

# Quarterly Report

For the three months ending 30 June 2010



## HIGHLIGHTS

### White Dam Production Ahead of Target

ASX Code: EXS

Shares on Issue  
328,565,892

Unlisted Options  
10,650,000

Current Share Price  
A\$0.27

Market Capitalisation  
A\$88.7m (undiluted)

Cash at 30 June 2010  
A\$10.1m

**DIRECTORS**  
Barry Sullivan (Chairman)  
Michael Anderson (MD)  
Alasdair Cooke  
Peter Reeve

**COMPANY SECRETARY**  
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ABN 99 080 339 671

29 July 2010

### White Dam Gold Project, South Australia

- **Overall Project Performance:** Project performance to date has exceeded expectations in terms of gold production, costs, and the pace at which the operation progressed from commissioning to steady state operation.
- **Gold Production and Sales:** Joint Venture gold production to 30 June 2010 amounted to 12,928 ounces, well ahead of expectations. With total cash costs of A\$563/oz the project is already cash positive. Exco's gold sales to 30 June 2010 were 6,955 ounces including 3,224 ounces delivered by Exco to Barclays Capital under finance repayment terms. The average price of ounces sold was A\$1,415/oz.
- **Official Opening:** The official opening of the White Dam Production Joint Venture took place on 10 June 2010. The Honourable Paul Holloway MLC, Minister for Mineral Resources Development, South Australia performed the opening ceremony.
- **Near Mine Exploration:** The Joint Venture partners have initiated a near-mine exploration and resource development programme at White Dam and the nearby targets of Vertigo, White Dam North and Ambush with a view to extending the life of the project.

### Cloncurry Copper Project (CCP), NW Queensland

- **DFS update:** Work continued on the Definitive Feasibility Study (DFS) for the CCP with metallurgical testwork programmes ongoing and preliminary pit optimisations complete. The DFS remains on schedule for completion in late 2010.
- **EIS Update:** The EIS approvals process continues with the 'approval to proceed' and the completion of the assessment report by DERM. Matters arising from the assessment report are currently being addressed.
- **Mt Colin Underground Mining Study:** Resource work required for the DFS is progressing. Initial drilling has confirmed the high grade potential at Mt Colin with 17m @ 4.6% Cu & 1.34g/t from EMCDD034.

### Exploration

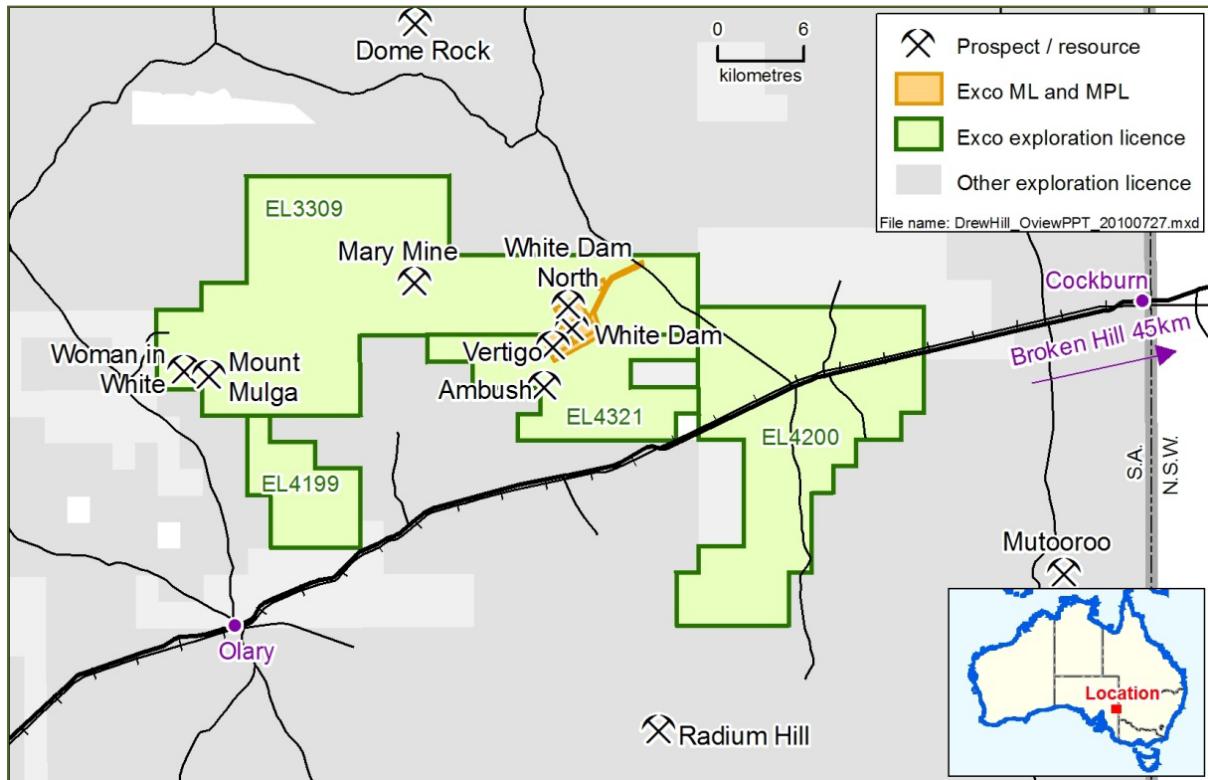
- **SAM Surveys at Hazel Creek & Cloncurry Projects:** Four separate SAM surveys were completed over priority prospects; one at Eight Mile Creek in the Hazel Creek area, and three in the area around the E1 Deposit. Preliminary data shows new conductivity and magnetic targets in these areas. Preparation for drilling is underway.
- **Commencement of Exploration Drilling Hazel Creek & Cloncurry Projects:** Drilling has started on various regional targets including Fisher Creek, Salebury, Tanbah and at the Hazel Creek Project where previous results have been very encouraging. Assays received for the exploration to date are limited to preliminary composite results from RC portions of incomplete holes currently in progress (Tanbah Prospect).
- **Further drilling at Tanbah confirms widespread copper gold mineralisation:** Initial six metre composite RC drill chip assays have been received from a number of new holes and confirm further wide zones of copper gold mineralisation. A number of these holes RC were terminated in mineralisation due to drilling difficulties, and these are currently being extended with diamond core drilling.

### Corporate

- **Price Protection:** Exco has arranged further hedging and option facilities to provide additional price protection for its revenues from White Dam.

## **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**). The 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**

### **White Dam Gold Production Joint Venture (WDGPJV)**

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.

## Operations Report

Overall, project performance to date has exceeded expectations in terms of gold production, costs, and the pace at which the operation progressed from commissioning to steady state operation.



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

Project commissioning was successfully completed during the quarter with first gold production achieved on April 16. At the end of June a total of 12,928oz of gold (Exco 75% 9,696oz) had been produced with both May and June gold production figures exceeding the target annualised rate of 50,000oz/annum



**Figure 3: Mining at WDGPJV**

Mining operations are progressing according to plan with lower than anticipated costs due largely to favourable free dig and drill and blast conditions. Ore extraction commenced in January with 1,193,871 tonnes of ore placed on the leach pad by the end of June at an average grade of 1.01g/t Au.



**Figure 4: Lime Dosing at WDGPJV**

Of this, 890,989 tonnes are now under drip irrigation and percolation and drainage of leach solution through the ore continues to perform well. At the end of June, 127,710m<sup>3</sup> of gold-loaded solution had been recovered from the dump leach and processed in the process plant.



**Figure 5: WDGPJV Processing Plant.**

In the process plant, key reagent costs are below plan due to lower than anticipated consumption rates being achieved for lime and cyanide use. The adsorption circuit is now operating at near-full capacity and the second stage of irrigation is now being readied for commissioning.

#### **Outlook**

The good production performance of the joint venture has continued into the next quarter. By 28<sup>th</sup> July a further 4,713oz of gold (Exco 75% 3,535oz) had been poured with plans to increase the mining rates being considered. The project is already cash positive and at current gold prices is expected to be debt free substantially ahead of previous forecasts.



**Figure 6:** The Honourable Paul Holloway MLC and Exco MD Michael Anderson at Official Opening

The project was officially opened by the South Australian Minister for Resources Development, the Hon Paul Holloway MLC on 10th June 2010.

#### Production and Financial Statistics

	Sep Qtr 09	Dec Qtr 09	March Qtr 10	June Qtr 10	Full Year 09/10
Ore Tonnes Mined	(tonnes)		273,565	621,839	895,403
Mined Grade	(g/t)		1.02	1.01	1.01
Mined Ounces	(ounces)		8,972	20,104	29,076
Waste Tonnes Mined	(tonnes)		1,349,680	737,752	2,087,432
Ore placed on Leach	(tonnes)		273,565	621,839	895,403
Head Grade	(g/t)		1.02	1.01	1.01
Ounces Produced	(ounces)		-	9,696	9,696
Gold Loan Repayments	(ounces)		-	3,224	3,224
Ounces Sold	(ounces)		-	3,731	3,731
Cash Operating Cost	(A\$/oz)		-	329	329
Cash Development Cost	(A\$/oz)		-	179	179
Royalties	(A\$/oz)		-	54	54
Total Cash Cost	(A\$/oz)		-	563	563
Average Realised Sale Price	(A\$/oz)		-	1,415	1,415
Revenue	(A\$ million)		-	7.7	7.7

**Table 3:** White Dam Production and Financial Statistics (Exco equity interest)<sup>1</sup>.

#### Additional Exploration and Resource Development

Having successfully achieved first production, the JV partners will now be prioritising exploration and resource development programmes at the nearby Vertigo deposit and White Dam North, White Dam South and Ambush prospects (see **Figure 1**) with the objective of extending the life of the mine and increasing life of mine production. Costean trenching has been completed at Vertigo for bulk metallurgical sample and drilling activities will commence in August.

#### Health, Safety and Environment

There was one LTI recorded during the quarter, the first since the project inception. There have been no reportable environmental incidents for the project to date.

<sup>1</sup> **Ounces Produced** is gold poured plus the net change in gold-in-circuit during the period.

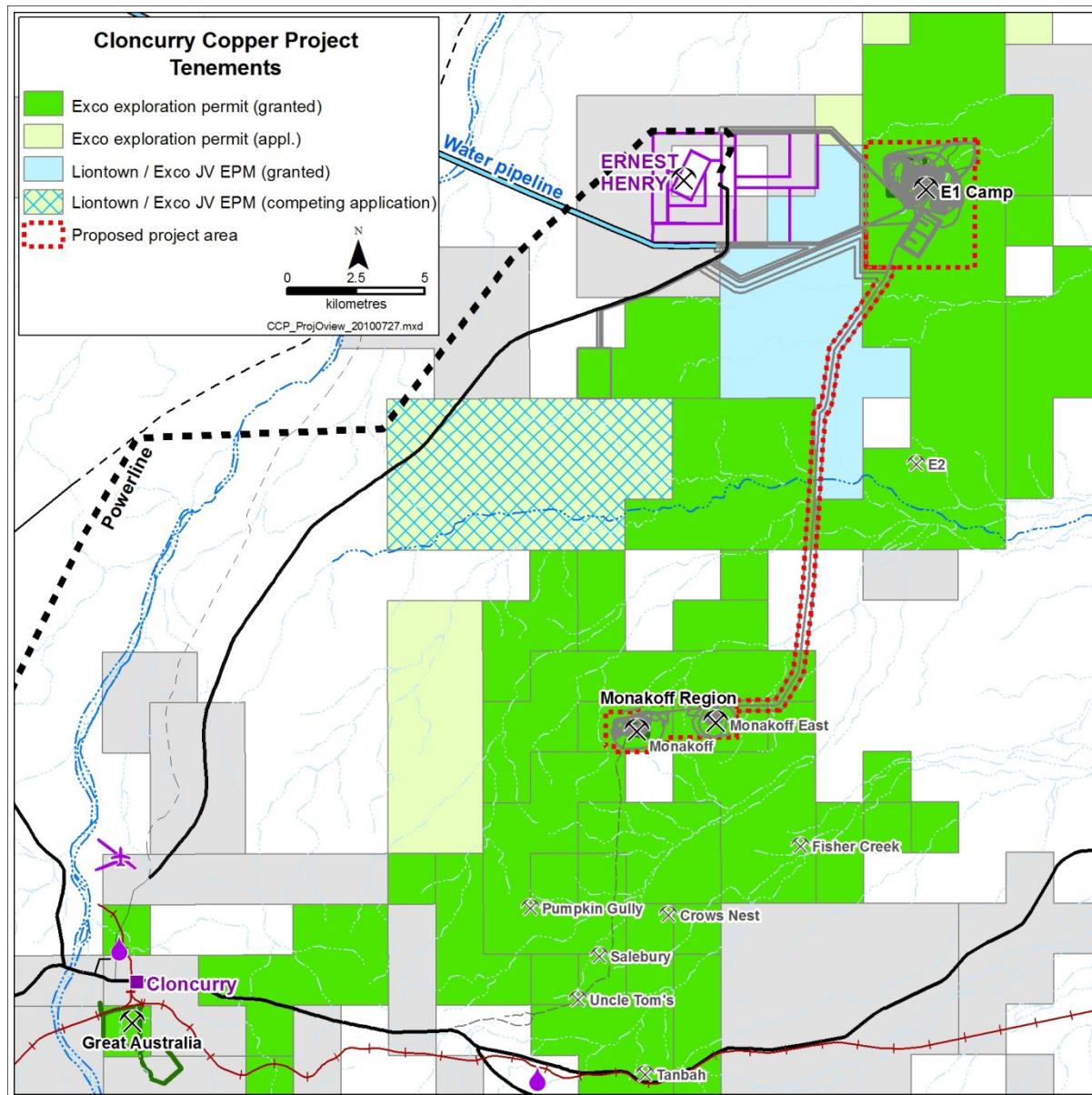
**Cash Operating Costs** include all direct mining, processing mine administration costs incurred during the period.

**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.

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

The Cloncurry Copper Project, located approximately 40km north east of the town of Cloncurry (see **Figure 7**), includes both exploration and mining leases, and a resource base of in excess of 55Mt at 0.85% copper and 0.22g/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 7:** CCP location map showing key tenements, deposits and proposed infrastructure.

### Mt Colin Resource

Resource drilling, geotechnical studies, hydro-geological studies and environmental studies are ongoing at Mt Colin. The drill programme is expected to total approximately 4,500ms. Initial drilling has confirmed the high grade potential at Mt Colin with a best intersection to date of 17m @ 4.6% Cu & 1.34g/t from EMCDD034.

### Other Resource Drilling

Drilling has been ongoing at the Monakoff and the E1 deposits to close off mineralisation along strike from currently proposed pit boundaries, as well as some sterilisation drilling within areas of proposed infrastructure. These results will be incorporated into the various resource models once all assays are received.

## Forward Programme

Final pit design and mine scheduling are in progress. Geotechnical studies on the open pits have been completed.

The metallurgical testwork programme is ongoing and progress has been made in the areas of impurity removal, recovery optimisation and by-product recovery.

Key elements of the Definitive Feasibility Study including infrastructure design and discussions with infrastructure owners/providers in the region are ongoing.

The EIS approvals process is ongoing with approval by the Department of Environment and Resource Management (DERM) for the EIS to proceed and the submission of their assessment report. Matters arising from the assessment report are currently being addressed and Exco continues to work closely with DERM to expedite this process.

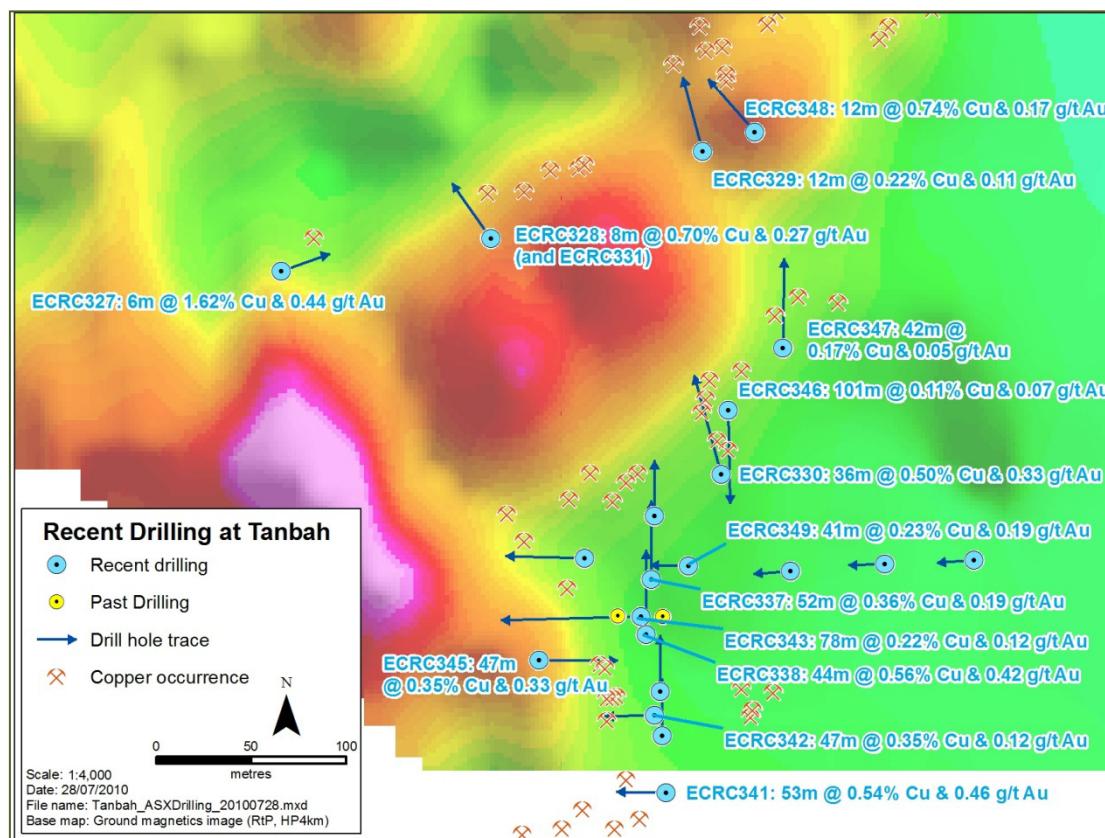
Further exploration drilling will commence shortly in the E1 and Monakoff (Pumpkin Gully Syncline) regions.

## EXPLORATION AND DRILLING UPDATE

### Highlights

Exploration drilling has now commenced on regional prospects following the resource development and sterilisation work that has been ongoing during the quarter.

#### Tanbah Prospect Cu-Au (EPM14295) (Exco 100%)



**Figure 8: Recent Drilling at Tanbah**

The Tanbah Cu-Au Prospect occurs within a meta-sedimentary package of rocks near the contact of a volcanic sequence of rocks. The area is characterised by complex folding and widespread oxide copper occurrences at surface, some of which have been the subject of small historical excavations. The meta-sedimentary rocks are accompanied by irregularly distributed calc-silicate breccias. Mineralisation intersected so far occurs at the contact of meta-sediments and the calc-silicate breccias, and more generally throughout the meta-sedimentary rocks. Oxide copper minerals occur in approximately the top 20 metres of drill holes, and pyrite and chalcopyrite

(sulphides) are present below this. At present there is insufficient data to determine the geometry of these copper rich zones.

Initial 6m composite samples have been returned from a second phase of drilling at the Tanbah Prospect completed in May 2010. The key holes of this programme were terminated in mineralisation due to drilling difficulties and these holes are currently being extended with diamond core tails. Mineralisation was intersected in the top of the holes with **53m @ 0.54% Cu and 0.36 g/t Au** from surface in ECRC341 the southernmost hole drilled at the prospect to date.

Previously announced results from the phase one programme completed in late 2009 include:

- ECRC330 36m @ 0.50% Cu & 0.33 g/t Au from 8-44m
- ECRC337 52m @ 0.36% Cu & 0.19 g/t Au from 12-64m
- ECRC338 44m @ 0.56% Cu & 0.42 g/t Au from 42-86m

Within these broad lower grade zones are areas of stronger mineralisation:

- ECRC330 6m @ 0.88% Cu & 0.96 g/t Au from 38m
- ECRC337 12m @ 0.60% Cu & 0.33 g/t Au from 46m
- ECRC338 14m @ 0.83% Cu & 0.75 g/t Au from 48m
- ECRC338 8m @ 0.74% Cu and 0.4 g/t Au from 74m

## Other Targets

Drilling has recently commenced with 3 drill rigs testing a range of targets throughout the Cloncurry and Hazel Creek Project areas including:

### Cloncurry Project (Exco 100%)

- **Fisher Creek Prospect** follow-up to best previous intersection of 28m @ 3.2% Cu and 2.7 g/t Au in MK035RC;
- **Salebury Prospect** follow-up to 30m @ 1.93% Cu and 1.25 g/t Au in ECRC307;
- **Fisher Creek West Prospect** follow-up to 20m @ 0.84% Cu and 0.23 g/t Au in ECRC308;
- **Uncle Toms** testing an approximate 400m x 400m gold in soils anomaly with a peak value of 7.2 g/t Au and 12 samples exceeding 1 g/t Au. The Au soil anomaly has associated copper anomalism;
- **Mt Margaret E1 Deposit** regional magnetic and conductivity anomalies generated by new SAM data;
- **Chumvale South** drill testing of surface copper and surface geochemical anomalism on interpreted key structural and geological trends that appear to be prospective on adjacent non Exco EPMS.

### Hazel Creek Project (Exco 100%)

- **Turpentine Deposit** deeper drilling is in progress to determine resource extension potential and is targeting high grade zones. Turpentine has shallow high grade chalcopyrite zones such as in EHRC184 which intersected 11m @ 7.1% Cu and 2.66 g/t Au, and drilling will target extensions of these higher grade zones. The deposit is open at depth and has only been drilled to approximately 150m below surface. The deposit currently has an inferred resource of 1.84 million tonnes at 1.03% Cu and 0.2 g/t Au, and has approximately 1m of gravel cover which had concealed it from surface detection. The deposit was discovered by Exco with an initial RC hole testing the centre of a 1km linear magnetic anomaly.
- **Eight Mile Creek East** follow-up to initial results of 16m @ 0.86% Cu and 0.18 G/t Au in initial RC drill testing of a large magnetic zone. New detailed SAM data collected in late 2009 has revealed the drilling has not tested the best parts of the magnetic anomalies, and associated conductivity anomalies are also evident in the data.
- **Turpentine South** follow-up to several mineralised intercepts in initial drilling which tested portions of magnetic anomalies. New SAM data shows these holes have not tested best parts of the magnetic anomalies nor have they tested adjacent conductivity anomalies.

Various regional magnetic and electromagnetic targets outside the above prospect areas will also be targeted.

In addition to the drilling, regional mapping and reconnaissance is ongoing and is establishing further areas of surface copper mineralisation and anomalism for future drilling throughout the exposed parts of Exco's extensive tenements.

## CORPORATE

### Hedging

On 13 May 2010 the Company forward hedged 3,750 ounces of its production from the White Dam Gold Joint Venture at a strike price of A\$1,374.50 for flexible delivery through a short-term rolling forward arrangement over the six months to December 2010.

On 30 June 2010:

- The Company forward hedged an additional 3,750 ounces of its production from the White Dam Gold Joint Venture at a strike price of A\$1,432.10.

These ounces, together with the hedges put in place on 13 May 2010, have been bundled into a short-term forward arrangement whereby the ounces are available to be delivered and refreshed with new hedges on a rolling basis for the project financing period, subject to reserve tail criteria tests.

- The Company purchased 19,000 put options at a strike rate of A\$1,250 and expiry dates over the period from May 2011 to November 2011 to ensure a level of price protection post the project finance period.

### Accounts

Cash and cash equivalents at 30 June were A\$11.1m comprised of A\$10.1m in cash and A\$1m in bullion on hand. With these resources and better than previously forecast future revenues from White Dam, Exco is in a strong position to achieve its immediate corporate, exploration and project development objectives across the project portfolio.

### Share Issue and Lapse of Options

On 3 May 2010 the Company announced that 2,500,000 employee incentive options at 20 cents had been exercised raising a total of \$500,000 before costs. The funds will be used to proactively advance the Company's portfolio of copper projects in North-West Queensland, and for working capital and general corporate purposes.

On 1 July 2010 the Company advised that under the granting terms and conditions, 7,900,000 Unlisted Options at an exercise price of \$0.40 and an expiry date of 30/06/2010 had lapsed.

At 26 July 2010 the top 20 Shareholders of Exco were as follows:

		Current Units	Percentage
<b>1</b>	Ivanhoe Australia Limited	65,822,267	20.03
<b>2</b>	JPMorgan Asset Management (UK) Ltd	31,000,000	9.43
<b>3</b>	Lion Selection Group Limited	26,486,365	8.06
<b>4</b>	Mr Alasdair Campbell Cooke	16,224,988	4.94
<b>5</b>	JPMorgan Nominees Australia Ltd	11,479,135	3.49
<b>6</b>	HSBC Custody Nominees	10,261,454	3.12
<b>7</b>	ANZ Nominees Limited	10,007,517	3.05
<b>8</b>	Mr Craig Burton	4,788,477	1.46
<b>9</b>	Eastern Goldfields Exploration Pty Ltd	4,735,000	1.44
<b>10</b>	Mr Geoffrey Rol	3,989,048	1.21
<b>11</b>	Shorlane Pty Ltd	3,438,000	1.05
<b>12</b>	Burls Holdings Pty Ltd	2,786,215	0.85
<b>13</b>	WereSyd Pty Limited	2,723,987	0.83
<b>14</b>	National Health Recovery Agents Pty Ltd	2,220,000	0.68
<b>15</b>	Mr Bruce Duncan McLarty	2,200,000	0.67
<b>16</b>	Mr Geoffrey Lev	2,091,432	0.64
<b>17</b>	Kinar Pty Ltd	1,905,500	0.58
<b>18</b>	Mandel Pty Ltd	1,825,000	0.56
<b>19</b>	Mr Michael Richard Anderson	1,750,000	0.53
<b>20</b>	Shayana Pty Ltd	1,710,417	0.52
<b>Total</b>		<b>207,444,802</b>	<b>63.14</b>

## **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

### *Media Enquiries:*

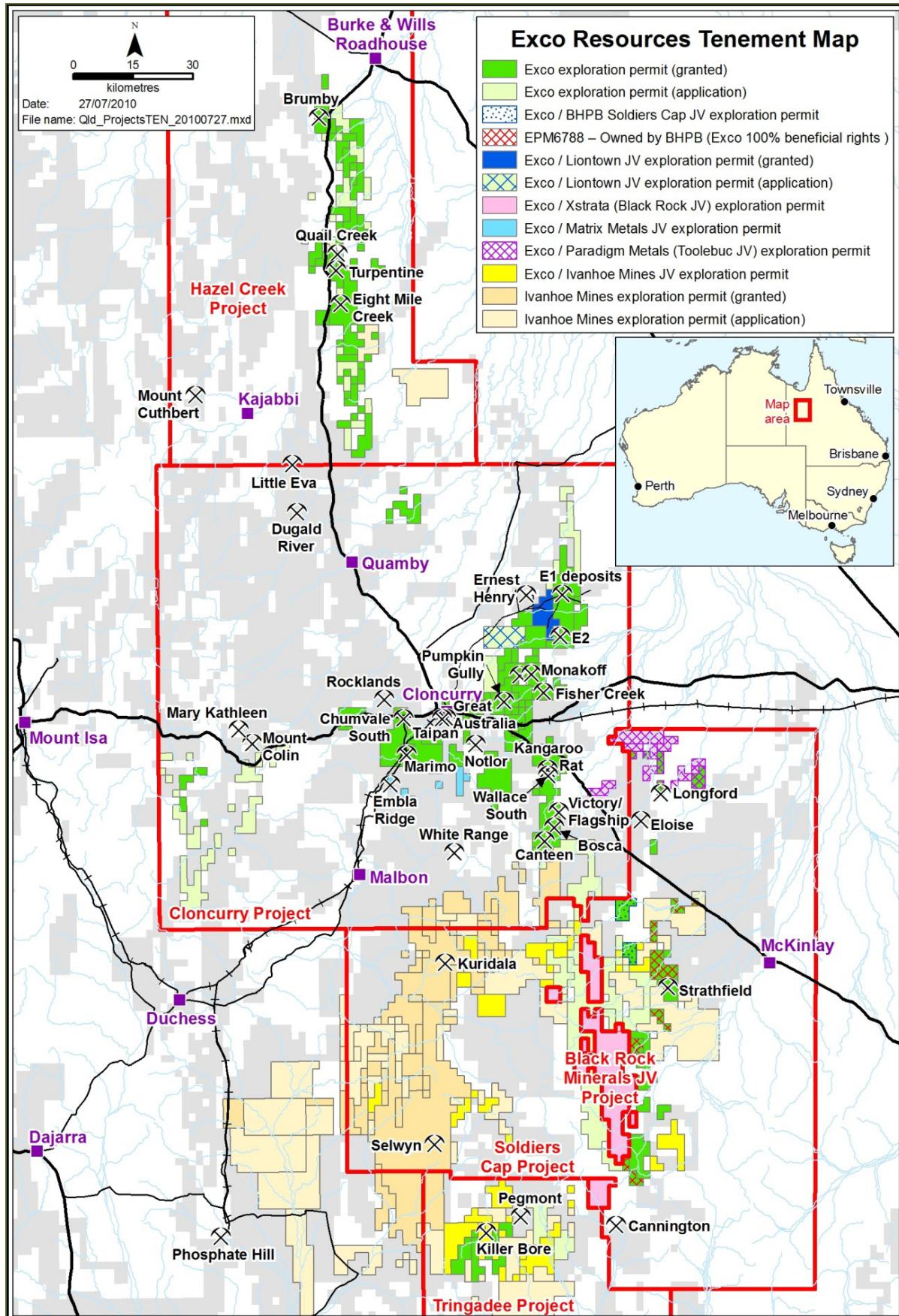
James Harris  
Professional Public Relations  
Tel: (08) 9388 0944

## **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 who is a member of The Australasian Institute of Mining and Metallurgy. Mr Konecny 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 Competent Persons under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Konecny consents to the inclusion of the data in the form and context in which it appears.*



**Figure 10:** NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

**Exco Resources Ltd**  
**Quarterly Report - June 2010**

**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
	<b>Sub-Total</b>	<b>5,752</b>	<b>1.07</b>	<b>201.0</b>	<b>1,315</b>	<b>0.88</b>	<b>37.1</b>	<b>7,067</b>	<b>1.05</b>	<b>238.1</b>
Vertigo	Oxide				1,200	1.00	38	1,200	1.00	38
	Fresh				1,330	1.14	49	1,330	1.14	49
	<b>Sub-Total</b>				<b>2,530</b>	<b>1.07</b>	<b>87</b>	<b>2,530</b>	<b>1.07</b>	<b>87</b>
<b>PROJECT TOTAL</b>		<b>5,752</b>	<b>1.07</b>	<b>201</b>	<b>3,845</b>	<b>1.00</b>	<b>124</b>	<b>9,597</b>	<b>1.05</b>	<b>325</b>

*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.*

**Exco Resources Ltd**  
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**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>	Measured	9,170,000	0.87	0.25	80,000	75,000
	Indicated*	24,700,000	0.71	0.21	177,000	165,000
	Inferred*	14,200,000	0.64	0.2	91,000	90,000
	<b>TOTAL</b>	<b>48,100,000</b>	<b>0.72</b>	<b>0.21</b>	<b>348,000</b>	<b>330,000</b>
Monakoff <sup>(1)</sup> & Monakoff East	Indicated	2,000,000	1.39	0.44	28,000	28,000
	Inferred	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>	Indicated	1,400,000	1.53	0.13	21,000	6,000
	Inferred	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>
Mt Colin <sup>(1)</sup>	Indicated**	620,000	3.14	-	19,500	-
	Inferred**	870,000	2.0	-	17,500	-
	<b>TOTAL**</b>	<b>1,490,000</b>	<b>2.47</b>	-	<b>37,000</b>	-
Sub-total – CCP	Measured	9,170,000	0.87	0.25	80,000	75,000
	Indicated	28,720,000	0.86	0.22	246,000	199,000
	Inferred	17,870,000	0.82	0.21	146,000	119,000
	<b>ALL</b>	<b>55,700,000</b>	<b>0.85</b>	<b>0.22</b>	<b>472,000</b>	<b>394,000</b>
<i>Other Deposits</i>						
Turpentine	Indicated	1,627,000	1.04	0.21	17,000	11,000
	Inferred	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	Inferred	1,460,000	0.80	0.1	12,000	5,000
Kangaroo Rat <sup>(1)</sup>	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	1.2	1.4	2,000	9,000
Sub-total - Other		5,400,000	0.88	0.62	47,400	107,000
<b>TOTAL</b>		<b>61.0 Mt</b>	<b>0.85</b>	<b>0.25</b>	<b>519,400</b>	<b>500,000</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

**Exco Resources Ltd**  
**Quarterly Report - June 2010**

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# 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 2010**

### 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	5,700	5,700
1.2	Payments for		
	(a) administration	(1,499)	(4,066)
	(b) development	(2,763)	(14,368)
	(c) production	(3,586)	(3,586)
	(d) exploration and evaluation	(787)	(3,236)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	144	482
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Refunds/(Payments of security deposits)	-	(1,268)
	<b>Net Operating Cash Flows</b>	<b>(2,791)</b>	<b>(20,342)</b>
	<b>Cash flows related to investing activities</b>		
1.8	Payment for purchases of:		
	(e) prospects	-	-
	(f) equity investments	-	(72)
	(g) other fixed assets	(88)	(180)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	2	14
1.10	Loans from other entities	-	-
1.11	Refunds/(Payments) of Security Deposits	-	-
1.12	Recognition of Security Deposits as Non Cash	-	-
	<b>Net investing cash flows</b>	<b>(86)</b>	<b>(238)</b>
1.13	Total operating and investing cash flows (carried forward)	(2,877)	(20,580)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (carried forward)	(2,877)	(20,580)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	500	10,626
1.15	Fund Raising Costs	(3)	(465)
1.16	Proceeds from borrowings	-	12,000
1.17	Repayment of borrowings	(1,029)	(1,029)
1.18	Dividends paid	-	-
1.19	Other – gold call option payment	-	(1,260)
	<b>Net financing cash flows</b>	<b>(532)</b>	<b>19,872</b>
	<b>Net increase (decrease) in cash held</b>	<b>(3,409)</b>	<b>(708)</b>
1.20	Cash at beginning of quarter/year to date	13,501	10,800
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>10,092</b>	<b>10,092</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	211
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) <i>Payments include consulting fees, directors fees, tenement, GIS management and provision of a fully services office.</i>	

**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
	<i>Nil</i>
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

+ See chapter 19 for defined terms.

**Financing facilities available**

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	12,000,000	12,000,000
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	1,600
4.2 Development	1,800
<b>Total</b>	<b>3,400</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	3,751	3,311
5.2 Deposits at call	6,341	10,190
5.3 Bank overdraft	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>10,092</b>	<b>13,501</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 15868 EPM 12291 EPM 12059	Direct Direct Direct	100% 100% 100%	0% 0% 0%
6.2 Interests in mining tenements acquired or increased	EPM 16983	Direct	0%	100%

+ 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> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	328,565,892	328,565,892		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,500,000	2,500,000	20 cents	20 cents
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	10,650,000	10,650,000	<b>Exercise Price</b> 20 cents (2.5m) 25 cents (1.5m) 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 August 2011 31 August 2012 10 September 2012 20 October 2012
7.8	Issued during quarter				
7.9	Exercised during quarter	2,500,000	2,500,000		
7.10	Expired during quarter	7,900,000	7,900,000		
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

<sup>+</sup> 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 July 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.