

1 April 2011

Market Release *(via electronic lodgement)*

UPDATE ON ROYALTY ARRANGEMENTS

CopperChem Limited ("**CopperChem**"), a privately owned resource development company have advised Exco Resources Limited ("**Exco**") that mining of oxide ores from Exco's wholly owned Mt Colin deposit in the Cloncurry area of NW Queensland (see **Figure 1**) has been completed.

Exco is entitled to a royalty on oxide ore mined from Mt Colin and an amount of \$A117,000 is now payable by CopperChem to Exco.

Exco retains exclusive rights to the remaining resources at Mt Colin.

In addition to the Mt Colin royalty, Exco is entitled to a royalty ("**GA Royalty**") on approximately 1.7 million tonnes of sulphide ore contained within the Great Australia resource (see **Figure 1**) pursuant to the terms of the Exco-CopperChem Alliance Agreement entered into in September 2009.

CopperChem has advised Exco that it has commenced mining at the Great Australia Mine and that mining of sulphide ores from the open pit will commence within the next 30 days.

Under the terms of the GA Royalty, Exco is to receive \$A6.00 per dry metric tonne of ore mined plus an additional \$A0.06 per tonne for each \$US0.01 by which the average copper price in a given six month period exceeds an indexed base price.

The current base copper price under the agreement is approximately \$US2.06/lb.

Based on prevailing LME copper prices Exco estimate that the GA Royalty would currently be in the order of \$A19.00 to \$A20.00 per dry metric tonne of ore mined.

*On behalf of the Board of
Exco Resources Ltd*

Michael Anderson
Exco Resources Limited
Managing Director
Tel: +61 (0) 8 9211 2000

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

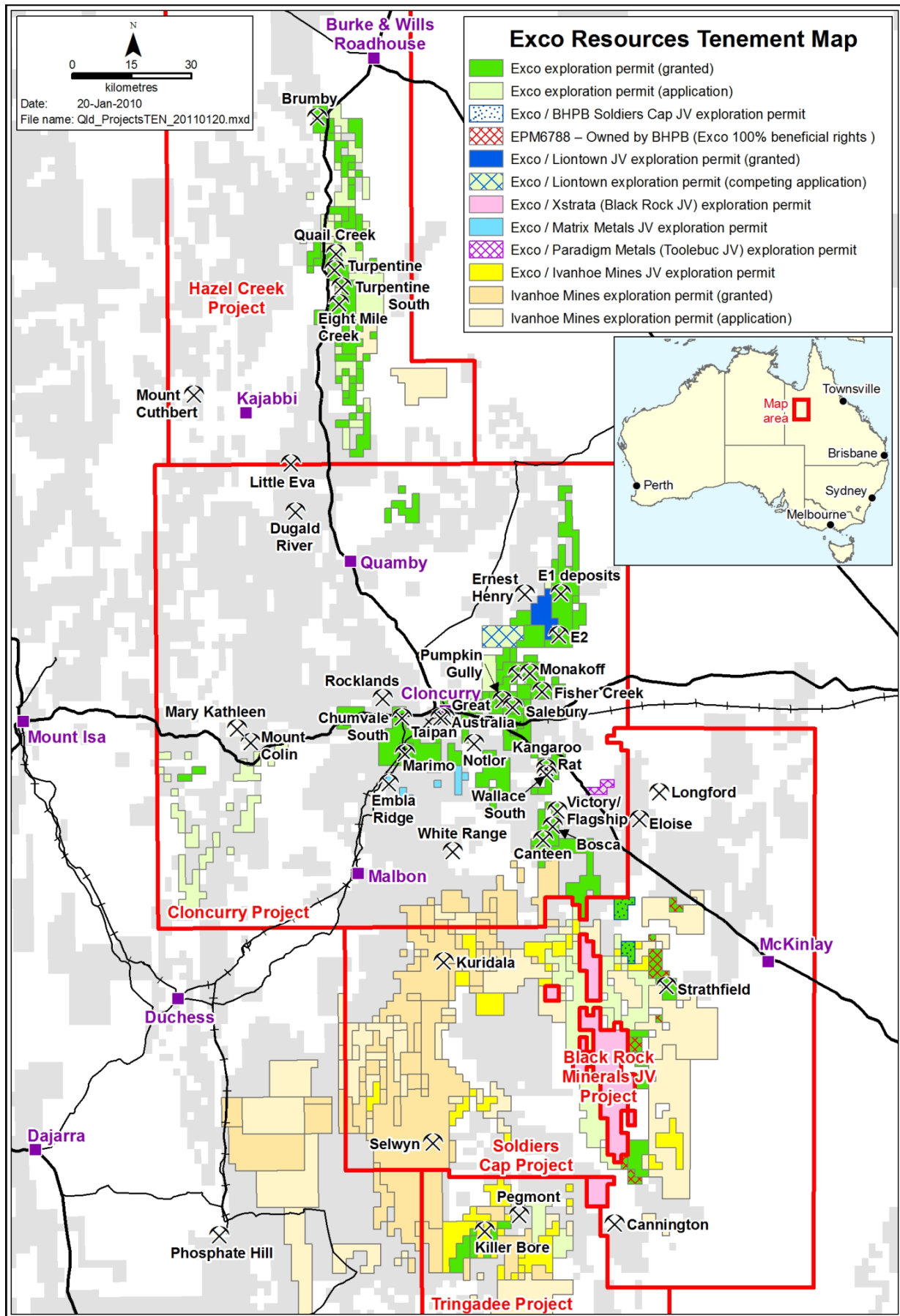


Figure 1: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

TABLE 1: EXCO RESOURCES – NW QUEENSLAND Cu-Au RESOURCE SUMMARY

Deposit	Class	Tonnes	Grade		Metal	
			Cu%	Au g/t	Cu T	Au Oz
E1 Camp ⁽²⁾	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
TOTAL		48,100,000	0.72	0.21	348,000	330,000
Monakoff ⁽¹⁾ & 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
TOTAL		4,000,000	1.32	0.42	53,000	54,000
Great Australia ⁽¹⁾	Indicated	1,400,000	1.53	0.13	21,000	6,000
	Inferred	800,000	1.57	0.14	12,000	3,000
TOTAL		2,100,000	1.54	0.13	33,000	9,000
Mt Colin ⁽¹⁾	Indicated**	620,000	3.14	-	19,500	-
	Inferred**	870,000	2.0	-	17,500	-
TOTAL **		1,490,000	2.47	-	37,000	-
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
ALL		55,700,000	0.85	0.22	472,000	394,000
Other Deposits						
Turpentine	Indicated	1,627,000	1.04	0.21	17,000	11,000
	Inferred	215,000	0.9	0.16	2,000	1,000
TOTAL		1,841,000	1.03	0.2	19,000	12,000
Taipan	Inferred	1,460,000	0.80	0.1	12,000	5,000
Kangaroo Rat ⁽¹⁾	Inferred	875,000	1.65	1.0	14,400	28,000
Wallace South	Inferred***	1,000,000	-	1.6	-	53,000
Victory-Flagship	Inferred	196,000	1.2	1.4	2,000	9,000
Sub-total - Other		5,400,000	0.88	0.62	47,400	107,000
TOTAL		61.0 Mt	0.85	0.25	519,400	500,000

Notes

- Discrepancies in totals are as result of rounding. Unless otherwise stated the above resources are reported at a 0.5% Cu cut-off.
- ⁽¹⁾ Granted Mining Lease.
- ⁽²⁾ ~30 % of E1 camp resources on a granted Mining Lease.
- * E1 resources completed at 0.3%Cu cut-off.
- ** Mt Colin resource cut-off = 1.25% Cu.
- *** Wallace South resource cut-off = 0.5g/t

TABLE 2: WHITE DAM PROJECT OK RESOURCE ESTIMATE

Deposit	Material	Indicated			Inferred			Total		
		kts	g/t Au	koz Au	kts	g/t Au	koz Au	kts	g/t Au	koz Au
White Dam	Oxide	3,604	1.07	124.0	100	0.74	2.4	3,703	1.06	126.3
	Fresh	341	1.03	11.3	1,954	0.88	55.3	2,295	0.90	66.6
Sub-Total		3,944	1.07	135.2	2,054	0.87	57.7	5,998	1.00	192.9
Vertigo	Oxide	1,008	1.10	35.6	703	0.73	16.5	1,711	0.95	52.1
	Fresh	212	1.56	10.6	526	1.15	19.4	738	1.26	30.0
Sub-Total		1,220	1.18	46.2	1,229	0.91	35.9	2,449	1.04	82.1
PROJECT TOTAL		5,164	1.09	181.4	3,282	0.89	93.6	8,447	1.01	275.0

Notes

- Discrepancies in totals are as result of rounding.
- White Dam resource (depleted to September 2010) was re-estimated in October 2010 with a cut off grade of 0.3g/t.
- Vertigo was re-estimated in January 2011 with a cut off grade of 0.4 g/t.

Information on Exco Resources

Exco is an Australian focused, ASX-listed mining company (ASX: EXS). The Company has a dual focus on developing both the White Dam Gold Project in South Australia, and the Cloncurry Copper Project (CCP) in north-west Queensland.

At White Dam, Exco has entered into a 75:25 operating joint venture with Polymetals Group Pty Ltd. The project, which contains a depleted resource inventory of 275,000 ounces of gold, achieved first gold production in April 2010 following a very successful construction and commissioning period. The project was officially opened at a ceremony on 10th June 2010 and initial production rates have significantly exceeded expectations. With costs of <A\$500/oz the project is already delivering substantial revenues. The relatively short-life project is currently expected to produce a total of at least 115,000oz of gold at a rate of >50,000ozpa. Ongoing near mine exploration and resource development is expected to ultimately increase overall production and extend the life of the mine.

In north-west Queensland Exco holds a large, strategically located and highly prospective land package. The CCP comprises numerous tenements and mining leases, which host the flagship E1 Camp, Monakoff and Great Australia deposits. Resources delineated for the project to date total 55.7Mt, containing 472,000 tonnes of copper and 394,000 ounces of gold, with further exploration upside and indicated resource development highlighting the potential for economic extraction of a significant portion of the resources.

Exco completed a Pre-Feasibility Study (PFS) on the CCP in June 2008, which demonstrated the technical and commercial credentials of a 2Mtpa project. Encouraged by the positive PFS results, and with ongoing drilling delivering further resource upgrades, the Company commenced a Definitive Feasibility Study (DFS) on a slightly larger operation treating 2.5 to 3Mtpa through a concentrator facility located at the E1 Camp. At this expanded throughput the project will produce ≥25,000 tonnes of copper in concentrate per annum (25% more than envisaged by the PFS) with substantial by-product credits from gold, cobalt, magnetite and potentially uranium. The Company has now submitted its Environmental Impact Statement (EIS), and an Environmental Management Plan (EMP), in pursuit of the relevant approvals for the CCP, and is reviewing its development strategy with a view to selecting a definitive option in the near future.

Exco also has a number of exploration joint ventures in Queensland with major companies including Xstrata, BHP Billiton Limited and Ivanhoe Mines. These JVs are managed by Exco's partners, creating additional development options, and allowing the Company to maintain its primary focus on the CCP.

The Board and management of Exco, backed by the Company's major shareholders including Ivanhoe Mines, are committed to unlocking value from this highly prospective portfolio of projects, and we look forward to keeping shareholders informed of developments.

Further information is available at www.excoresources.com.au

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 Exco's Resource Manager Ms Christine Shore who are members of The Australasian Institute of Mining and Metallurgy. Both Mr Konecny and Ms Shore have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Konecny and Ms Shore consent to the inclusion of the data in the form and context in which it appears.