

# Quarterly Report

For the three months ending 31 December 2009



**ASX Code: EXS**

**Shares on Issue**  
326,065,892

**Current Share Price**  
A\$0.22

**Market Capitalisation**  
A\$70.1m (undiluted)

**Cash at 31<sup>st</sup> December 2009**  
A\$19.9m

## **DIRECTORS**

**Barry Sullivan (Chairman)**

**Michael Anderson (MD)**

**Alasdair Cooke**

**Craig Burton**

**Peter Reeve**

## **CFO / COMPANY SECRETARY**

**Eamon Byrne**

## **CONTACT DETAILS**

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**ABN 99 080 339 671**

**29 January 2010**

Market Release *(via electronic lodgement)*

## **HIGHLIGHTS DURING THE QUARTER**

### **WHITE DAM GOLD PROJECT, SOUTH AUSTRALIA**

- **White Dam Reserve Upgrade** On 6 October 2009 Exco announced an upgrade to the White Dam Probable Reserve with an increase of 21,400 ounces (up 14%), representing an 86% conversion of Indicated Resources to Probable Reserve.
- **Commencement of Construction** As a result of the reserve upgrade the financing arrangements for the project were completed and the project commenced construction in early October. Good progress has been made to date and the project remains on track for first gold production in late March/early April 2010.

### **CLONCURRY COPPER PROJECT (CCP), NW QUEENSLAND**

- **EIS & DFS update:** Work continued on the DFS and EIS for the CCP with geological modelling of the resource nearing completion, metallurgical testwork programmes recommencing and the EIS public consultation process due to end in January 2010.
- **Mt Colin Underground Mining Study:** A study on the potential for underground mining at the high grade Mt Colin deposit commenced during the quarter and will be completed during Q1 of 2010.

## **EXPLORATION**

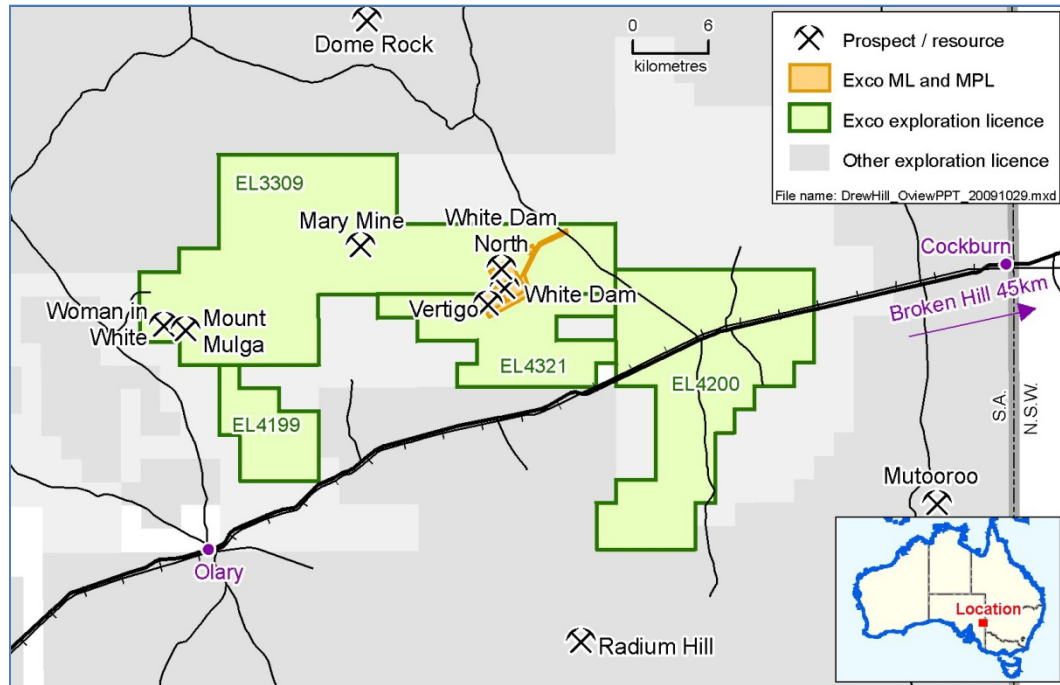
- **Drilling resumes at Cloncurry Copper and Hazel Creek projects.** Drilling re-commenced on a number of Exco's key regional exploration prospects within the Cloncurry Copper and Hazel Creek Projects. The programmes have been planned both to follow-up on previous positive results at a number of prospects, and to focus on untested or partially tested geophysical anomalies.
- **Initial Results:** To date the programmes have returned a number of positive results including:
  - **34m @ 0.70% Cu & 0.22 g/t Au** in EHRC247 at Eight Mile Creek East.
  - **6m @ 1.62% Cu & 0.44 g/t Au** in ECRC327 at the Tanbah Prospect, and
  - **6m @ 1.56% Cu & 0.71 g/t Au** in ECRC316 at the Salebury Prospect.

## **CORPORATE**

- **Placement of \$10.1m Completed:** On 22 October 2009 Exco announced the execution of a placement agreement to raise A\$10.1m (before expenses) through the issue of approximately 41.3million shares at 24.5 cents each.

## 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 **9.6Mt @ 1.05 g/t Au for 325,000oz** contained (see **Table 1**).



**Figure 1: White Dam Gold Project Location Map**

### JV AGREEMENT

The project is subject to a JV agreement whereby Polymetals Group Pty Ltd ("Polymetals") have acquired a 25% interest in the project. Exco and Polymetals have also entered into a management agreement, appointing Polymetals 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.

### WHITE DAM RESOURCE UPDATE

On 6<sup>th</sup> October 2009 the Company announced that the White Dam Resource had been re-estimated based on infill drilling and detailed grade control drilling within the stage one pit. As a result the upper portion of the resource (above 130RL or ~70m below surface) had been re-estimated. The resource below 130RL remained unchanged as there has been no additional data collected at depth.

The resource was estimated within 11 geologically and geochemically defined domains using the ordinary krigging (OK) interpolation methodology, using Micromine modelling software.

With the additional infill drilling, all of the oxide material resource was reclassified as Indicated. As a result of the infill and grade control drilling, the edges of the mineralisation have been better defined resulting in a modest drop in global resource tonnes. This was partly offset by slightly higher average grades (up by 2.4% to 1.05g/t Au), resulting in a global decrease in contained ounces of only 6.0% from 251,000 to 238,000 ounces.

## WHITE DAM RESERVE UPGRADE

On completion of the updated resource, a series of pit optimisations were completed by Dallas Cox of Crystal Sun Consulting for various gold price and input assumptions. The general assumptions used in the optimisations remained unchanged from the previous pit optimisations (as released on 29<sup>th</sup> of April 2009).

Based on the A\$900 pit optimisation, the ultimate pit design was completed resulting in an updated Probable Reserve for White Dam of:

**4.94Mt @ 1.07 g/t Au for 170,400 contained Ounces (0.4 g/t cut-off)**

This represented an increase of 21,400 ounces (up 14.4%) compared to the previous Probable Reserve. This is mainly as a result of the previously Inferred resources to the east being converted to Indicated through infill drilling.

The overall strip ratio for the revised pit is unchanged at approximately 1:1.

The overall philosophy also remains unchanged, with the western portion of the pit, that contains coherent high grades (in the grade control data – yet to be modelled) to be mined first, with the lower grade portions to the east being mined later in the schedule.

*For more detailed information in relation to the White Dam resource upgrade, please refer to the original announcement (released 6 October 2009).*

## PROJECT IMPLEMENTATION

On 5<sup>th</sup> October 2009 the Company announced that as a result of the confirmation of the reserve upgrade at White Dam, the second tranche (\$3m) of the loan facility provided by Barclays Capital Ltd had been made available. The project was thus fully funded and the ramp up of the project construction could proceed.



**Figure 2:** Overview of White Dam Gold Production Joint Venture site.



The earthworks construction contractor (Lucas Earthmoving) commenced preparatory mobilisation activities in September and was fully mobilised by mid-October. Earthworks construction activities are now largely completed and demobilisation of equipment has commenced with only miscellaneous works remaining.



*Figure 3: WDGPJV plant under construction.*

Plant construction activities started in late October and are progressing well. All civil and structural works are completed, mechanical installation is well advanced and electrical work commenced during December. Construction activities are focused on lime addition to allow ore stacking to commence and leach pad irrigation. Commissioning of these areas is forecast for February with remaining areas of the plant in March.

The earthworks for the leach pad and ponds were 90% completed by the end of December. Lining of the pads and ponds commenced in December and is ongoing with work forecast to finish in February. Cushion and drainage layers were also commenced in December to then enable ore stacking to commence.

Mobilisation of the mining fleet commenced in November and mining of overburden commenced. Full mining fleet mobilization was completed in January. The first blast occurred in the pit in January.

Ore mining and stacking on the leach pad will commence in late January. Irrigation will commence following completion of stacking of the first cell in March.

Following irrigation, the recovery plant will be commissioned in stages and the first production is forecast in late March/early April.





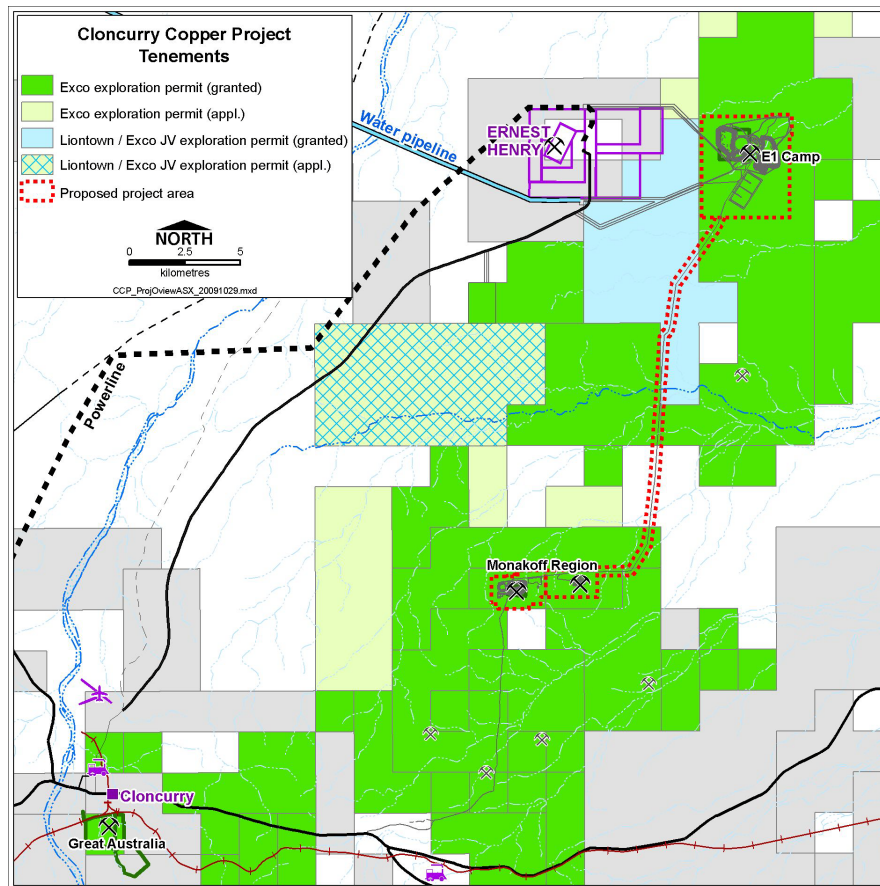
**Figure 4:** *WDGPJV earthworks for leach pads*



**Figure 5:** *WDGPJV Mining activities.*

## CLONCURRY COPPER PROJECT, NW QUEENSLAND (EXCO 100%)

The Cloncurry Copper Project, located approximately 40km north east of the town of Cloncurry (see **Figure 6**), 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 6:** CCP location map showing key tenements, deposits and proposed infrastructure.

### DEVELOPMENTS AND FORWARD PROGRAMME

Geological modelling of the resource is nearing completion and final pit design and mine scheduling will commence on completion of the model. Final geotechnical studies have been scoped and will commence early in 2010.

A study on underground mining at Mt Colin commenced during the quarter and will be completed during Q1 of 2010. Mt Colin remains a valuable resource that may provide high grade ore for the early years of the project.

The metallurgical testwork programme recommenced. Impurity removal, recovery optimisation and by-product recovery remain the outstanding areas of focus. Final process plant design will commence on completion of the testwork.

Key elements of the Definitive Feasibility Study not completed though the EIS preparation phase also recommenced during the quarter. The EIS itself remains on schedule with the public consultation stage ending in January 2010.

Provision of Infrastructure remains a major element of the project and Exco and discussions with infrastructure owners/providers in the region are ongoing.

## EXPLORATION & DRILLING UPDATE

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### HIGHLIGHTS

- **SAM (Sub Audio Magnetic) surveys define multiple magnetic and conductive bodies at Eight Mile Creek East and Turpentine South.**
- **Significant IOCG style mineralization intersected at Eight Mile Creek East. EHRC247 contained 34m @ 0.70% Cu and 0.22 g/t Au from 96m depth.**
- **Mineralisation confirmed at Turpentine South with EHRC238 intersecting 6m @ 0.91% Cu from 18m and also 18m @ 0.49% Cu from 56m depth.**
- **Initial Drilling at the Tanbah Prospect has intersected copper mineralization in most holes drilled. Assays for the first 3 holes include a best intersection of 6m @ 1.62% Cu and 0.44 g/t Au from 14m depth in ECRC327.**
- **Best of 3 holes drilled at Salebury Prospect intersected 6m @ 1.56% Cu and 0.71 g/t Au in ECRC316.**
- **Widespread low level copper anomalism in 6 holes drilled at Fisher Creek West Prospect.**

Having recommenced drilling on Exco's Cloncurry Copper and Hazel Creek Projects during the December quarter, activities are currently in a seasonal lull. Work is again scheduled to resume over the next few weeks, weather permitting.

Assay results have been received for approximately 50% of the drilling completed in December 2009, with the remainder expected to be completed over the next few weeks. For detailed results see **Tables 3 and 4**.

### CLONCURRY COPPER PROJECT (CCP)

Reverse Circulation (RC) drilling commenced on 16 targets throughout the CCP for a total of 3,106 metres. Of these targets 10 were regional greenfields targets with no previous drilling, and 6 were follow-up to previous drilling by Exco. Positive results were received from 5 of the greenfields targets with results still due for 2 of the 10 drilled to date. Four of the six follow-up targets produced some encouragement with assays still due for one of the targets (Canteen Prospect).

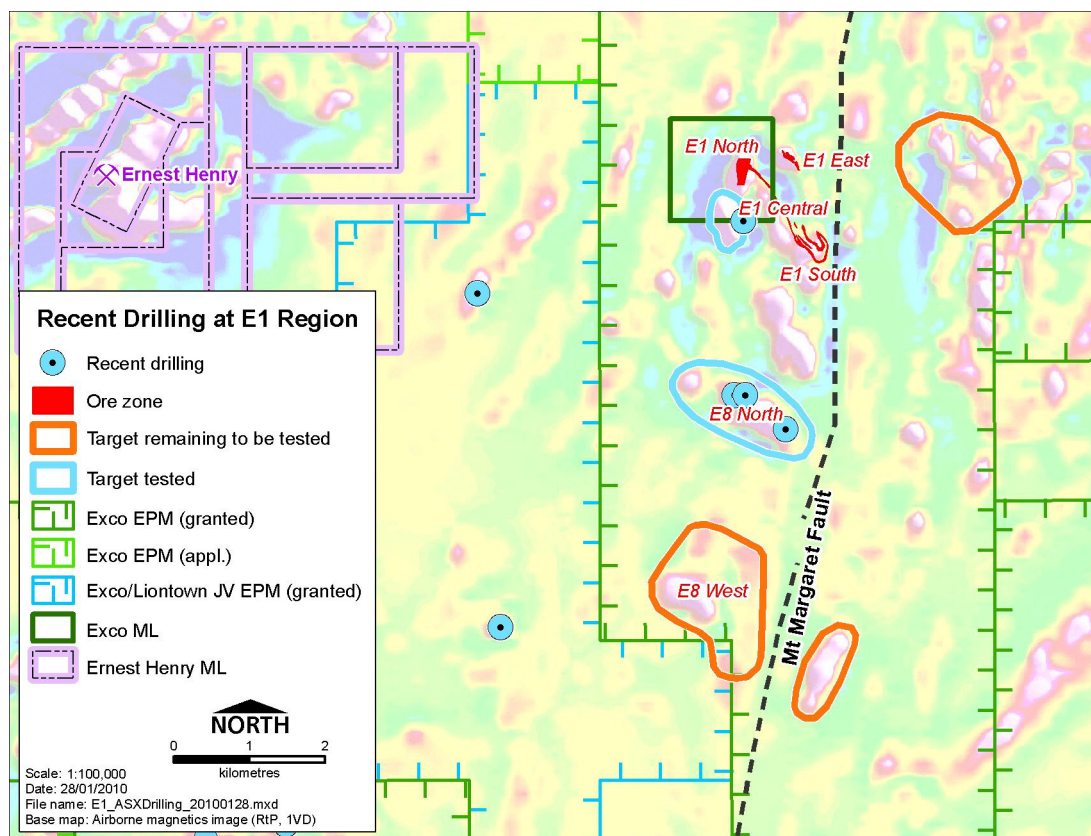
### E1 Camp - Regional magnetic anomalies

The E1 Camp is host to a sizeable resource base comprising 44.8Mt @ 0.75% Cu & 0.21g/t Au and containing 338,000t of copper and 309,000 oz of gold (see **Table 2**). Recent drilling (see **Figure 7**) has been successful in both expanding this resource base, and in converting a significant percentage (~55%) of Inferred resources to the Indicated category as the basis for an ultimate mineable reserve for the CCP.

Remaining within the E1 Camp are numerous geophysical anomalies that are considered highly prospective, but which are, as yet, largely untested. Several key magnetic anomalies to the south and east of the known E1 Deposits are considered to be regionally significant and have therefore been selected for further drill testing.

During the quarter four RC holes for 391 metres were drilled near the E1 Camp of deposits on 2 partially tested regional magnetic targets, as follow-up to encouraging geological and geochemical results in previous drilling. The current programme has so far failed to upgrade these targets and results will be fully evaluated to determine any future potential on these 2 anomalies. Other regional targets will be tested when the drilling resumes.





**Figure 7: Recent E1 Drilling**

### **Monakoff North Regional Magnetic Anomalies EPM15870 (EMRC307-310)**

Established resources at the Monakoff and Monakoff East Deposits together comprise 4Mt @ 1.32% Cu & 0.42g/t Au, containing 53,000t of copper and 54,000 oz of gold (see **Table 2**). A key aspect of these deposits is their relatively higher grade, such that finding additional sources of similar material is a high priority for the Company.

The region around Monakoff is host to a number of buried magnetic anomalies of similar size and intensity to that associated with the known deposits. Moreover, adding to the prospectivity is the fact that the geological and structural setting of these anomalies appears similar to both Monakoff and the E1 deposits to the North.

Four RC holes for 397 metres tested four new magnetic targets buried under younger overburden within EPM15870. Results are only fully available for the first 2 holes. EMRC307 intersected a wide zone of low level copper and cobalt anomalism from 32m to the end of hole at 82m. Best interval within this zone is 6m @ 0.19% Cu from 52-58m.

EMRC 308 tested a separate magnetic feature and did not return any significant assays.

Results for the other 2 holes (EMRC 309 and 310) are expected in the next few weeks.

### **Liontown JV ECRC313-315 and ECRC332)**

Four buried magnetic targets were tested by 4 RC holes for 461 metres (see **Figure 9**). Some low level copper (up to 0.14% over 2 metre intervals), was encountered in ECRC313, with associated elevated gold arsenic cobalt and molybdenum. Assays have not been completed for ECRC332. The geology and geochemistry will be fully evaluated when assays are complete to determine the level of follow up required.

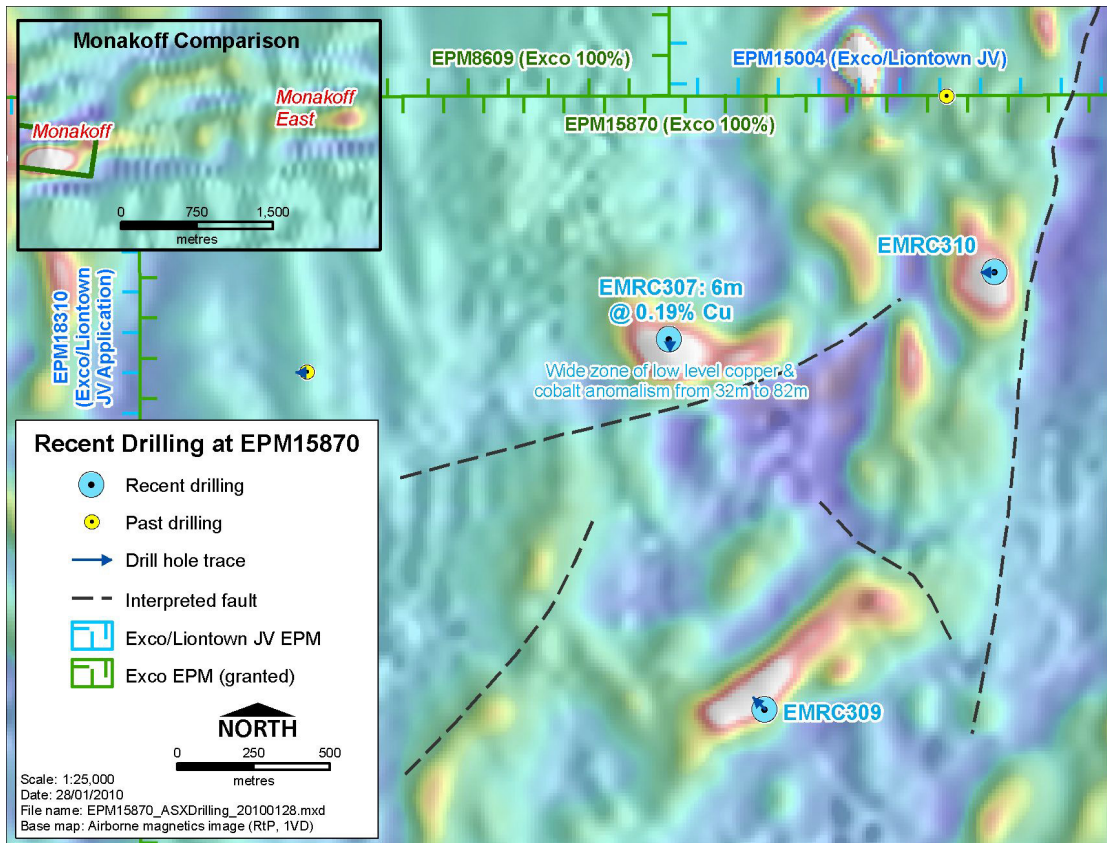


Figure 8: Recent Monakoff Drilling

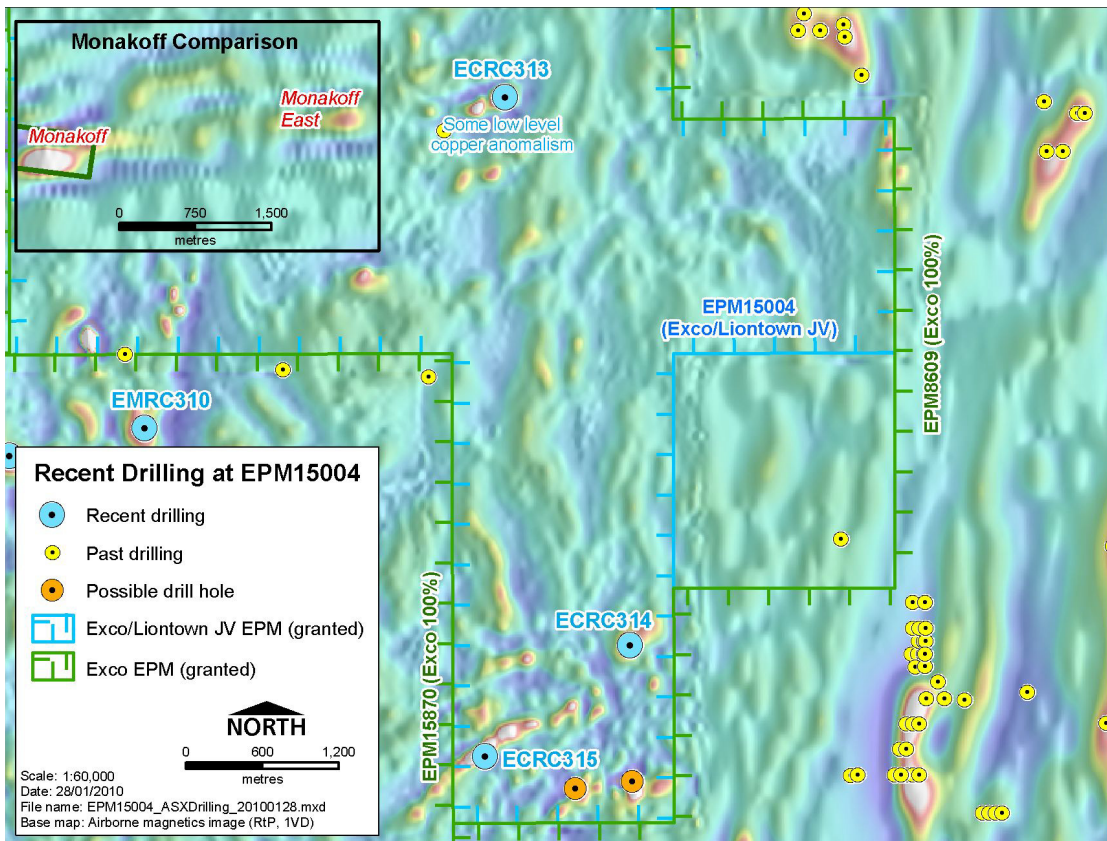


Figure 9: Recent Drilling at Liontown JV

## PUMPKIN GULLY SYNCLINE

The Pumpkin Gully Syncline (PGS) hosts numerous prospects in a range of geological settings. The syncline is composed of folded sequences of metavolcanics and metasediments with an extensive ironstone unit broadly following the contact between the metasediments and metavolcanic rock units.

This ironstone hosts the Monakoff and Monakoff East Deposits on the northern limb of the syncline, the **Pumpkin Gully Prospect** at the interpreted closure of the syncline, and the **Fisher Creek West Prospect** on the southern limb.

The ironstone has a total strike length of more than 10km on the northern limb of the syncline. Airborne magnetic survey data suggests the continuity of southern limb may have been somewhat disrupted; however, work to date has highlighted significant prospectivity.

### **Fisher Creek Prospect (ECRC318-320)**

Three RC holes were completed at the Fisher Creek Prospect for 282 metres. Best result from this limited programme is **2 m @ 1.69% Cu and 0.28 g/t Au** in ECRC318 from 72m depth. Further geophysics (SAM survey) is planned to better reveal the geology of the area and help site future drill follow up.

### **Fisher Creek West**

Six RC holes for 318 metres were drilled at the Fisher Creek West Magnetic anomaly which has a strike extent of approximately 3 km. The anomaly, where exposed at surface, represents magnetite iron formation similar to the Monakoff ironstone which hosts the nearby Monakoff Deposit. Although these holes failed to intersect potentially ore grade mineralization, they did intersect widespread low level copper and gold anomalism and further drilling is planned.

### **Salebury Prospect (ECRC316-317)**

Two RC holes for 230 metres were drilled between existing drill lines at the Salebury Prospect. Excess water flows preventing holes reaching planned depth. ECRC316 intersected **6m @ 1.56% Cu and 0.71 g/t Au** from 30m depth. Further drilling is planned.

### **Tanbah Prospect (ECRC327-331 ECRC336-340)**

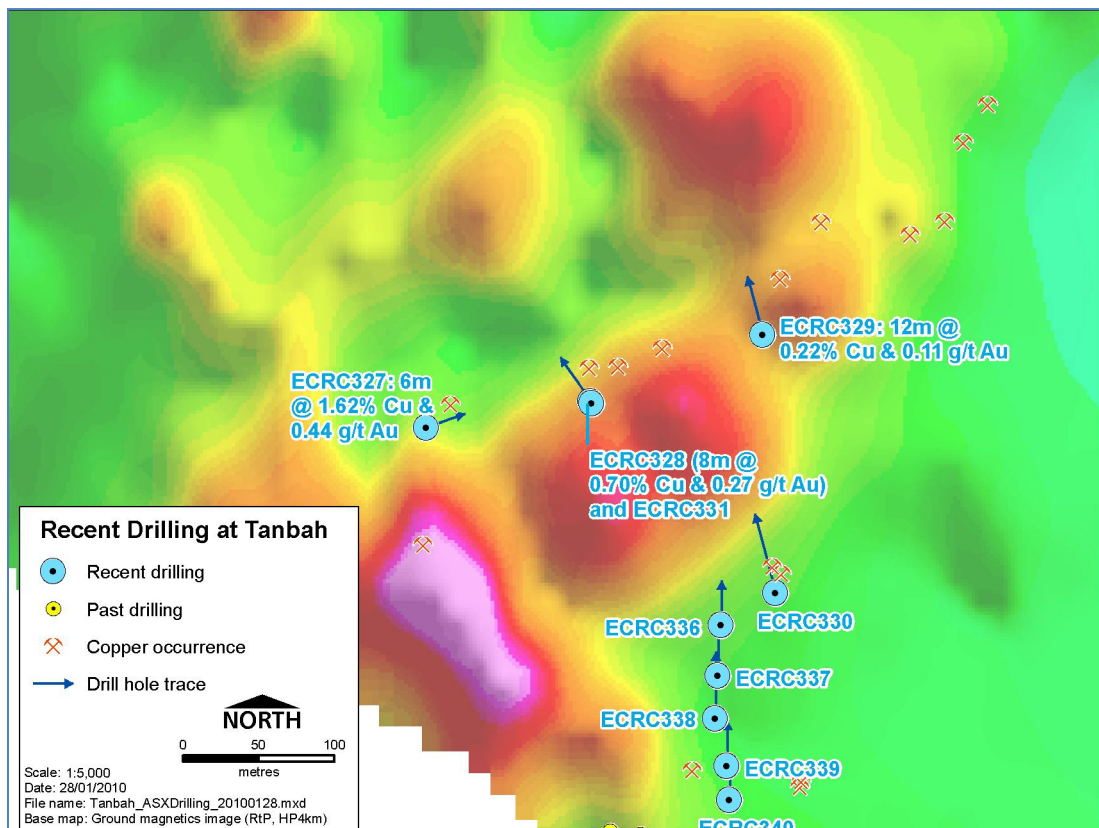
The first 3 holes drilled at Tanbah have returned significant copper and gold intercepts in shallow RC holes directed below visible surface alteration and mineralization. A total of 10 holes were completed prior to the monsoonal season in December 09 for a total of 747 metres.

The initial three holes tested approximately 250m of strike where visible copper mineralization was evident at surface at the contact of metasediments/metavolcanics and a calcite silica rock.

ECRC327 intersected **6m @ 1.62% Cu and 0.44 g/t Au** from 14m downhole depth and ECRC 328 intersected **8m @ 0.70% Cu and 0.27 g/t Au** from 18m depth.

Results for the remaining 7 holes are expected in the next few weeks.





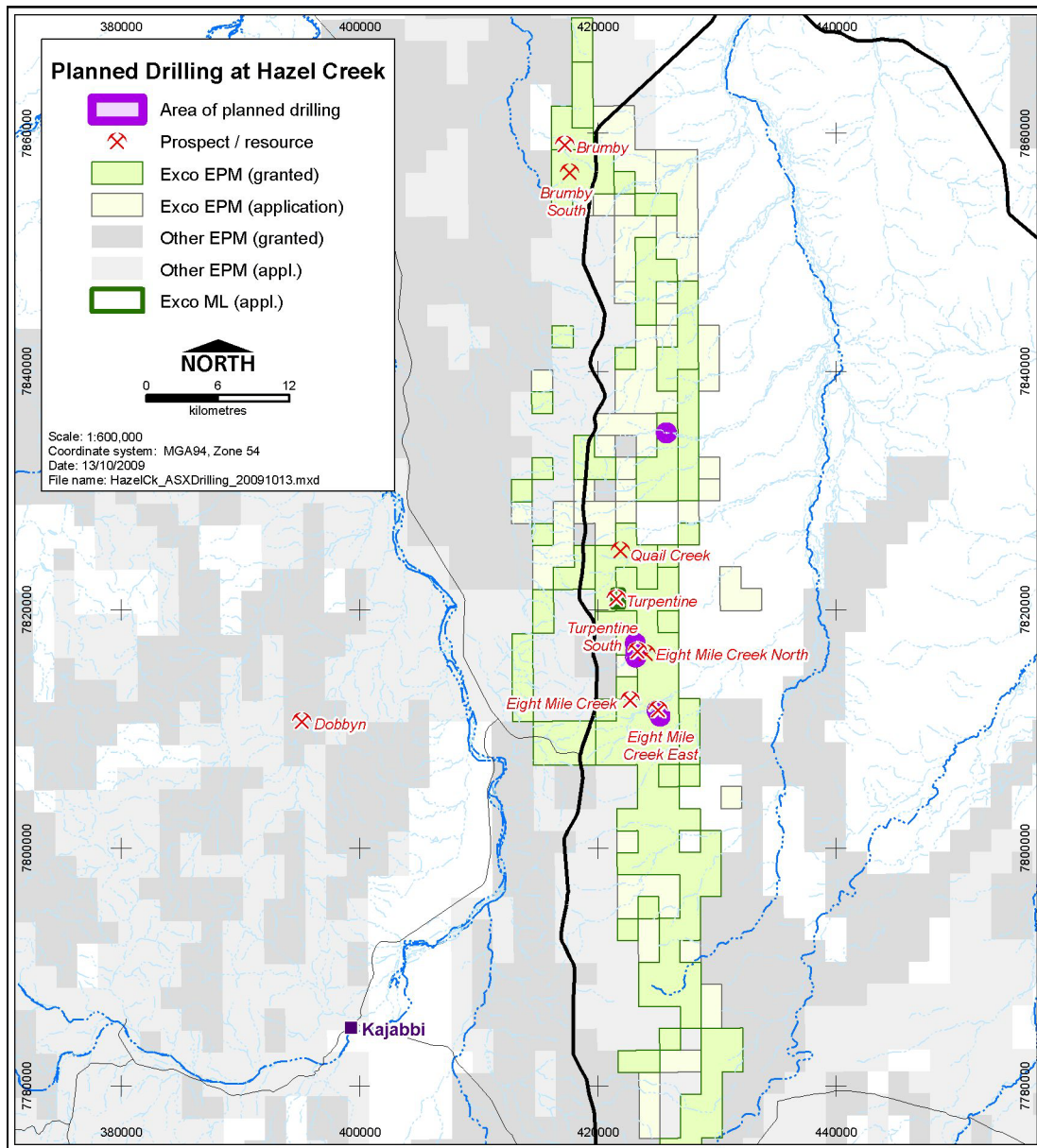
**Figure 10: Recent Drilling at Tanbah**

#### CANTEEN PROSPECT

Three holes were drilled at the southern extension of the large magnetic/radiometric anomaly at Canteen. Widespread sulphides and magnetite alteration were encountered however no massive Cu sulphides were noted in the recent drill holes. Assay results are not yet available. Further drilling will continue to the south over significant surface copper anomalism.

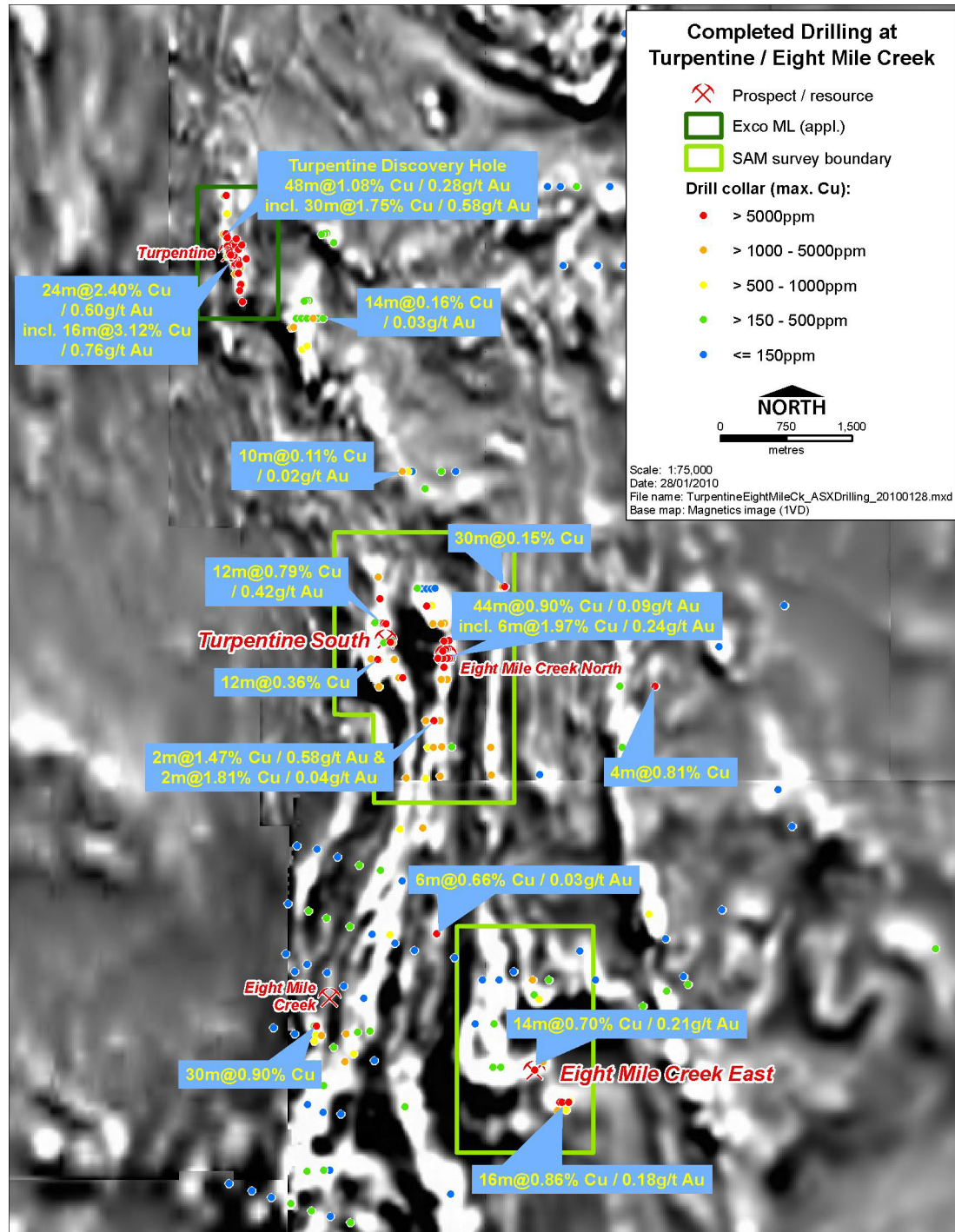
## HAZEL CREEK PROJECT

The Hazel Creek Project area includes the Turpentine Deposit (1.8mt @ 1.03% Cu & 0.2 g/t Au) (see Table 2) and a number of other prospects where ore grade mineralisation has previously been intersected (see Figures 11 & 12).



**Figure 11: Location Map showing Hazel Creek Project area**

Drilling was initiated at the Turpentine South and Eight Mile Creek Prospects to follow up positive results from previous Exco Drilling. A SAM (Sub Audio Magnetic) survey was also completed over portions of these prospects and results have generated further targets which will be tested when the drilling resumes.



**Figure 12:** Magnetic Image highlighting best intersections at the Turpentine, Turpentine South and Eight Mile Creek Prospects

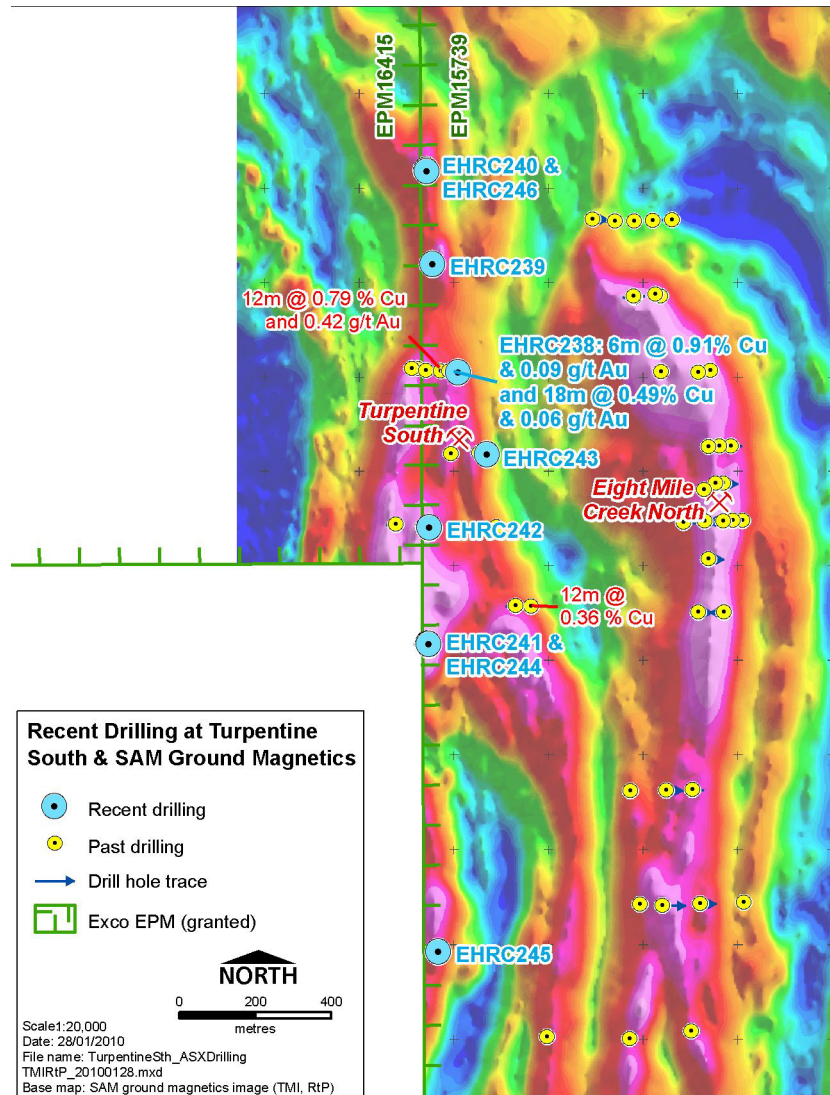


## Turpentine South

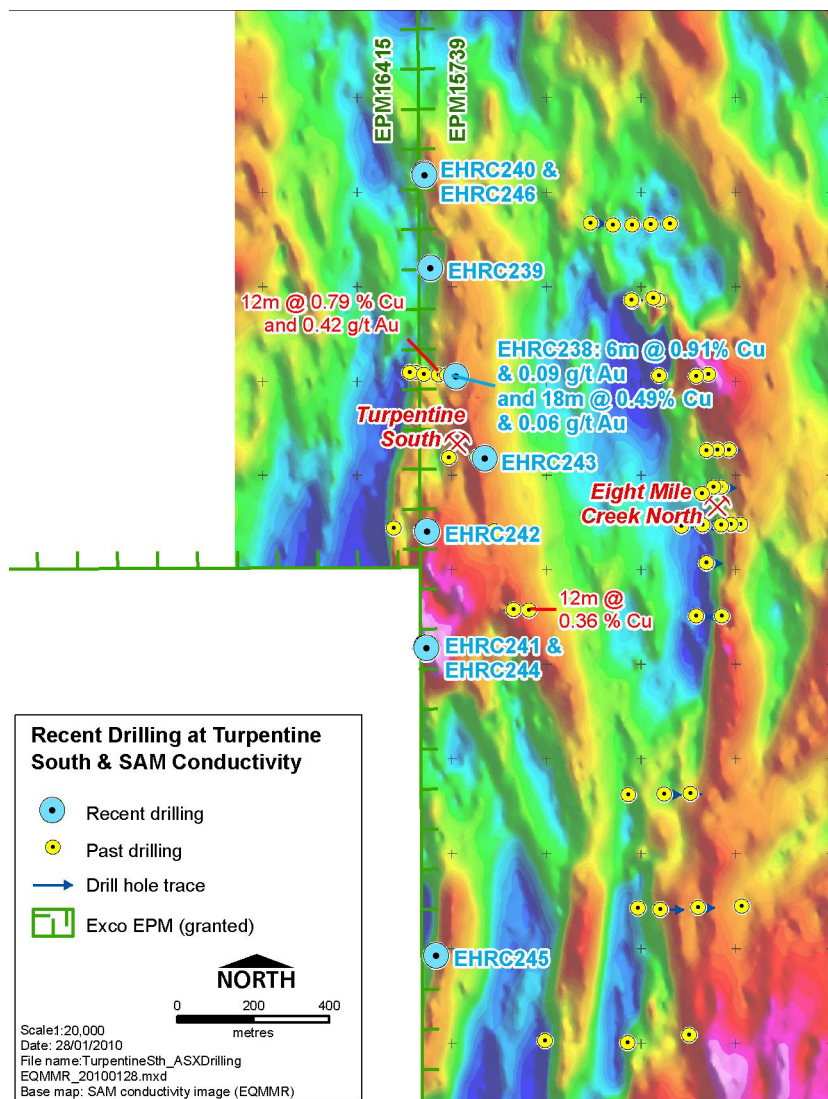
Nine RC holes (633m) were completed on the Turpentine South Magnetic anomaly where previous drilling had intersected 12m @ 0.79 % Cu and 0.42 g/t Au in the initial phase of drilling in 2008 (see **Figures 13 and 14**).

Drilling was carried out on existing cleared drill lines. Additional anomalies were outlined by the SAM survey, and these still require preparation of suitable site access and drill pads.

Most holes encountered some low level mineralisation or alteration associated with the magnetic target. EHRC238 intersected two separate zones of mineralization with **6m @ 0.91% Cu and 0.09 g/t Au** from 18m depth, and **18m @ 0.49% Cu and 0.06 g/t Au** from 56m depth. Best higher grade intervals from this hole were 2m @ 2.05% Cu from 18m and another 2 m at 2.05% Cu from 72m depth.



**Figure 13: Recent Drilling at Turpentine – Ground Magnetics**

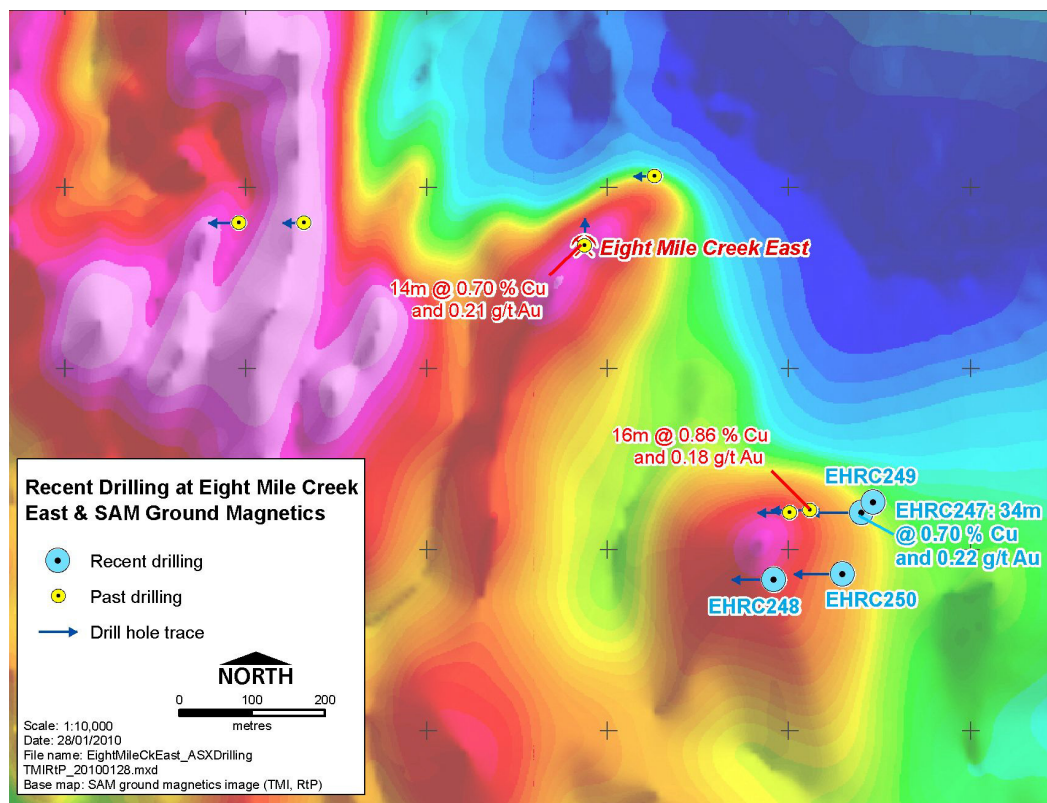


**Figure 14: Recent Drilling at Turpentine – Conductivity**

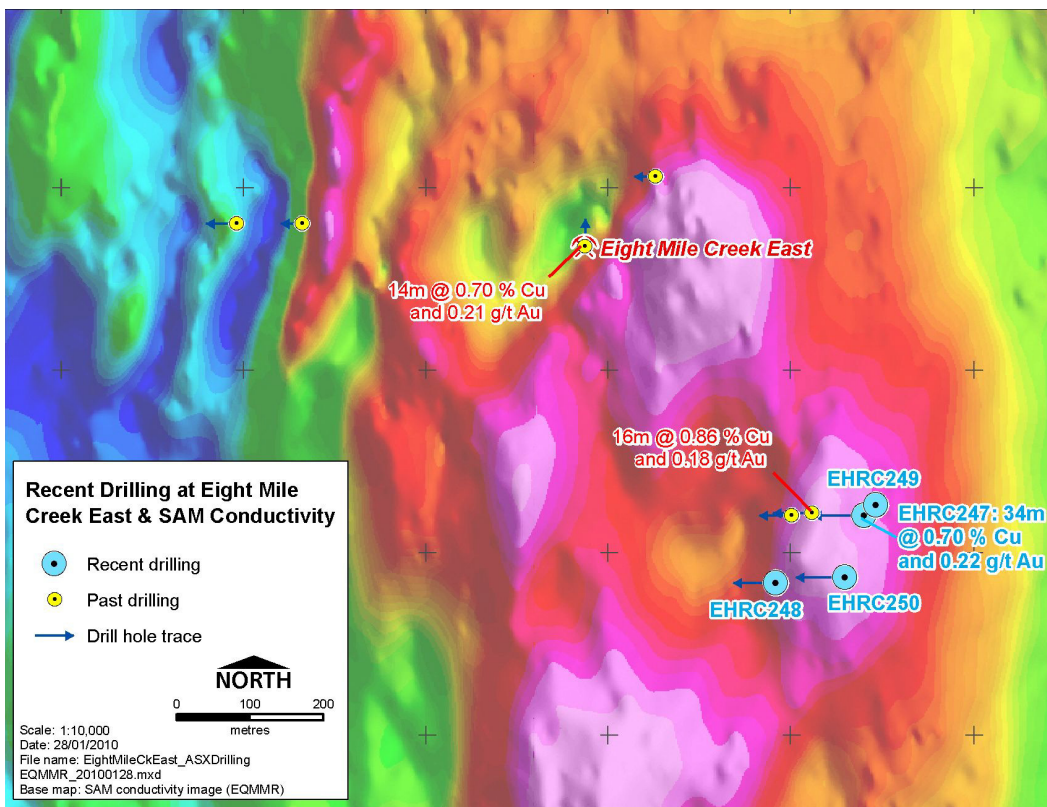
### **Eight Mile Creek East**

Four RC holes were completed at Eight Mile Creek as follow-up to previous drilling by Exco in 2001. Significant mineralization was intersected in EHRC247 and alteration and anomalism in the remaining 3 holes. The recent SAM survey has outlined a more definitive trend of the magnetite alteration and this will be tested when the programme resumes in the next few weeks. (See **Figures 15 and 16**)

EHRC247 was drilled below EHRC138 (16m @ 0.86% Cu and 0.2 g/t Au), and intersected a wide zone of magnetite bearing alteration with widespread zones of pyrite and chalcopyrite between 84 to 130m down hole depth. Breccia textures have been noted in the larger RC drill chips. Best assays for this interval are **0.70 % Cu and 0.22 g/t Au from 96-130m**.



**Figure 15: Recent Drilling at Eight Mile Creek – Ground Magnetics**



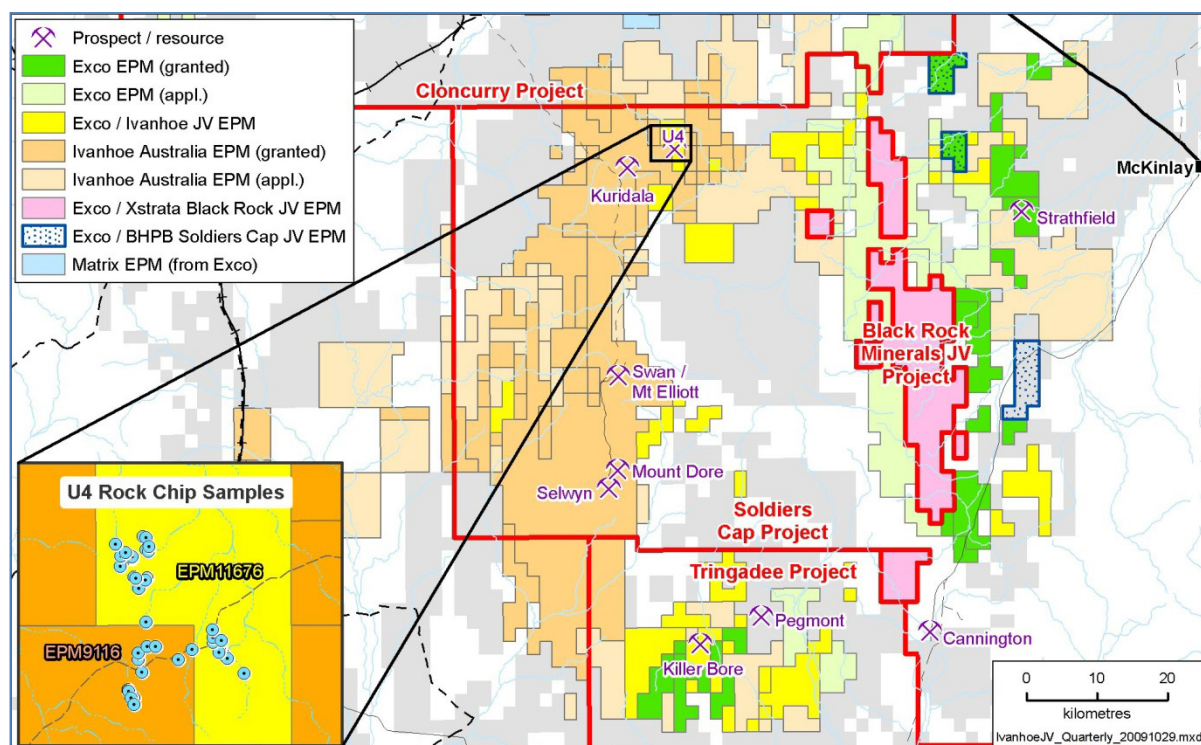
**Figure 16: Recent Drilling at Eight Mile Creek – Conductivity**



## 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 17**) cover a total of ~560km<sup>2</sup>, and are contiguous with Ivanhoe's Cloncurry Project tenements in the Selwyn District.



**Figure 17:** 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.

Field work done during the quarter has included drilling at U4 (EPM 11676), Mac's Tank (EPM 13741) and Garnet Creek (EPM 11169); and ground magnetic surveys at Killer Bore North (EPM 16177) and Wewak (EPM 14033).

Assay results from drilling programmes in the previous quarter at Saxby (EPM 12285) and Fairmile West (EPM 12290) are incomplete with no significant mineralisation in those received to date.

Geophysical data from Garnet Creek is being processed to identify further drill targets

## **CORPORATE**

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### **SHARE PLACEMENT**

The Company completed the execution of a placement agreement to raise \$10.1m (before expenses) through the issue of 41.3 million shares at 24.5 cents each on 4<sup>th</sup> November 2009.

The placement funds will be used to proactively advance the Company's portfolio of copper projects in north-west Queensland with work having already commenced as discussed above.

The placement was managed by Exco's London-based advisors Fox-Davies Capital Ltd with shares issued to two institutional investors and Exco's largest shareholder Ivanhoe Australia Pty Ltd (ASX:IVA). Ivanhoe thus maintain their 20.18% shareholding in the Company.

On 2 December 2009, as part of the fee arrangements for the capital raising, the board resolved to issue 1,650,000 Options to Fox Davies Capital Ltd, at an exercise price of 27.3 cents with an expiry date of 20 October 2012. In accordance with the contractual conditions the Options vest immediately.

### **ACCOUNTS**

With a cash balance at the end of December of \$19.9m Exco is in a strong position to achieve its corporate and development objectives across the project portfolio.

### **ANNUAL GENERAL MEETING**

The Annual General meeting of the Company took place on Tuesday 24<sup>th</sup> November 2009. All resolutions before the meeting were passed.

## PROJECTS NOT LISTED

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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

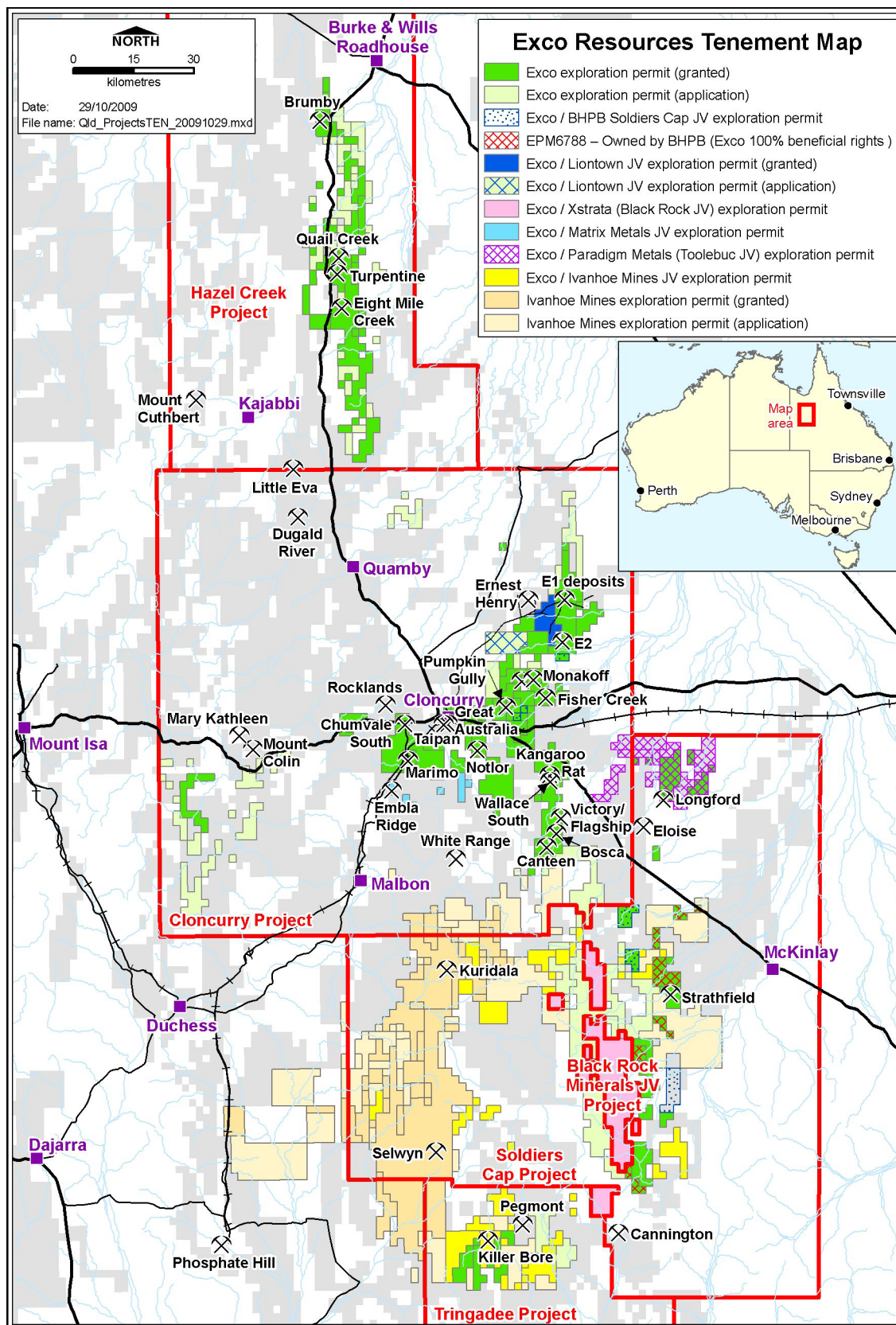
## FORWARD LOOKING STATEMENTS & COMPETENT PERSONS STATEMENT

*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 relating to mineral resources and exploration results is based on data compiled by Exco's Exploration Manager Stephen Konecny and Mr Mike Dunbar, (who is a full time employee of the Mitchell River Group and a consultant to Exco Resources Ltd), both of whom are members of The Australasian Institute of Mining and Metallurgy. Mr Konecny and Mr Dunbar 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 Mr Dunbar consent 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 OK 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	5,149	1.09	180.1				5,149	1.09	180.1
	Fresh	603	1.08	20.9	1,315	0.88	37.1	1,918	0.94	58
	Sub-Total	5,752	1.07	201.0	1,315	0.88	37.1	7,067	1.05	238.1
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		5,752	1.07	201	3,845	1.00	124	9,597	1.05	325

*Note: White Dam resource was re-estimated in September 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 <sup>(2)</sup>	<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
	<b>TOTAL</b>	<b>44,800,000</b>	<b>0.75</b>	<b>0.21</b>	<b>338,000</b>	<b>309,000</b>
Monakoff <sup>(1)</sup> & 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
	<b>TOTAL</b>	<b>4,000,000</b>	<b>1.32</b>	<b>0.42</b>	<b>53,000</b>	<b>54,000</b>
Great Australia <sup>(1)</sup>	<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
	<b>TOTAL</b>	<b>2,100,000</b>	<b>1.54</b>	<b>0.13</b>	<b>33,000</b>	<b>9,000</b>
Sub-total – CCP	<b>Indicated</b>	<b>28,000,000</b>	<b>0.91</b>	<b>0.25</b>	<b>254,000</b>	<b>228,000</b>
	<b>Inferred</b>	<b>23,000,000</b>	<b>0.74</b>	<b>0.19</b>	<b>171,000</b>	<b>144,000</b>
	<b>ALL</b>	<b>51,000,000</b>	<b>0.83</b>	<b>0.23</b>	<b>425,000</b>	<b>373,000</b>
<b>Other Deposits</b>						
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
	<b>TOTAL</b>	<b>1,841,000</b>	<b>1.03</b>	<b>0.2</b>	<b>19,000</b>	<b>12,000</b>
Taipan	<i>Inferred</i>	1,460,000	0.80	0.1	12,000	5,000
Kangaroo Rat <sup>(1)</sup>	<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 <sup>(1)</sup>	<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	-
	<b>TOTAL</b>	<b>668,800</b>	<b>3.43</b>	<b>-</b>	<b>23,300</b>	<b>-</b>
Sub-total - Other		6,039,000	1.16	0.55	70,300	107,000
<b>TOTAL</b>		<b>57.0 Mt</b>	<b>0.87</b>	<b>0.26</b>	<b>495,000</b>	<b>480,000</b>

**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



TABLE 3: REGIONAL EXPLORATION RESULTS

Hole	From	To	Width	Cu %	Au ppm	Comments
ECRC313						Strong Fe (40%) 68-76m anomalous Cu Au Co As Mo
ECRC314						anomalous Cu and high Fe (20%) 36-54m
ECRC315						No significant results
ECRC316	30	36	6	1.56	0.71	
ECRC317						weak Cu As anomalism
ECRC318	60	62	2		0.37	
ECRC318	72	74	2	1.69	0.28	
ECRC319						No significant results
ECRC320						No significant results
ECRC321						sporadic anomalous Cu Au pyrite throughout
ECRC322						weak Cu anomalism
ECRC323						anomalous copper to 0.1% 6-38m
ECRC324	0	12	12	0.15		
ECRC325						anomalous copper throughout hole
ECRC326	18	42	24	0.15	0.16	anomalous copper throughout hole
ECRC327	14	20	6	1.62	0.44	
ECRC328	18	26	8	0.7	0.27	
ECRC329	24	36	12	0.22	0.11	
EHRC238	18	24	6	0.91	0.09	
EHRC238	56	74	18	0.49	0.06	
EHRC239	42	52	10	0.29	0.04	
EHRC240	32	36	4	0.16	0.01	
EHRC241	44	46	2	0.15		
EHRC242	30	36	6	0.24		
EHRC242	48	60	12	0.22	0.04	
EHRC243	60	66	6	0.39	0.14	
EHRC244						weak anomalous Cu
EHRC245						weak anomalous Cu
EHRC246						No significant results
EHRC247	60	66	6	0.23	0.02	
EHRC247	84	96	12	0.37	0.11	
EHRC247	96	130	34	0.7	0.22	
EHRC248	66	72	6	0.23	0.02	
EHRC248	104	108	2	0.16	0.04	anomalous copper 54-96m
EHRC249						weak anomalous Cu 108-130m
EHRC250						weak anomalous Cu 54-96m
EMRC306						No significant results
EMRC307	52	58	6	0.19	0.06	weak Cu anomalism 36-82m (EOH)
EMRC308						No significant results

TABLE 4: EXPLORATION DRILLHOLE COLLARS							
Site Name	Hole ID	East	North	RL	Dip	Direction	Depth
<b>Canteen</b>	ECRC333	473950	7677370		-60	270	80.00
	ECRC334	473942	7677280	283.81	-60	270	100.00
	ECRC335	473952	7677191	286.91	-60	270	100.00
<b>E1 North-South</b>	EMRC306	477570	7738698	191.31	-60	270	77.00
<b>E8 North</b>	EMRC303	477458	7736397	194.11	-60	270	88.00
	EMRC304	477596	7736397	193.91	-60	270	116.00
	EMRC305	478127	7735948	191.01	-60	225	110.00
<b>Eight Mile Creek East</b>	EHRC247	425350	7811050	131.00	-60	270	143.00
	EHRC248	425229	7810958	131.00	-60	270	119.00
	EHRC249	425366	7811065	131.00	90	360	150.00
	EHRC250	425324	7810966	131.00	-60	270	137.00
<b>Fishers Creek</b>	ECRC318	473119	7714638	209.81	-60	230	100.00
	ECRC319	473406	7714805	216.61	-60	315	82.00
	ECRC320	473438	7715019	212.81	-60	225	100.00
<b>Fishers Creek West</b>	ECRC321	469698	7717019	219.21	-60	180	65.00
	ECRC322	469698	7717122	221.91	-60	180	65.00
	ECRC323	472157	7716504	212.51	-60	180	47.00
	ECRC324	472154	7716557	212.01	-60	180	47.00
	ECRC325	472037	7716545	209.11	-60	180	47.00
	ECRC326	472055	7716603	209.01	-60	180	47.00
<b>Liontown JV</b>	ECRC313	474354	7733329	193.81	-60	315	101.00
	ECRC314	475339	7729022	190.71	-60	315	119.00
	ECRC315	474192	7728144	189.31	-60	315	104.00
	ECRC332	474048	7737744	198.61	-60	360	137.00
<b>Mt Margaret SW</b>	EMRC307	470459	7730508	201.31	-60	180	82.00
	EMRC308	471999	7726784	192.61	-60	270	100.00
	EMRC309	470771	7729297	199.21	-60	315	119.00
	EMRC310	471524	7730728	201.51	-60	270	96.00
<b>Salebury</b>	ECRC316	466035	7710970	241.81	-60	55	124.00
	ECRC317	466109	7710856	235.81	-60	55	106.00
<b>Tanbah</b>	ECRC327	467601	7706671	263.61	-60	70	58.00
	ECRC328	467710	7706688	253.51	-60	325	76.00
	ECRC329	467824	7706732	247.71	-60	345	80.00
	ECRC330	467832	7706562	244.61	-60	345	112.00
	ECRC331	467710	7706687	253.31	-90	0	70.00
	ECRC336	467796	7706540	246.01	-60	360	59.00
	ECRC337	467794	7706507	245.41	-60	360	83.00
	ECRC338	467792	7706478	246.51	-60	360	89.00
	ECRC339	467800	7706447	247.51	-60	360	60.00
	ECRC340	467801	7706425	245.11	-60	360	60.00

TABLE 4: EXPLORATION DRILLHOLE COLLARS							
Site Name	Hole ID	East	North	RL	Dip	Direction	Depth
Turpentine South	EHRC238	423262	7816514	181.11	-60	270	95.00
	EHRC239	423194	7816799	184.01	-60	90	65.00
	EHRC240	423178	7817048	184.51	-60	270	59.00
	EHRC241	423182	7815795	183.61	-60	270	77.00
	EHRC242	423185	7816102	179.81	-60	270	71.00
	EHRC243	423338	7816297	177.81	-60	270	77.00
	EHRC244	423185	7815793	183.01	-60	90	59.00
	EHRC245	423209	7814981	185.41	-60	90	71.00
	EHRC246	423180	7817045	183.51	-60	90	59.00





# 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")

**31 December 2009**

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) administration	(700)	(1,590)
	(b) development	(5,615)	(7,410)
	(c) production	-	-
	(d) exploration and evaluation	(474)	(1,122)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	111	182
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (payment of mining bond)	-	(1,250)
<b>Net Operating Cash Flows</b>		<b>(6,678)</b>	<b>(11,190)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(e) prospects	-	-
	(f) equity investments	(52)	(72)
	(g) other fixed assets	(3)	(11)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.1	Loans from other entities	-	-
0			
1.1	Refunds/(Payments) of Security Deposits	-	-
1			
1.1	Recognition of Security Deposits as Non Cash	-	-
2			
<b>Net investing cash flows</b>		<b>(55)</b>	<b>(83)</b>
1.1	Total operating and investing cash flows		
3	(carried forward)	(6,733)	(11,273)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (carried forward)	(6,733)	(11,273)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	10,126	10,126
1.15	Fund Raising Costs	(462)	(462)
1.16	Trust Funds received for share issue	2,250	12,000
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – gold call option payment	-	(1,260)
	<b>Net financing cash flows</b>	<b>11,914</b>	<b>20,404</b>
	<b>Net increase (decrease) in cash held</b>	<b>5,181</b>	<b>9,131</b>
1.20	Cash at beginning of quarter/year to date	14,750	10,800
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>19,931</b>	<b>19,931</b>

**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	278
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*

+ See chapter 19 for defined terms.



### 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	1,000
4.2 Development	7,000
<b>Total</b>	<b>8,000</b>

### 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	9,843	11,890
5.2 Deposits at call	10,089	2,860
5.3 Bank overdraft	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>19,931</b>	<b>14,750</b>

### 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 14275	Direct	100%	0%
	EPM 14434	Direct	100%	0%
	EPM 15868	Direct	100%	0%
	EPM 14430	Direct	100%	0%
	EL3257	Direct	75%	0%
6.2 Interests in mining tenements acquired or increased	EPM 17338	Direct	0%	100%
	EL 4321	Direct	0%	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)	Amount paid up per security (note 3)
7.1 <b>Preference *securities</b> (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	<b>326,065,892</b>	<b>326,065,892</b>		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	41,332,267	41,332,267	24.5 cents	24.5 cents
7.5 <b>*Convertible debt securities</b> (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)	<b>21,050,000</b>	<b>21,050,000</b>	<b>Exercise price</b> 20 cents (2.5m) 25 cents (1.5m) 40 cents (7.9m) 40 cents (1.5m) 40 cents (1.5m) 28 cents (4.5m) 27.3 cents (1.7m)	<b>Expiry date</b> 30 April 2010 30 August 2010 30 June 2010 30 August 2011 31 August 2012 10 September 2012 20 October 2012
7.8 Issued during quarter	1,650,000		<b>Exercise price</b> 27.3 cents	<b>Expiry date</b> 20 October 2012
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> (totals only)				
7.12 <b>Unsecured notes</b> (totals only)				

+ 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: 29 January 2010

## 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.