

Quarterly Report

For the three months ending 30 June 2009



ASX Code: EXS

Shares on Issue
284,733,625

Current Share Price
A\$0.24

Market Capitalisation
A\$66.9m (undiluted)

Cash at 30th June 2009
A\$10.8m

DIRECTORS

Barry Sullivan (Chairman)

Michael Anderson (MD)

Alasdair Cooke

Craig Burton

Peter Reeve

CFO / COMPANY SECRETARY

Eamon Byrne

CONTACT DETAILS

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31 July 2009

Market Release (*via electronic lodgement*)

HIGHLIGHTS DURING THE QUARTER

PLACEMENT OF \$7.2M TO ADVANCE WHITE DAM PROJECT

- On 11 June 2009 Exco announced the execution of a placement agreement to raise A\$7.2m (before expenses) through the issue of approximately 30.6 million shares at 23.5 cents each. The primary purpose of the placement is to fund Exco's share of development costs for the White Dam Gold Project.

WHITE DAM GOLD PROJECT, SOUTH AUSTRALIA

- **JV Agreement:** Exco and Polymetals Group Pty Ltd completed the formalities of their production joint venture agreement in June. Polymetals have acquired a 25% interest and will manage the implementation and operation of the project.
- **Joint Venture Partners Mandate Lender:** On 17 July 2009, the Joint Venture partners mandated Barclays Capital to act as arranger in providing finance of up to \$16 million for the White Dam Joint Venture by way of a gold-linked prepayment facility. On 20 July Barclays confirmed that the facility had received internal approval subject to the completion of conditions precedent and final documentation.
- **Mining Tenement Bond Put in Place:** Following approval of its Mining and Rehabilitation Programme (MARF) at White Dam by Primary Industry and Resources, South Australia (PIRSA), the Joint Venture paid its mining tenement bond in July. Preliminary site works have started with a view to first gold production in early 2010.

CLONCURRY COPPER PROJECT (CCP), NW QUEENSLAND

- **Indicated Resources increased by 22%:** On 23 July 2009 the Company announced that Indicated resources at the Cloncurry Copper Project (CCP) have increased by 22% to **28.0Mt @ 0.91% Cu & 0.25 g/t Au**. The Company's interim goal of over 25Mt of Indicated resources within the CCP, as the basis for the Definitive Feasibility Study, has now been achieved.
- **Project of Regional Significance:** The Department of Infrastructure and Planning in Queensland has deemed Exco's Cloncurry Copper Project to be a "project of regional significance" for the purposes of the Water Resource (Great Artesian Basin) Plan 2006.

WHITE DAM GOLD PROJECT (Exco 75% - Polymetals 25%)

The White Dam Gold Project is located in South Australia, approximately 80kms west of Broken Hill (see **Figure 1**) and is an advanced development project contains a resource inventory of **10.12Mt @ 1.04 g/t Au for 338,000oz** contained (see **Table 1**).

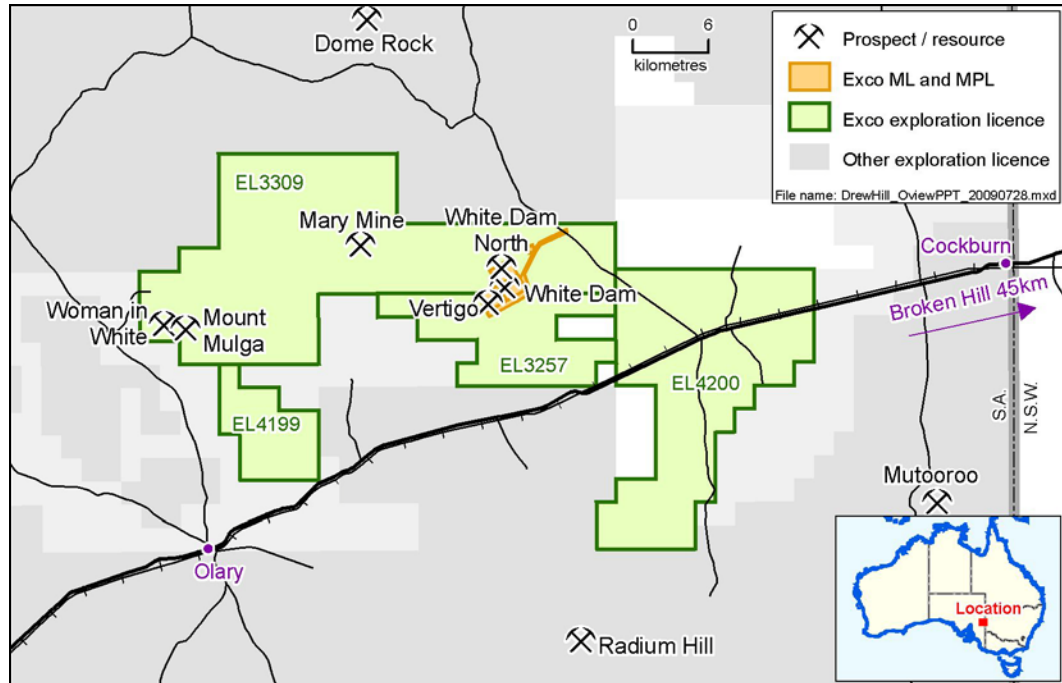


Figure 1: White Dam Gold Project Location Map

JV AGREEMENT

Exco and Polymetals Group Pty Ltd (Polymetals) completed the formalities of the Joint Venture Agreement in June.

Polymetals have acquired a 25% interest in the project for a consideration of A\$2.8m. The consideration was settled by the recognition by Exco of A\$1m of expenditure on the project by Polymetals since the date of the Heads of Agreement, and payment of A\$1.8m. A cash payment of \$1.4m was paid upon the signing of a production joint venture agreement covering the mining activities of the Joint Venture in June. An additional \$0.4m will be paid on the signing of joint venture documentation in relation to exploration activities on the White Dame exploration tenements.

Exco and Polymetals have also entered into a management agreement, appointing Polymetals as project manager. Polymetals' prior ownership and involvement in the White Dam Gold Project provides them with a significant advantage as project manager.

Polymetals is a privately owned 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.

PROJECT FINANCE AND IMPLEMENTATION

On 11 June 2009 the company announced that it has executed a placement agreement to raise A\$7.2m (before expenses) through the issue of 30.6 million shares at 23.5 cents each. The primary purpose of the placement was to fund Exco's share of development costs for the White Dam Gold Project. The peak funding requirement for the project is estimated to be approximately A\$20m.

The placement was managed by Stripe Capital Pty Ltd with shares issued to institutional and sophisticated investors. Exco's largest shareholder Ivanhoe Australia Pty Ltd (ASX:IVA) participated in the placement. The company issued all of the placement shares utilising its 15% capacity under Listing Rule 7.1.

On 17 July 2009 the company, together with its joint venture partner Polymetals, announced that they had mandated Barclays Capital to act as arranger of a debt financing facility of up to A\$16m for the construction and commissioning of the White Dam project. On 20 July Barclays confirmed that the facility had received internal approval subject to the completion of conditions precedent and final documentation.

Together with the capital raising, the financing will provide the remaining funding required for development of White Dam, including construction costs and working capital requirements.

The appointment of Barclays follows an extensive tender process in which competitive proposals were received from a number of banks. The key features of the facility are summarised as follows:

- Facility: Gold-linked prepay loan;
- Amount: Up to \$16 million; and
- Tenor: Two years.

Technical due diligence on the project has been completed. The detailed finance documentation is expected to be finalised within two months.

The Joint Venture entered into a bond with the Minister for Mineral Resources Development, South Australia in relation to the mining tenements in early July 2009.

Preliminary site works have begun in preparation for the commencement of construction as soon as the financing arrangements have been finalised.

In the currently favourable gold price environment White Dam represents a valuable opportunity for the company. With the receipt of MARP approval, a financing arrangement underway and the support of its joint venture partner Polymetals, the project remains on course to commence construction in Q3 2009 with first gold production scheduled for early 2010.

CLONCURRY COPPER PROJECT, NW QUEENSLAND (EXCO 100%)

The Cloncurry Copper Project, located approximately 40km north east of the town of Cloncurry (see **Figure 2**), includes both exploration and mining leases, and a resource base of in excess of 51Mt at 0.83% copper and 0.23g/t gold (see **Table 2**). The centre of gravity for the project is the E1 Camp located 8km east of the existing Ernest Henry Mine owned by Xstrata, in a region well serviced by infrastructure.

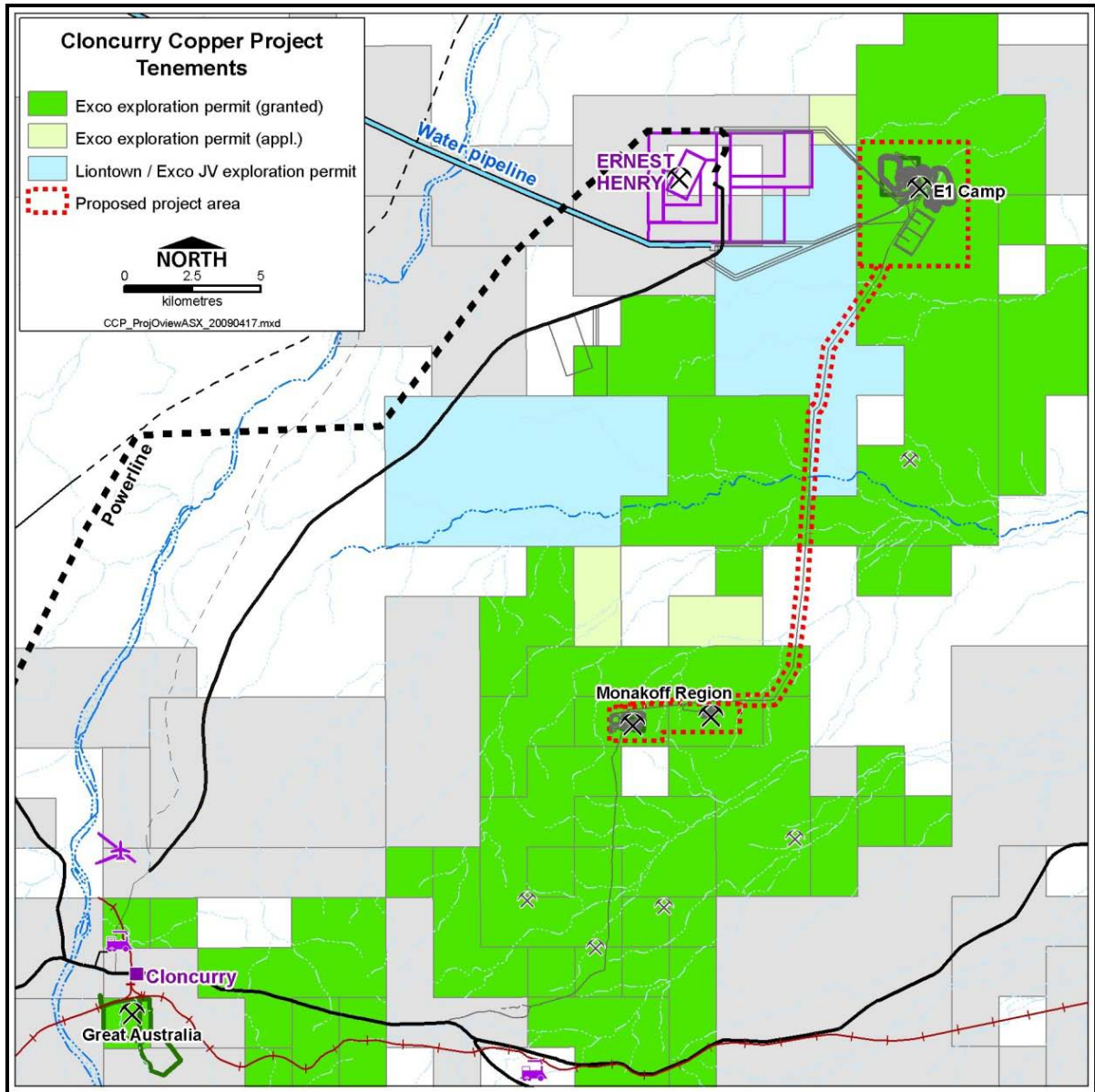


Figure 2: CCP location map showing key tenements, deposits and proposed infrastructure.

E1 CAMP

Detailed geological logging and modelling of the eastern portion of the deposit has now been completed. This area has been re-estimated using ordinary kriging within the geologically and geochemically defined wireframes. The updated data has added to the confidence in this portion of the resource and allowed an additional 5Mt of resources to be classified as Indicated.

Deposit	Class	Tonnes	Grade		Metal	
			Cu%	Au g/t	Cu T	Au Oz
E1 Camp	Indicated	24.6 Mt	0.83	0.24	205,000	194,000
	Inferred	20.2 Mt	0.7	0.2	133,000	115,000
	TOTAL	44.8 Mt	0.75	0.21	338,000	309,000

Indicated resources at the E1 Camp now total 24.6Mt containing 204,500t of copper. This equates to 60% of the contained copper within the E1 resource being classified as Indicated.

The E1 resource estimate has been completed by the Company, using the ordinary kriging interpolation method in Surpac within geologically and geochemically defined units. The drilling has been completed on a nominal 25x50m grid in the core of the deposit and 50x50m at depth and along strike. The resource has been extrapolated by half the drill spacing past the last drill hole for each of the host units.

CCP RESOURCES

Total resources for the CCP now comprise **51.0Mt @ 0.83% Cu & 0.23 g/t Au** of which **28.0Mt @ 0.91% Cu & 0.25 g/t Au** has been classified as Indicated (see **Table 2**).

The Company's interim goal of over 25Mt of Indicated resources within the CCP, as the basis for the Definitive Feasibility Study (DFS), has therefore now been achieved.

The latest resource upgrades have also increased the Company's confidence that ongoing work will lead to the definition of a 25-30Mt mineable reserve as the basis for an operation, centred at the E1 Camp, treating 2.5 to 3Mtpa over a 10-year project life.

FORWARD PROGRAMME

Recent work has led to an increased understanding of the geometry and continuity of the mineralisation at the E1 Camp (see **Figure 3**). As part of the Definitive Feasibility Study (DFS) for the CCP, this work will be incorporated into the design of the proposed open pits and project infrastructure.

Additional work is also underway including;

- Further geological and structural modeling
- Ongoing re-estimation of E1 Camp resources to incorporate additional data with the aim to convert further portions of the Inferred resources to Indicated and potentially Measured
- Prioritisation of additional targets for future drilling
- Finalisation of the Environmental Impact Statement (EIS), ahead of submission in pursuit of the relevant project approvals. The following reports and studies were completed in the quarter:
 - The Mining Study, including schedules, pit designs, and specification of the fleet
 - Provisional metallurgical assessment and Tailings Storage Facility design
 - Hydrogeology and Surface Water Study & design
 - Air and Noise Study
 - Road Impact Assessment
 - Cultural Heritage Assessment

Further results and information will be provided as they become available.

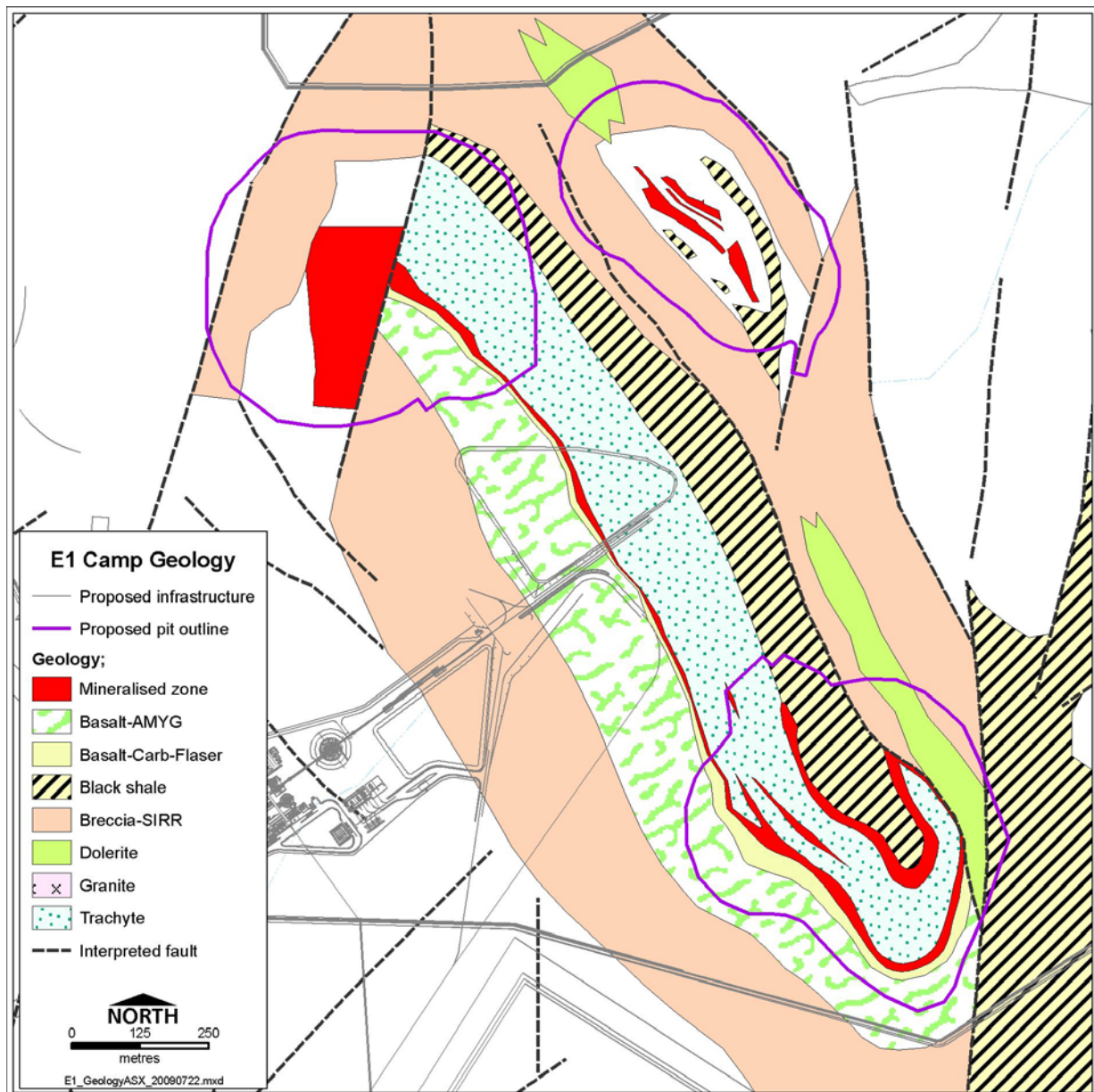


Figure 3: Geological & structural setting of E1 Camp, with conceptual pit and infrastrucutre designs.

EXPLORATION

During the quarter exploration work on Exco EPMs included general reconnaissance and target generation for forthcoming drill programmes throughout the broader tenement package.

A trial SAM (Sub Audio Magnetics) survey was carried out in early July and will be reported next quarter.

JOINT VENTURES

IVANHOE JV (Exco 100%, Ivanhoe option to earn up to 80%)

In May 2007 Exco and Ivanhoe Australia Limited (IVA) entered into a Joint Venture agreement outlining joint venture terms over a number of Exco's tenements in the Soldiers Cap and Tringadee Project areas. The JV tenements (see **Figure 4**) cover a total of ~560km², and are contiguous with Ivanhoe's Cloncurry Project tenements in the Selwyn District.

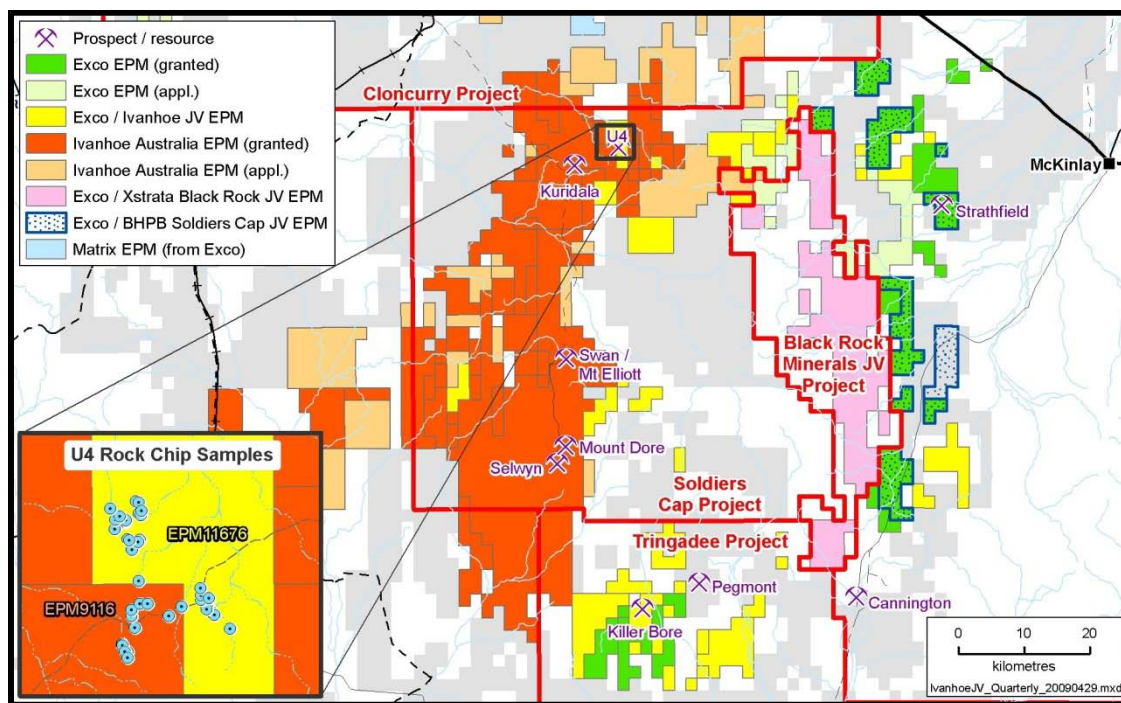


Figure 4: Exco - Ivanhoe JV tenement map detailing U4 Uranium Prospect and location of rock chip samples on EPM 11676

The joint venture comprised an initial option period, during which time Ivanhoe was required to spend a minimum of A\$600,000. At the end of this option period Ivanhoe had exceeded the minimum spend and confirmed its intention to continue with further exploration on the joint venture tenements. A total expenditure of A\$5 million by May 2010 will earn Ivanhoe an 80% interest in the tenements.

At the end of Q1 2009 IVA had spent approximately \$2.4million on the tenements. During the quarter under review IVA requested a one year extension to the agreement to enable them to reach the targeted A\$5 million during the 2010 dry season. Exco has agreed to the extension.

CORPORATE

SHARE PLACEMENT

On 11 June 2009 the Company announced the execution of a placement agreement to raise A\$7.2m (before expenses) through the issue of approximately 30.6 million shares at 23.5 cents each.

The primary purpose of the placement is to fund Exco's share of development costs for the White Dam Gold Project.

The placement was managed by Stripe Capital Pty Ltd with shares issued to institutional and sophisticated investors. Exco's largest shareholder Ivanhoe Australia Pty Ltd (ASX:IVA) participated in the placement.

The Company issued all of the placement shares utilising its 15% capacity under ASX Listing Rule 7.1.

ACCOUNTS

At the end of the June quarter Exco had A\$10.8m in cash, which ensures that the Company will remain adequately funded for both its equity commitments in respect of the White Dam project and its other key objectives for the foreseeable future.

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.

*On behalf of the Board of
Exco Resources Ltd*



Michael Anderson
Managing Director

FORWARD LOOKING STATEMENTS & COMPETENT PERSONS STATEMENT

This report contains forward looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

All references to dollars, cents or \$ in this presentation are to AUD currency, unless otherwise stated.

Information in this report is based on data compiled by Mr Mike Dunbar, (who is a full time employee of the Mitchell River Group and a consultant to Exco Resources Ltd). Mr Dunbar is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Dunbar consents to the inclusion of the data in the form and context in which it appears.

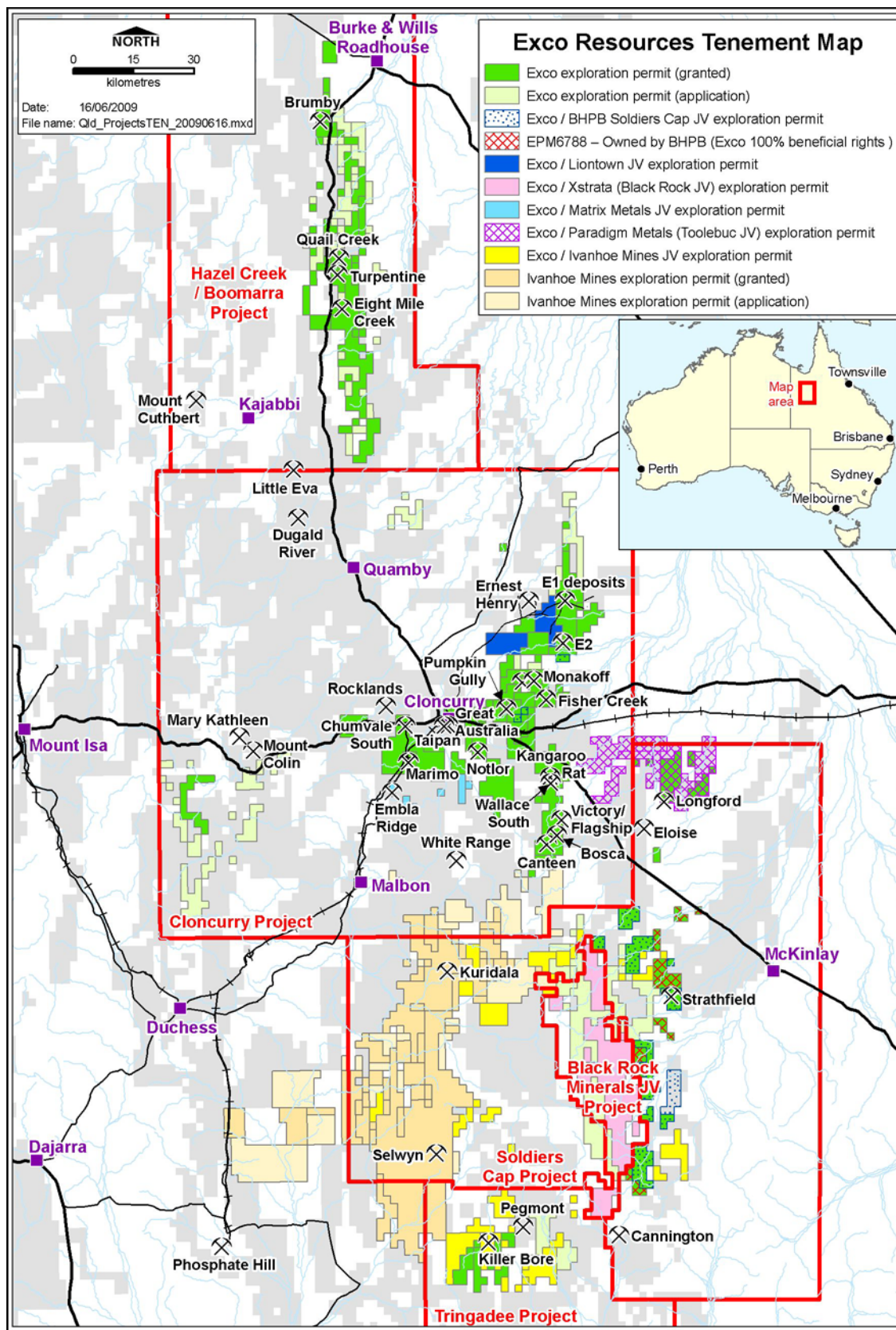


Figure 5: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

TABLE 1: White Dam Project Resource Estimate (0.4g/t cut-off grade)										
Deposit		Indicated			Inferred			Total		
	Material	ktonnes	g/t Au	koz Au	ktonnes	g/t Au	koz Au	ktonnes	g/t Au	koz Au
White Dam	Oxide	4,780	1.05	161	830	1.13	30	5,610	1.06	191
	Fresh	830	1.04	28	1,150	0.87	33	1,980	0.95	60
	SUB TOTAL	5,610	1.05	189	1,980	0.98	63	7,590	1.03	251
Vertigo	Oxide	-	-	-	1,200	1.00	38	1,200	1.00	38
	Fresh	-	-	-	1,330	1.14	49	1,330	1.14	49
	SUB TOTAL	-	-	-	2,530	1.07	87	2,530	1.07	87
PROJECT TOTAL		5,610	1.05	189	4,510	1.03	150	10,120	1.04	338

*Note: White Dam resource was re-estimated in early 2009, Vertigo was estimated in 2007.
Individual columns of data may not add up due to rounding errors.*

TABLE 2: EXCO RESOURCES – NW QUEENSLAND Cu-Au RESOURCE SUMMARY						
Deposit	Class	Tonnes	Grade		Metal	
			Cu%	Au g/t	Cu T	Au Oz
E1 Camp ⁽²⁾	<i>Indicated*</i>	24,600,000	0.83	0.24	205,000	194,000
	<i>Inferred*</i>	20,200,000	0.7	0.2	133,000	115,000
	TOTAL	44,800,000	0.75	0.21	338,000	309,000
Monakoff ⁽¹⁾ & Monakoff East	<i>Indicated</i>	2,000,000	1.39	0.44	28,000	28,000
	<i>Inferred</i>	2,000,000	1.3	0.4	25,000	26,000
	TOTAL	4,000,000	1.32	0.42	53,000	54,000
Great Australia ⁽¹⁾	<i>Indicated</i>	1,400,000	1.53	0.13	21,000	6,000
	<i>Inferred</i>	800,000	1.57	0.14	12,000	3,000
	TOTAL	2,100,000	1.54	0.13	33,000	9,000
Sub-total – CCP	Indicated	28,000,000	0.91	0.25	254,000	228,000
	Inferred	23,000,000	0.74	0.19	171,000	144,000
	ALL	51,000,000	0.83	0.23	425,000	373,000
Other Deposits						
Turpentine	<i>Indicated</i>	1,627,000	1.04	0.21	17,000	11,000
	<i>Inferred</i>	215,000	0.9	0.16	2,000	1,000
	TOTAL	1,841,000	1.03	0.2	19,000	12,000
Taipan	<i>Inferred</i>	1,460,000	0.80	0.1	12,000	5,000
Kangaroo Rat ⁽¹⁾	<i>Inferred</i>	875,000	1.65	1.0	14,000	28,000
Wallace South	<i>Inferred***</i>	1,000,000	-	1.6	-	53,000
Victory-Flagship	<i>Inferred</i>	196,000	1.2	1.4	2,000	9,000
Mt Colin ⁽¹⁾	<i>Measured**</i>	113,800	3.80	-	4,300	-
	<i>Indicated**</i>	311,000	3.49	-	11,000	-
	<i>Inferred**</i>	242,000	3.16	-	8,000	-
	TOTAL	668,800	3.43	-	23,300	-
Sub-total - Other		6,039,000	1.16	0.55	70,300	107,000
TOTAL		57.0 Mt	0.87	0.26	495,000	480,000

Note: Discrepancies in totals are as result of rounding

(1) Granted Mining Lease

(2) ~30 % of E1 camp resources on a granted Mining Lease

Unless otherwise stated the above resources are reported at a 0.5% Cu cut-off.

* E1 resources completed at 0.3%Cu cut-off.

** Mt Colin resource cut-off = 2.3% Cu.

*** Wallace South resource cut-off = 0.5g/t

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

EXCO RESOURCES LTD

ACN

080 339 671

Quarter ended ("current quarter")

30 June 2009

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	-	-
1.2	Payments for		
	(a) administration	(446)	(1,373)
	(b) development	-	-
	(c) production	-	-
	(d) exploration and evaluation	(2,425)	(13,516)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	36	476
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(2,835)	(14,413)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(e) prospects	-	-
	(f) equity investments	-	(35)
	(g) other fixed assets	(6)	(110)
1.9	Proceeds from sale of:		
	(a)prospects	2,640	2,640
	(b)equity investments	-	-
	(c)other fixed assets	-	11
1.10	Loans from other entities	-	-
1.11	Refunds/(Payments) of Security Deposits	317	309
1.12	Recognition of Security Deposits as Non Cash	-	-
	Net investing cash flows	2,951	2,815
1.13	Total operating and investing cash flows (carried forward)	116	(11,598)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (carried forward)	116	(11,598)
1.14	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	7,203	7,203
1.15	Fund Raising Costs	(331)	(331)
1.16	Trust Funds received for share issue	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
	Net financing cash flows	6,872	6,872
	Net increase (decrease) in cash held	6,988	(4,726)
1.20	Cash at beginning of quarter/year to date	3,807	15,521
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	10,795	10,795

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	238
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

Under joint venture agreements signed in June 2009, Polymetals Group Pty Ltd ("Polymetals") acquired a 25% interest in the White Dam project for a consideration of A\$2.8m (exclusive of GST). The consideration is to be settled by the recognition by Exco of A\$1m of expenditure by Polymetals on the project to date and payments by Polymetals totaling A\$1.8m in cash. During the quarter A\$1.4m was received by Exco under the agreement.

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	300
4.2 Development	3,000
Total	3,300

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	5,059	154
5.2 Deposits at call	5,736	3,653
5.3 Bank overdraft	-	-
Total: cash at end of quarter (item 1.22)	10,795	3,807

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				

+ 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)	Amount paid up per security (note 3)
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	284,733,625	284,733,625		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	30,650,000	30,650,000	23.5 cents	23.5 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>	14,500,000	14,500,000	Exercise price 20 cents (2.5m) 25 cents (1.5m) 40 cents (7.5m) 40 cents (1.5m) 40 cents (1.5m)	Expiry date 30 April 2010 30 August 2010 30 June 2010 30 August 2011 31 August 2012
7.8	Issued during quarter				
7.9	Exercised during quarter				
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 July 2009

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.