



EXCO RESOURCES LIMITED
(ABN 99 080 339 671)
**NOTICE OF ANNUAL GENERAL MEETING,
EXPLANATORY MEMORANDUM
AND PROXY FORM**

Date of Meeting

Friday, 30 November 2012

Time of Meeting

2:30 pm (WST)

Place of Meeting

Level 1, 8, Colin Street
WEST PERTH

**EXCO RESOURCES LIMITED
ANNUAL GENERAL MEETING 2012**

30 NOVEMBER 2012

NOTICE OF MEETING

Notice is given that the 2012 Annual General Meeting ("**Annual General Meeting**" or "**Meeting**") of the members of Exco Resources Limited ABN 99 080 339 671 ("**Exco**" or "**the Company**") will be held at Level 1, 8 Colin Street, West Perth on Friday, 30 November 2012 at 2:30 pm (Australian Western Standard Time) for the purpose of transacting the following business.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies, and forms part of, this notice of meeting ("**Notice**"). Certain abbreviations and other defined terms are used throughout this Notice. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary section of the Explanatory Memorandum.

ORDINARY BUSINESS

Consideration of Reports

To receive, and consider the Financial Report, the Directors' Report and the Independent Auditor's Report of the Company for the financial year ended 30 June 2012.

Election of Directors

Resolution 1

Election of Mr Michael Spreadborough as a Director

To consider and, if thought fit, pass, with or without amendment, the following as an ordinary resolution:

"That Mr Michael Spreadborough, who retires in accordance with Rule 7.3(f) of the Constitution and, being eligible, having offered himself for election, be elected as a Director of the Company."

Resolution 2

Re-election of Mr Alasdair Cooke as a Director

To consider and, if thought fit, pass, with or without amendment, the following as an ordinary resolution:

"That Mr Alasdair Cooke, who retires by rotation in accordance with Rule 7.3(a) of the Constitution and, being eligible, having offered himself for re-election, be re-elected as a Director of the Company."

Remuneration Report

Resolution 3

Adoption of Remuneration Report

To consider and, if thought fit, pass, with or without amendment, the following as an ordinary resolution:

"That, in accordance with section 250R(2) of the Corporations Act, the Remuneration Report, which forms part of the Directors' Report for the financial year ended 30 June 2012, be adopted."

Voting Prohibition

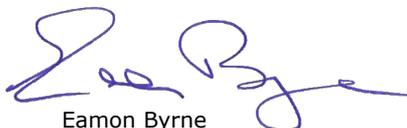
A vote on Resolution 3 must not be cast by or on behalf of a member of Key Management Personnel ("**KMP**") or their Closely Related Parties (together, "**Excluded Persons**"). However, an Excluded Person may cast a vote on Resolution 3 as a proxy (appointed in writing) for a person who is entitled to vote (i.e. for anyone who is not an Excluded Person), so long as the Proxy Form specifies how the proxy is to vote and that vote is cast as specified on the Proxy Form.

Notwithstanding the above, the Chairman can cast a vote as a proxy (appointed in writing) for a person who is entitled to vote and who does not specify a voting direction on the Proxy Form, provided that the person expressly authorises the Chairman to vote on Resolution 3 even though Resolution 3 is connected directly or indirectly with the remuneration of KMP. See the Explanatory Memorandum and Proxy Form for further details.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act 2001 (Cth) ("**Corporations Act**").

By order of the Board



Eamon Byrne
Company Secretary
Dated: 31 October 2012

VOTING ENTITLEMENT

For the purpose of determining an entitlement to vote at the Annual General Meeting, a person will be recognised as a Shareholder if that person is registered as a holder of Exco Shares at 4:00pm (WST) on Wednesday, 28 November 2012.

PROXIES

- (a) A Shareholder who is entitled to attend and cast a vote at the Meeting is entitled to appoint no more than two proxies (who need not be Shareholders) to attend and vote on a poll in the Shareholder's place.
- (b) The appointment of the proxy may specify the proportion or number of votes that the proxy may exercise. Where a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, then each of those proxies may exercise half the votes of the Shareholder.
- (c) The Proxy Form must be signed by a Shareholder or the Shareholder's attorney duly authorised in writing, or, if the Shareholder is a corporation, executed under its corporate seal, in accordance with section 127 of the Corporations Act, or by its duly authorised attorney or representative. If an attorney is to attend the Meeting on behalf of a Shareholder please submit the relevant power of attorney to the Company for noting and return.
- (d) A corporation which is a Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting in accordance with section 250D of the Corporations Act. The Company requires written proof of the representative's appointment to be lodged with or presented to the Company before the meeting.
- (e) To be effective, proxy forms must be received by the Company no later than 48 hours prior to the commencement of the Meeting (i.e. by 2:30pm (WST) on Wednesday, 28 November 2012. Any proxy form received after that time will not be valid for the scheduled Meeting. For the convenience of Shareholders, a Proxy Form is attached.

Proxy vote if appointment specifies way to vote

Section 250BB of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (c) if the proxy is the Chairman at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the Chairman – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-Chairman proxy to Chairman in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (b) the appointed proxy is not the Chairman of the meeting;
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting; or
 - (ii) the proxy does not vote on the resolution,

the Chairman is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

ENQUIRIES

Shareholders are invited to contact Mr Eamon Byrne, Company Secretary, on (08) 9211 2000 if they have any queries in respect of the matters set out in these documents.

NOTES

The attached Explanatory Memorandum is intended to provide Shareholders of the Company with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read the Explanatory Memorandum in full before determining whether or not to support the Resolutions.

EXPLANATORY MEMORANDUM

1. ANNUAL FINANCIAL REPORTS

The Corporations Act requires the Company's financial statements and the reports of the Directors and the Independent Auditor for the financial year ended 30 June 2012 to be laid before the Annual General Meeting. These reports are contained in the Company's 2012 Annual Report. A printed copy of the 2012 Annual Report, or an email advising that the 2012 Annual Report is available on the Company website at www.excoresources.com.au, has been sent to each Shareholder who has requested it.

Whilst no resolution is required in relation to this item, Shareholders should consider the documents and raise any matters of interest with the Directors when this item is being considered.

The Company's auditor will be present at the meeting and Shareholders will have an opportunity to ask the auditor questions in relation to:

- a) the conduct of the audit;
- b) the preparation and content of the Independent Auditor's Report;
- c) the accounting policies adopted by Exco in relation to the preparation of the financial statements; and
- d) the independence of the Auditor in relation to the conduct of the audit.

2. RESOLUTION 1

ELECTION OF MR MICHAEL SPREADBOROUGH AS A DIRECTOR

Resolution 1 seeks approval for the election of Mr Michael Spreadborough as a Director of the Company with effect from the end of the Meeting. Pursuant to Rule 7.2(b) of the Constitution, the Directors may appoint any person to be a Director. However, under Rule 7.3(f) of the Constitution, any such appointee must retire at the next annual general meeting of the Company and is eligible for re-election at that meeting.

Mr Spreadborough was appointed by the Board on 3 July 2012 as a nominee of Exco's then largest shareholder Ivanhoe Australia Ltd. A summary of Mr Spreadborough's qualifications and experience is provided below:

Mr Michael Spreadborough, BEng (Mining) (Hons), MBA

Mr Spreadborough has extensive mining experience in large, multi-national companies in operational and senior management roles. He is currently Chief Operating Officer of Ivanhoe Australia Ltd. He was previously a General Manager within Rio Tinto's Pilbara iron ore operations where he was responsible for various mining operations and associated infrastructure including the Cape Lambert and Dampier ports, and leading a workforce of 1,000 personnel. Mr Spreadborough served on the Dampier Port Authority Board for five years and is currently a director of the Queensland Resource Council.

Prior to joining Rio Tinto, he was Vice President-Mining at BHP Billiton's Olympic Dam Operations, with responsibility for all aspects of the Olympic Dam mine. He has experience in underground and open-pit mining for a wide range of commodities, including copper, gold, uranium, iron ore, lead and zinc.

The Directors (with the exception of Mr Spreadborough) recommend that Shareholders vote in favour of this Resolution.

3. RESOLUTION 2

RE-ELECTION OF MR ALASDAIR COOKE AS A DIRECTOR

In accordance with Rule 7.3(a) of the Constitution, at every annual general meeting, one third of the Directors for the time being (excluding the Managing Director) must retire from office and are eligible for re-election. ASX Listing Rule 14.4 requires an election of Directors to be held each year and provides that no director (except the Managing Director) may hold office for more than three years without seeking re-election. The Directors to retire are those who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

Pursuant to these arrangements, Mr Cooke retires and, being eligible, offers himself for re-election. A summary of Mr Cooke's qualifications and experience is provided below:

Mr Alasdair Cooke, BSc (Hons Geology), MAIG

Mr Cooke is one of the founders of Exco and has over 23 years of experience in the resource exploration industry throughout Australia and internationally.

He is a qualified geologist and throughout his career has been involved in mineral exploration and corporate development, including eight years spent with BHP Minerals Business Development Group and over ten years managing public resource companies.

Mr Cooke is a founding partner of the Mitchell River Group, which over the decade has established a number of successful resource companies, including Panoramic Resources Ltd, Albidon Ltd, Mirabela Nickel Ltd, Energy Ventures Ltd and African Energy Resources Ltd. Mr Cooke has been a Director since 2001, and is currently a member of the Company's remuneration committee.

Other current directorships:

- Executive director of African Energy Resources Ltd since 2006
- Executive director of Energy Ventures Ltd since 2007

Previous directorships:

- Executive director of Albidon Ltd 2000-2010

The Directors (with the exception of Mr Cooke) recommend that Shareholders vote in favour of this Resolution.

4. RESOLUTION 3 ADOPTION OF THE REMUNERATION REPORT

The Remuneration Report is contained in section 4.4 of the Directors' Report, which forms part of the Company's 2012 Annual Report. By way of summary, the Remuneration Report:

- a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and Executive Officers;
- b) makes clear that the basis for remunerating Non-Executive Directors is distinct from the basis for remunerating Executives, including Executive Directors;
- c) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- d) sets out remuneration details for each Director and each of the Company's Executives and Group Executives named in the Remuneration Report for the financial year ended 30 June 2012.

The Chairman will give Shareholders a reasonable opportunity to ask questions about or comment on the Remuneration Report. A Resolution proposing that the Remuneration Report be adopted will then be put to shareholder vote.

Section 250R of the Corporations Act requires that the Remuneration Report be put to the vote at the Annual General Meeting. Section 250R(3) of the Corporations Act provides that the vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Directors will take the outcome of this advisory vote into consideration when reviewing the Company's remuneration practices and policies.

Shareholders should note that the Corporations Act provides that if a company's remuneration report receives an "against" vote of 25% or more at two consecutive annual general meetings, a resolution must be put at the second annual general meeting that another meeting be held (within 90 days) at which all directors (other than the Managing Director) who were in office at the date that the Board approved the second remuneration report must stand for re-election.

A vote may only be cast on Resolution 3 by an Excluded Person if:

- i) the vote is cast as a proxy;
- ii) the Excluded Person is appointed as a proxy in writing and the appointer specifies how the Excluded Person is to vote on the resolution as a proxy and the Excluded Person votes in accordance with that specified voting direction; and
- iii) the vote is cast on behalf of a person who is entitled to vote (i.e. anyone other than an Excluded Person).

Where a Shareholder appoints the Chairman as their proxy but does not direct how the Chairman is to vote, the Chairman may still cast that vote provided that the Shareholder who lodged the proxy has expressly authorised the Chairman to vote on Resolution 3 even though Resolution 3 is connected directly or indirectly with the remuneration of KMP.

In this context, KMP and their Closely Related Parties (relevant to the definition of an Excluded Person) have the same meaning as in section 9 of the Corporations Act (see Glossary).

If you appoint the Chairman as your proxy, Exco encourages you to direct the Chairman how to vote on Resolution 3 by marking either the 'for', 'against' or 'abstain' box on the Proxy Form. If you do not direct the Chairman how to vote on Resolution 3 you will be taken to have expressly authorised the Chairman to vote in accordance with his stated voting intention on this Resolution. See the Proxy Form for further details.

The Directors recommend that Shareholders vote in favour of this Resolution. The Chairman intends to vote available proxies in favour of adopting the Remuneration Report.

GLOSSARY

"A\$" means Australian Dollars.

"Annual General Meeting" or **"Meeting"** means the annual general meeting of the Shareholders to be held on Friday, 30 November 2012 convened by the Notice and any adjournment that meeting.

"ASX" means the Australian Securities Exchange, ASX Limited, ABN 98 008 624 691.

"ASX Listing Rules" or **"Listing Rules"** means the official listing rules of ASX, as from time to time amended or waived in their application to a party.

"Board" means the board of Directors of the Company.

"Chairman" means the person chairing the Annual General Meeting.

"Closely Related Party" means (as defined in section 9 of the Corporations Act):

- a) a spouse or child of the member;
- b) a child of the member's spouse;
- c) a dependant of the member or of the member's spouse;
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- e) a company the member controls; or
- f) a person prescribed by the *Corporations Regulations 2001* (Cth).

"Company" or **"Exco"** means Exco Resources Limited, ABN 99 080 339 671.

"Constitution" means the constitution of the Company.

"Corporations Act" means the *Corporations Act 2001* (Cth).

"Directors" means Directors of the Company.

"Excluded Persons" means Key Management Personnel or their Closely Related Parties.

"Explanatory Memorandum" means the information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.

"Key Management Personnel" or **"KMP"** means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

"Notice of Annual General Meeting" or **"Notice"** means the notice of the annual general meeting which accompanies this Explanatory Memorandum.

"Proxy Form" means the proxy form accompanying the Notice.

"Resolution" means a resolution proposed pursuant to the Notice.

"Shareholder" means a holder of Shares.

"Shares" means fully paid ordinary shares issued in the capital of the Company.

"WST" means Australian Western Standard Time (GMT +8hrs).

INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM

SHAREHOLDERS NAME

This is the name and address of the Shareholder as it appears on the Company's share register. If this information is incorrect, please make the necessary corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form. For the purposes of this Annual General Meeting, Shares will be taken to be held by those persons who are the registered holders thereof **at 2:30pm (WST) on Wednesday, 28 November 2012.**

APPOINTMENT OF PROXY

A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two other persons (whether Shareholders or not) as proxy or proxies to attend in the Shareholder's place at the Annual General Meeting. The proxy has the same right as the Shareholder to speak and vote at the Annual General Meeting. If you leave this section blank or your named proxy does not attend the meeting, the Chairman will be taken to have been appointed as your proxy even if you attend the Annual General Meeting (unless you revoke your proxy before the Meeting).

If you wish to appoint the Chairman as your proxy, please mark "X" in the first box on the Proxy Form. If you appoint the Chairman as your proxy, please also consider if you wish to direct the Chairman how to vote on Resolution 3. If you do **not** direct the Chairman how to vote on Resolution 3, you will be taken to have expressly authorised the Chairman to vote on Resolution 3 in accordance with his stated voting intention, even though Resolution 3 is connected directly or indirectly with the remuneration of KMP.

APPOINTING A SECOND PROXY

You are entitled to appoint up to two proxies to attend the Meeting and vote on a poll. If a Shareholder appoints two proxies, each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights. Fractions will be disregarded.

DIRECTING YOUR PROXY HOW TO VOTE

You may direct your proxy how to vote by placing an "X" in the appropriate box opposite the Resolution. If you do so, all your Shares will be voted in accordance with your direction. Alternatively, you may split your vote on the Resolution by inserting the percentage of Shares you wish to vote in the appropriate boxes.

Please ensure you clearly mark the box in black or blue ink by placing a mark or the percentage of Shares you are voting. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses to the extent permitted by law.

CHAIRMAN'S VOTING INTENTIONS

The Chairman intends to vote available proxies in favour of each Resolution.

SIGNATURE INSTRUCTIONS

Each Shareholder must sign this form as follows in the spaces provided:

Individual	Where the holding is in one name, the Shareholder must sign.
Joint Holding	If your Shares are held in joint names, all Shareholders must sign in the boxes.
Power of attorney	To sign under power of attorney you must have already lodged the instrument effecting the appointment with the Company. If you have not previously lodged this document for notation, please attach a certified photocopy of the power of attorney to this form when you return it.
Companies	<p>Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director may sign alone. Otherwise this form must be signed by a director jointly with either another director or company secretary. Please indicate the office held by signing in the appropriate place. Delete titles as applicable.</p> <p>If a representative of the company is to attend the meeting, the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the Meeting or at the registration desk on the day of the Meeting. A form of the certificate may be obtained from the Company's share registry.</p>

CONTACT E-MAIL ADDRESS/TELEPHONE NUMBER

These will help us if there are any problems with your proxy form.

DELIVERY OF PROXY

To be effective, forms to appoint proxies (and any power of attorney under which they are signed) must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting, that is **by 2:30pm (WST) on Wednesday, 28 November 2012**, by post, facsimile or in person to the respective addresses stipulated on the Proxy Form.

A reply-paid envelope is attached for your convenience.