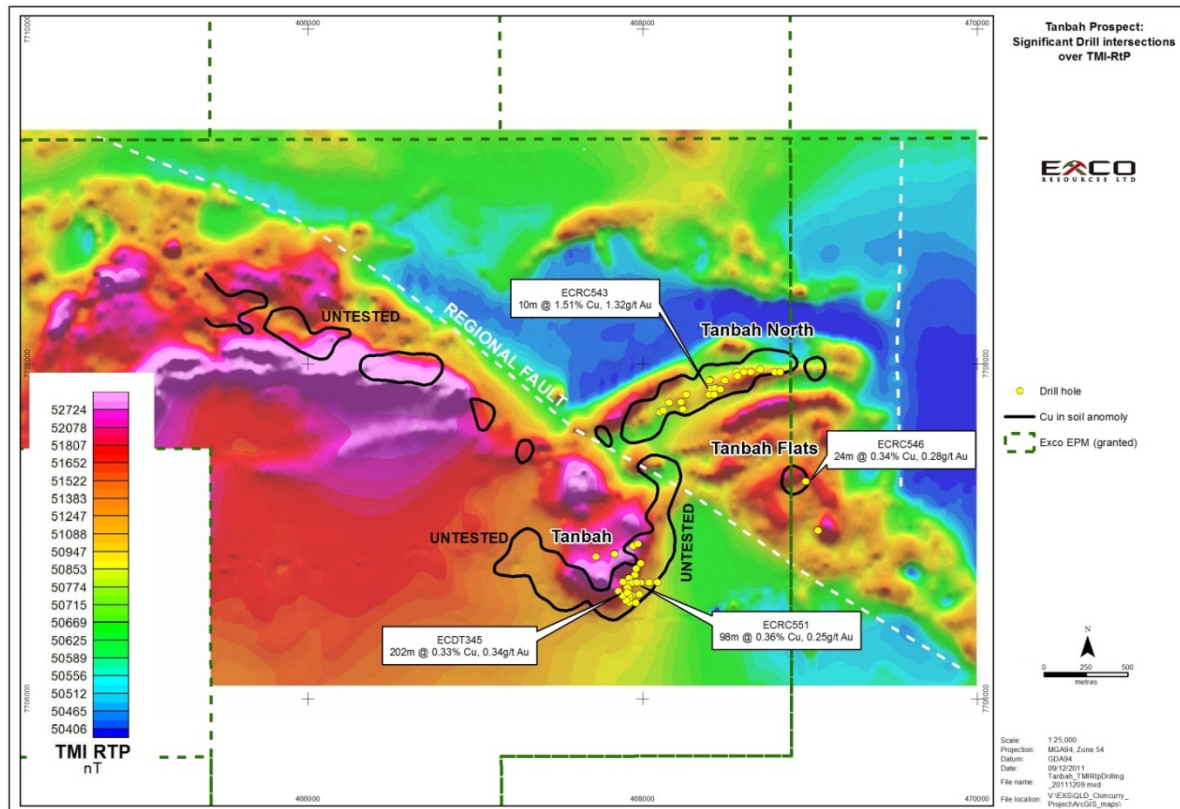


Figure 6: Tanbah Region SAM Magnetics and Copper Anomalies

Tanbah (Cu-Co-Au)

The Tanbah Cu-Au prospect is located 1km southwest of Tanbah North. Five RC holes were recently drilled at the prospect and have intersected locally intense pyrite-chalcopyrite bearing quartz-carbonate veining in black shale and amphibolite. Assay results confirm the persistence of the mineralisation in this recent drilling with a best intersection of **98m @ 0.36% Cu & 0.25 g/t** in hole **ECRC551** from surface.

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. Higher grade mineralisation (greater than 1% Cu) does occur within these broader lower grade intervals.

Tanbah Flats (Cu-Au)

Two RC holes were also drilled to test and coincident magnetic, radiometric and copper in soil anomaly at the Tanbah Flats prospect. ECRC546 intersected strongly hematite-magnetite altered metasediments and calc-silicate breccia with disseminated chalcopyrite. This zone returned an intersection of **24m @ 0.34% Cu and 0.28g/t Au** from 60m.

A soil geochemical sampling programme has recently been completed over the greater Tanbah area which has verified mineralised trends that will be tested with further drilling. SAM and detailed gravity surveys have also been completed and have define further targets for future drilling (See **Figure 6**). The data will be inverted to generate detailed drill targets for testing during 2012.

UNCLE TOMS PROSPECT (EPMs 11675 & 16172 – 100% Exco)

The Uncle Tom's Prospect is located approximately 1.5km south of the Salebury Cu-Au 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.

RC drilling by the company during 2010 returned a best intersection of **10m @ 6.48g/t Au** from surface in **ECRC490**.

Recent SAM geophysical data and surface geochemistry is currently being evaluated to target diamond drilling during the monsoon season with the objective of defining structural controls that will enable a proper assessment of the potential size of the gold zones. The Uncle Tom's prospect is located adjacent to Malachite Resources' Lorena gold deposit, and is located within the same structural domain.

KANGAROO RAT PROSPECT (ML 2695 and EPM 15923)

The Kangaroo Rat prospect is located 28km SE of Cloncurry on EPM 15923 and hosts an inferred resource of **875,000t at 1.65% Cu and 1.0g/t Au**. 21 RC drill holes for 1,456m were drilled during the quarter in an attempt to define extensions to the mineralisation along strike to the north-east and south-west. Assay results from the programme are currently being compiled and will be incorporated into an updated resource estimate to be announced during the next quarter.

HAZEL CREEK

RC drilling has tested broad zones of magnetic anomalies in the Turpentine Eight Mile Creek area. Drill holes have encountered widespread magnetite alteration with varying amounts of associated chalcopyrite, and a review of these holes is underway to establish zones of immediate follow-up to determine resource potential. Diamond drilling has also recently been completed at the Turpentine Deposit and Eight Mile Creek East Prospect, and results of these and the RC drilling will be released in the coming weeks.

Detailed gravity and further SAM surveys have also recently been completed and the results of these will be used in conjunction with the recent drill results to continue an aggressive program of drilling post the current monsoon season.

JOINT VENTURES

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

Activities during the quarter focussed on preparation for forthcoming drilling and geophysics activities.

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 EPM 13741 represents a significant new target.

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

Diamond drilling is planned for EPM 11169 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.

Black Rock Minerals JV (Exco 34.5%, Xstrata Copper 65.5%)

Two diamond drill holes were completed for a total of 660.7m. These holes tested an IP anomaly and surface gossanous outcrops at the Cowie Prospect which is approximately 8 km NW of the Cannington AG-Pb-Zn Mine. Assays results will be reported once received and interpreted.

Toolebuc Project Cloncurry (Exco 50%, Paradigm Minerals 50%)

An eleven hole (500 metre) shallow air core drill programme was completed in November 2011 at the Exco, Paradigm joint venture, 40km east of Cloncurry, Queensland. A rare earth element (REE) drill intersection of **7m @ 0.65% REE** was returned from drill hole **LEV011**. This follows on from **LEV002** which was drilled in late 2010 and returned an intersection of **4m @ 0.31% REE**.

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

Board structure

On the 10th January 2012 the company announced that the Board had appointed Mr Geoffrey Laing as its new Managing Director.

Mr Laing, who had previously been General Manager Corporate and Business Development for the Company had been in the role of Acting CEO subsequent to the resignation of the Company's previous managing director, Mr Michael Anderson, in August 2011.

The board looks forward to working with Mr Laing as Exco continues to progress its portfolio of Cu-Au projects in Northwest Queensland.

(See the ASX announcement issued to the market on 10 January 2012 for further details)

Distributions to shareholders

A resolution proposing a reduction and return of capital to shareholders of 10 cents per share was included in the agenda for the Annual General Meeting of the company on 24 November 2011 and was agreed by the members. Subsequent to the agreement for a capital reduction, the board announced a fully-franked special dividend of 28 cents per share.

All shareholders in the Company as at 2nd December 2011 received their distributions in mid-December. In total \$135.3m was distributed to shareholders.

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

At 27 January 2012 the top 20 Shareholders of Exco were as follows:

1	Ivanhoe Australia Limited	79,288,632	22.27
2	Washington H Soul Pattison & Co Ltd	46,587,023	13.08
3	Mr Alasdair Cooke	17,317,878	4.86
4	JP Morgan Nominees Australia Ltd	9,873,553	2.77
5	Kembla No.20 Pty Ltd	7,736,472	2.17
6	Lujeta Pty Ltd	7,530,587	2.12
7	UBS Wealth Management	7,427,078	2.09
8	HSBC Custody Nominees (Australia) Ltd	6,413,119	1.80
9	National Health Recovery Agents Pty Ltd	3,767,000	1.06
10	Mr Geoffrey Rol	3,739,048	1.05
11	National Nominees Ltd	3,494,813	0.98
12	Dale Park Pty Ltd	3,080,000	0.87
13	Citicorp Nominees Pty Ltd	3,055,025	0.86
14	The Trust Company (Superannuation) Ltd	2,900,000	0.81
15	Burls Holdings Pty Ltd	2,786,215	0.78
16	Mr Leonard Nicita	2,083,400	0.59
17	Mr Bruce McLarty	2,000,000	0.56
18	Kinar Pty Ltd	1,905,500	0.54
19	Mr Andrew Lyell	1,560,000	0.44
20	Bradleys Polaris Pty Ltd	1,558,000	0.44
Top 20 Total		214,103,343	60.13

Table 2 – Top 20 Shareholders

Exercise of Options

On the 28th November 2011 4,500,000 options at 28 cents, issued as part of the arrangement fees for the financing of the White Dam project, were exercised raising \$1.3m.

(See the ASX announcement issued to the market on 28 November 2011 for further details)

Annual General Meeting

The Annual General Meeting of the Company was held in Perth on 24th November 2011. All resolutions before the meeting were passed on a show of hands.

(See the ASX announcement issued to the market on 24 November 2011 for further details)

Great Australia Royalty

Exco is entitled to a royalty on approximately 1.7 million tonnes of sulphide ore contained within the Great Australia resource (see **Figure 7** and **Table 3**) pursuant to the terms of the Exco-CopperChem Alliance Agreement entered into in September 2009 between Exco and CopperChem Limited, a privately owned resource development company.

CopperChem has commenced mining sulphide ores at the Great Australia Mine and will be submitting its December 2011 royalty statement in the coming weeks. Under the terms of the royalty agreement, 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.

*On behalf of the Board of
Exco Resources Ltd*

Geoff Laing
Managing Director

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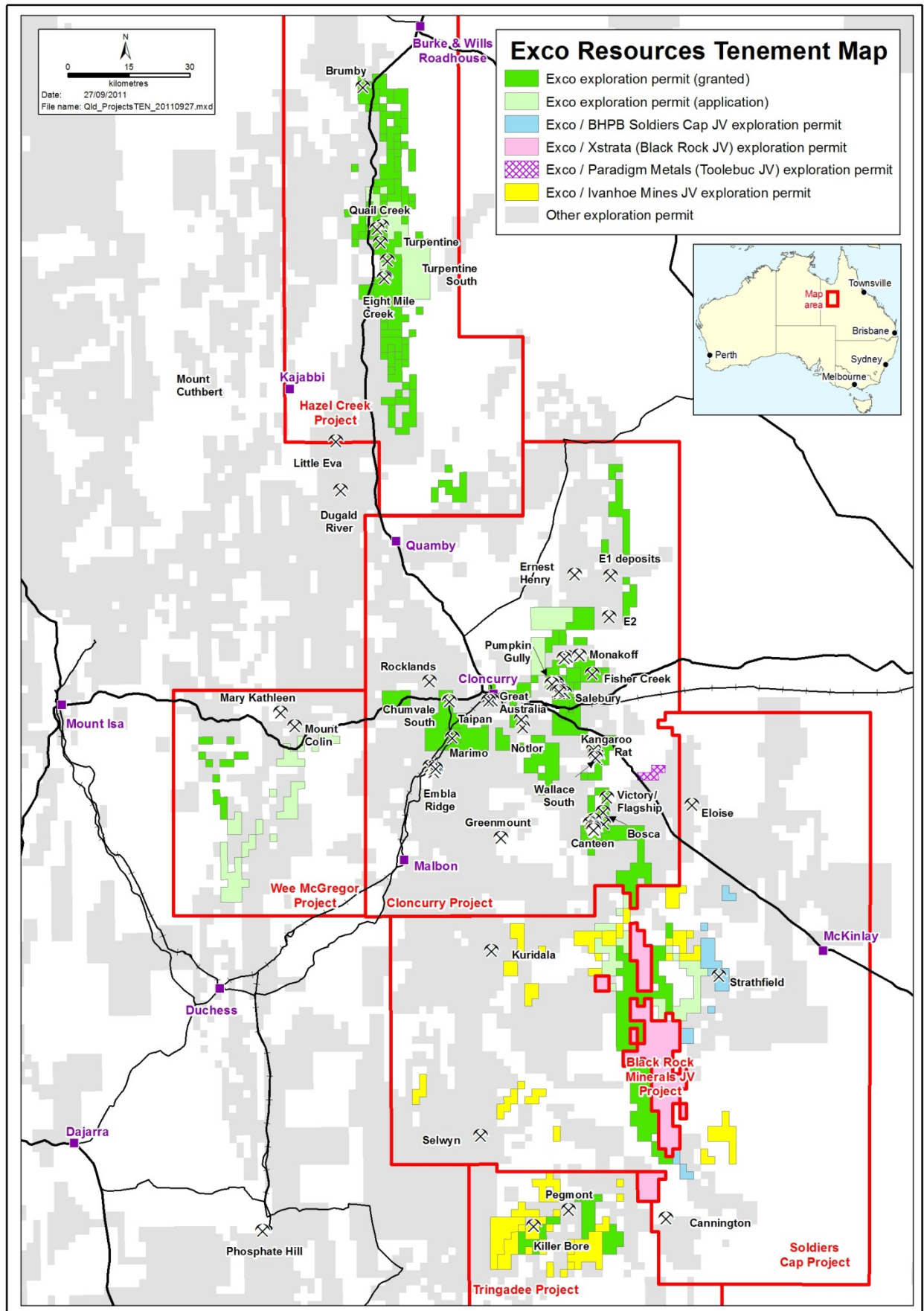


Figure 7: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

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	1,952	0.89	55.7	2,277	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	703	0.73	16.5	1,220	1.18	46.2
	Fresh	212	1.56	10.6	526	1.15	19.4	1,229	0.91	35.9
	Sub-Total	1,220	1.18	46.2	1,229	0.91	35.9	2,449	1.04	82.1
Project Total		2,728	1.08	94.6	3,282	0.89	94.0	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.

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. Messer's 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). Messer's 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")

31 December 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	12,421-	30,443
1.2	Payments for		
	(a) exploration and evaluation	(2,154)	(5,830)
	(b) development	(266)	(466)
	(c) production	(3,807)	(8,390)
	(d) administration	(3,354)	(6,573)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3,003	5,338-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(47,347)	(47,347)
1.7	Refunds/(Payments of security deposits)		-
Net Operating Cash Flows		(41,504)	(32,825)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(e) prospects	-	-
	(f) equity investments	-	(35)
	(g) other fixed assets	(6)	(362)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	3
1.10	Loans to other entities	-	-
1.11	Refunds/(Payments) of security deposits	107	107
1.12	Other	-	-
Net investing cash flows		101	(287)
1.13	Total operating and investing cash flows (carried forward)	(41,403)	(33,112)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (carried forward)	(41,403)	(33,112)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,260	2,460
1.15	Fund Raising Costs	(5)	(12)
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	(99,962)	(99,962)
1.19	Other – Capital Return	(35,604)	(35,604)
Net financing cash flows		(134,041)	(132,848)
Net increase (decrease) in cash held			
1.20	Cash at beginning of quarter/year to date	234,008	224,524
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	58,564	58,564

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	271
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	3,500
4.2 Development	225
4.3 Production *	2,225
4.4 Administration	750
Total	6,700

* 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	543	2,322
5.2 Deposits at call	58,021	231,686
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	58,564	234,008

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 15103 MC 4193	Direct Direct	100% 75%	0 0
6.2 Interests in mining tenements acquired or increased	ML6395 MPL 139	Direct	0 0	75% 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	356,044,187	356,044,187		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	4,500,000	4,500,000	28 cents	28 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>)			ExercisePrice	Expiry Date
7.8	Issued during quarter				
7.9	Exercised during quarter	4,500,000	4,500,000		
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 January 2012

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.