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Market Release (via electronic lodgement)

Exploration Update

Cloncurry Project

New Targets & Further Positive Results

New Targets in Untested Structures

Exco's commitment to exploration continues to grow and major geophysical and geochemical assessments have resulted in the generation of significant new targets within the Cloncurry Project area.

Weatherly Creek

Initial drilling at a number of prospects within the Weatherly Creek project area has produced encouraging first phase results including:

Bosca South - 8m @ 1.69% Cu and 0.09 g/t Au in ECRC560 from 14m depth.

Bosca - 24m @ 0.62% Cu and 0.33 g/t Au in ECRC558 from 68m depth.

Canteen - 12m @ 1.34% Cu and 0.57 g/t Au in ECRC553 from 18m depth.

Victory - 18m @ 0.28% Cu and 1.12 g/t Au in ECRC573 from 36m depth.

Rock Rat - 24m @ 0.21% Cu and 0.51 g/t Au in ECRC575 from surface.

Pumpkin Gully Syncline

The recent HeliSAM survey over the Tanbah area in conjunction with detailed surface soil geochemistry has highlighted several areas with significant coincident geochemical and magnetic anomalies.

Exco Resources Ltd (**ASX Code: EXS**) is implementing an expansion of exploration activities within its Northwest Queensland package. The Company is well funded and focussed on resource identification and growth in Queensland (see **Figure 8** for regional location map and **Table 1** for summary of established resources).

A significant phase of new data acquisition is well advanced at a range of locations within Exco's NW Queensland tenement package. The new data includes helicopter based SAM (Sub-Audio Magnetics) surveys, airborne magnetic surveys, detailed ground gravity surveys and soil

geochemistry grids over priority prospect areas. These surveys have provided a range of new targets and have highlighted several prominent geophysical anomalies associated with surface indications of copper and gold mineralisation. These anomalies are prominent features in the regional geophysical data and are located in what Exco believes are key geological and structural positions.

The principal target for Exco in the Eastern Succession of the Mt Isa Inlier is Ernest Henry-style IOCG (iron-oxide-copper-gold) mineralisation which is typified by the coincidence of strongly anomalous magnetic and gravity highs. Regional data acquisition and a re-interpretation of structural data in the Cloncurry area during the 2nd half of 2011 has identified three new Priority 1 IOCG targets at Salebury South, Elder Creek and Canteen, which will all be drill tested during 2012.

WEATHERLY CREEK

Initial drilling by Exco at a number of prospects in the vicinity of historical workings in the Weatherly Creek project area has produced encouraging first phase results. Prospects tested in this, the southern portion of the Cloncurry Project, include the historical Bosca, Canteen, Victory, and Rock Rat prospects. (See **Figure 1** for location map of the Weatherly Creek Area)

Canteen Prospect

Initial Reverse Circulation (RC) drilling by Exco has intersected encouraging copper and gold grades beneath a small historical open pit (Canteen Pit). Recently completed SAM geophysical data highlights a very strong conductive anomaly and a coincident magnetic anomaly corresponding to a 1.8km long zone containing unusual outcrops of massive hematite (Fe) and quartz-hematite stockworks in albitised metasediments. The geophysics emphasises a prominent structure, and a recently completed programme of soil geochemistry has highlighted coherent copper and gold in soil, with values exceeding 2500ppm and 200ppb respectively, coincident with the interpreted structure and the most obvious geophysical responses. The area is regionally anomalous in Cu and previous drilling by Exco on the Canteen South Cu-Au-U prospect has revealed widespread silica-magnetite alteration and highly anomalous Cu-Au-U levels. (eg **ECRC115, 66m @ 0.41% Cu and 0.06ppm Au** from surface, and **ECRC158, 56m @ 156ppm U**) (See **Figure 2** for 2011 drill hole locations and copper in soil anomalies)

The coincidence of a very strong magnetic anomaly proximal to a granite pluton, the presence of significant Cu and U intersected in drilling to date, and the abundance of iron oxides and the strongly elevated Cu and Au concentrations in soil in the Canteen area has led Exco to believe the area hosts a large IOCG style alteration system. A detailed gravity survey is planned for the prospect during early 2012 and magnetic and SAM data is currently being inverted to enable the targeting of deeper diamond drilling during 2012.

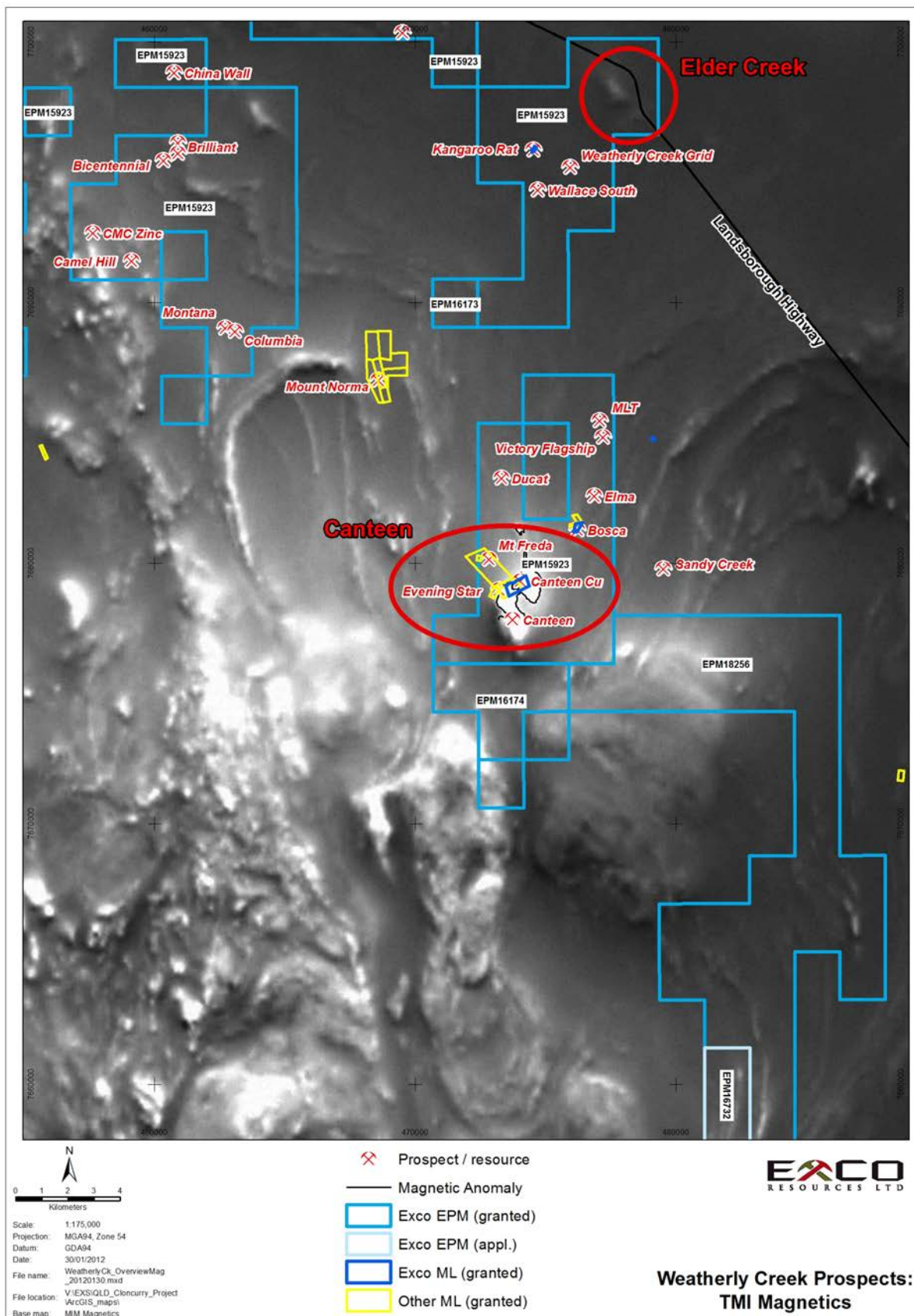


Figure 1: Location of the Weatherly Creek Prospects, highlighting the Canteen and Elder Creek Prospects, over an image of total magnetic intensity.

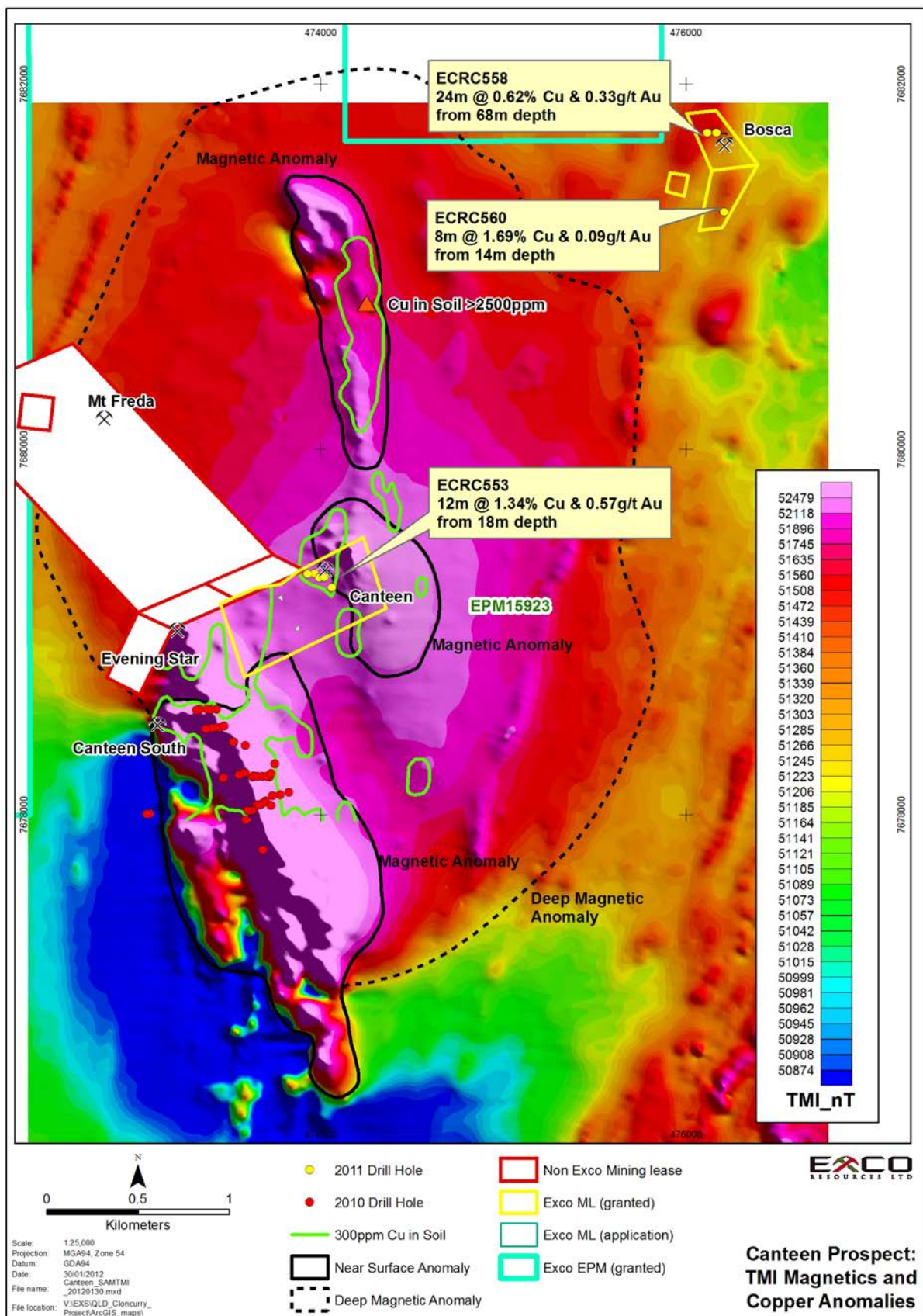


Figure 2: Location of 2011 drill holes and copper in soil anomalies at the Canteen prospect over total magnetic intensity.

Victory

Three RC holes were drilled at the Victory Prospect where drilling has previously defined an inferred resource of **196kt @ 1.2% Cu and 1.4g/t Au**. Oxide copper ore has historically been excavated from a small open cut on the prospect. Surface Soil samples collected by Exco have highlighted the Victory trend of mineralisation as well as identifying a sub-parallel structure that extends discontinuously for 4.5km south towards the Bosca Prospect with Cu in soil grades up to 843ppm (See **Figure 3**).

The RC drilling intersected relatively low grade mineralisation below the existing drilling with an apparent increase in gold towards the south of the prospect. **ECRC573 intersected 18m @ 0.28% Cu and 1.12 g/t Au** from 36m depth.

Two RC holes were also drilled at the nearby MLT prospect with no significant results.

Bosca / Bosca South

Two RC holes were drilled at Bosca, and one at Bosca South, testing below small historical open pits on oxide copper mineralisation. ECRC558 intersected **24m @ 0.62% Cu & 0.33 g/t Au** at the Bosca Prospect, and ECRC560 intersected **8m @ 1.69% Cu & 0.09 g/t Au** at Bosca South.

Recent soil geochemistry has highlighted a strongly anomalous copper zone extending from the Bosca area towards the Victory Prospect that has not previously been tested with drilling (See **Figure 3**). This zone will be drilled in the forthcoming 2012 drill programme.

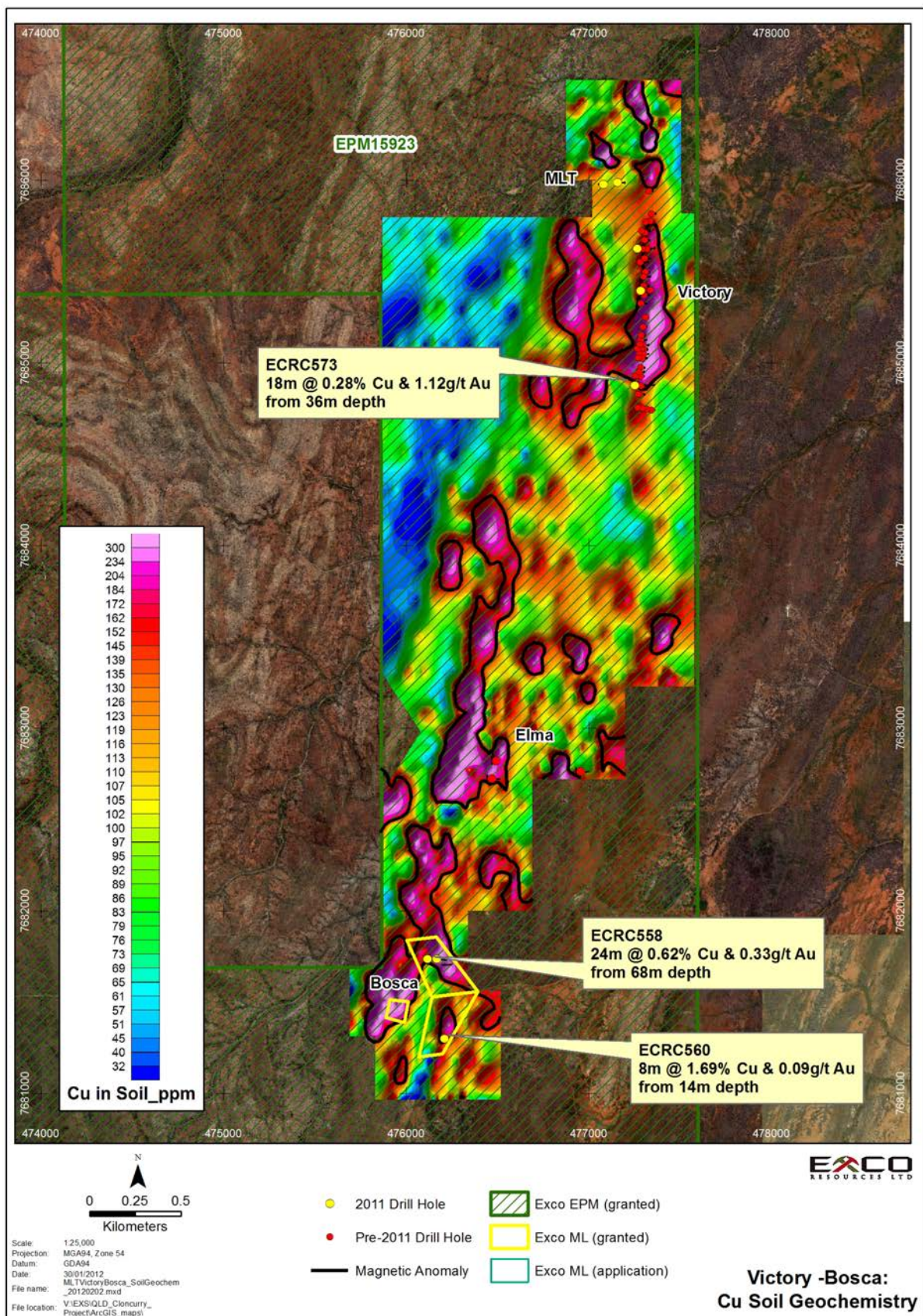


Figure 3: Composite grid of Cu in Soil along the Victory-Bosca trend.

Rock Rat

One RC hole of a proposed initial programme of 4 holes was drilled to test a line of historical workings and shafts at the Rock Rat Prospect (See **Figure 4** for drill hole and planned drill hole locations). The other holes were postponed due to threatening wet weather. This program of drilling will be continued after the current wet season.

The first hole ECRC575, intersected **24m @ 0.21% Cu and 0.51 g/t Au** from surface.

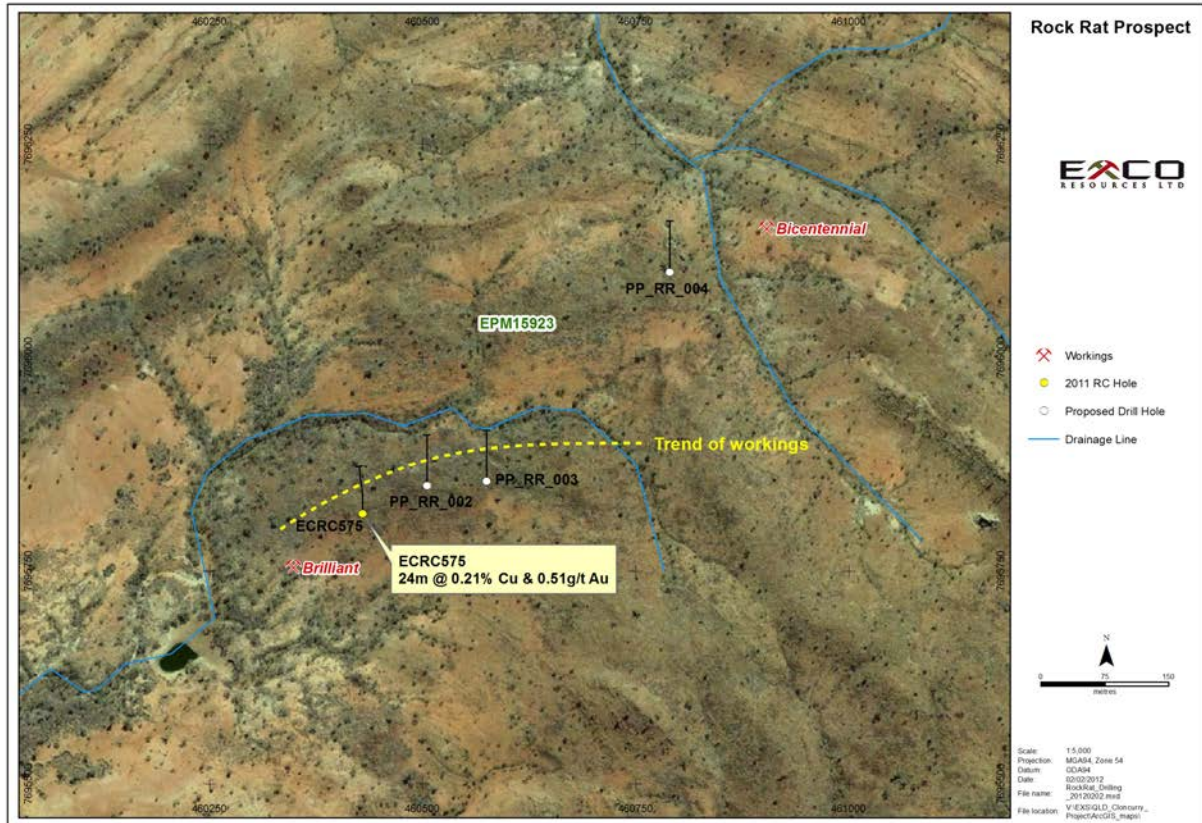


Figure 4: Location of drill hole ECRC575 drilled at the Rock Rat prospect

PUMPKIN GULLY SYNCLINE

Work completed to date in the Pumpkin Gully syncline has yielded a number of very positive results (See **Figure 5** for a location map of the Pumpkin Gully area).

Recent Results Include:

Salebury	14m @ 1.00% Cu and 0.28 g/t Au in ECRC526 from 70m depth.*
Crow's Nest	32m @ 0.56% Cu and 1.04 g/t Au in ECRC530 from 74m depth.*
Tambah North	10m @ 1.51% Cu and 1.34 g/t Au in ECRC543 from 98m depth.*
Tambah	72m @ 0.36% Cu and 0.25 g/t Au in ECRC551 from 26m depth.*

*Results previously reported (ASX release 12th December 2011)

Tambah Area SAM

A recent HeliSAM survey over the Tanbah-Salebury South area in conjunction with detailed surface soil geochemistry has highlighted several areas of significant coincident geochemical and magnetic anomalies. (See **Figure 5** for location of Tanbah-Salebury South). The strongest and largest magnetic anomaly at Salebury South has only had cursory drilling with a series of

shallow vertical Rotary Air Blast (RAB) holes. Several of these holes had anomalous levels of copper and gold to 1020 ppm and 110ppb respectively. Mineralisation drilled to date in the area appears to be marginal to the main magnetic anomalies (See **Figure 6** for location of drill holes at Tanbah over total magnetic intensity).

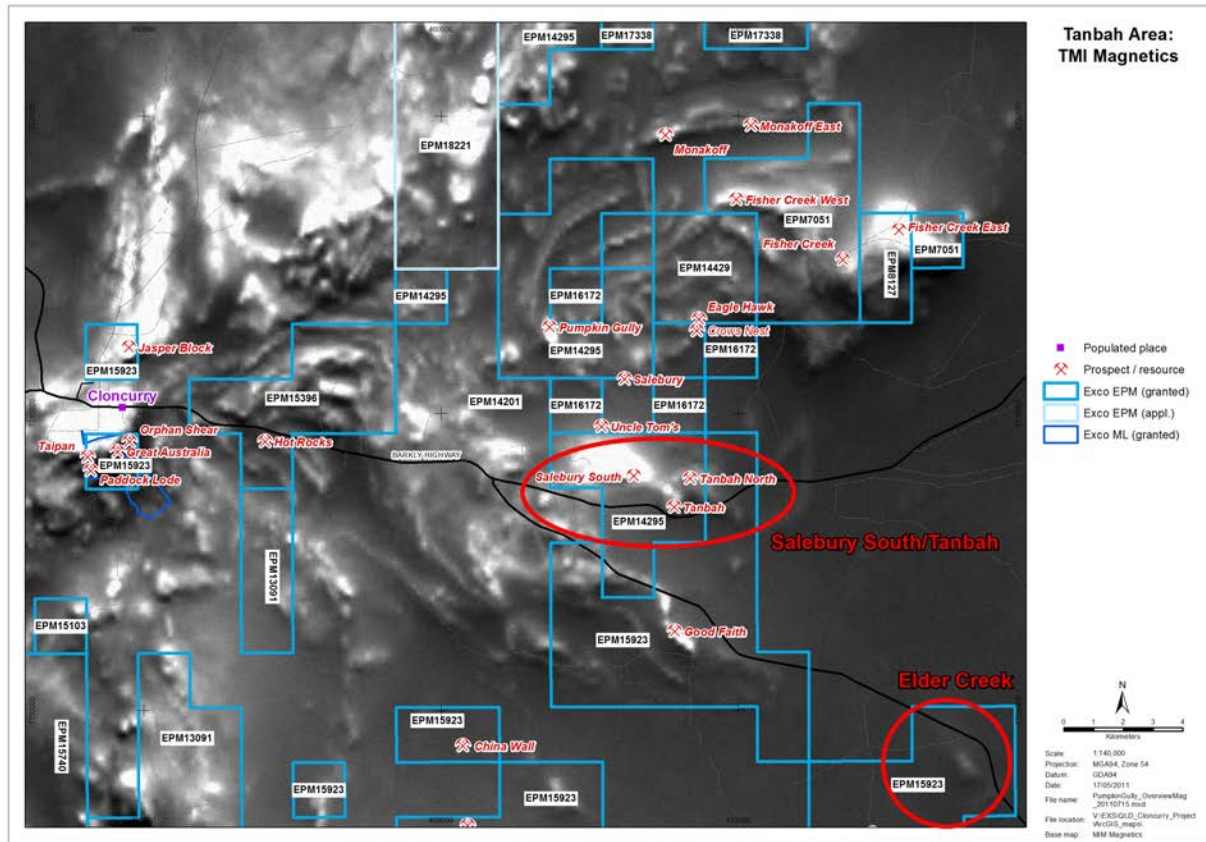


Figure 5: Location of the Tanbah and Elder Creek Prospects and Exco tenure over an image of total magnetic intensity.

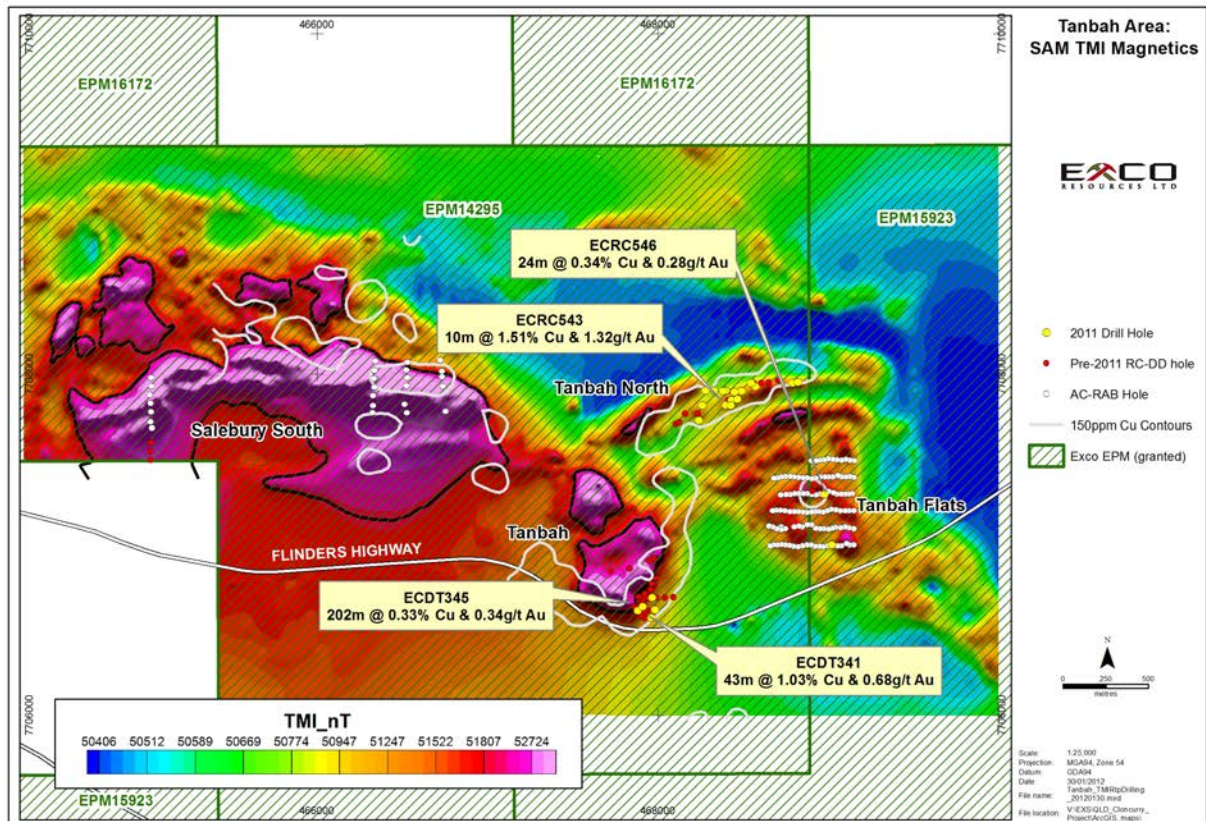


Figure 6: Location of drilling at the Tanbah-Salebury South prospects over total magnetic intensity (TMI-RTP).

KANGAROO RAT

Resource drilling at the Kangaroo Rat Cu-Au deposit has recently been completed and copper and gold intersections returned to date are in line with expectations. The drilling was designed to establish greater confidence in the existing resource and to extend the resource along strike. Results will be incorporated into a revised resource model and released in due course.

Diamond Drilling is also planned for metallurgical testwork, geotechnical studies and specific gravity determinations.

A recently completed detailed airborne magnetics (heliMAG) survey over the Kangaroo Rat deposit and surrounding area, has highlighted a 3km long, untested magnetic anomaly at Elder Creek, located beneath shallow cover (See **Figure 5 and Figure 7**). A review of historic exploration reports suggests that the source does not appear to have been tested by a single historic drill hole. Shallow (4m) RAB drilling proximal to the margins of the anomaly indicate that the anomaly is fertile with highly anomalous copper to greater than 1000ppm.

A detailed gravity survey has also been completed over the Elder Creek magnetic anomaly and initial processing of this data has highlighted several coincident gravity anomalies. The data from these surveys are currently being inverted to enable accurate targeting of drilling during 2012.

These new detailed geophysical surveys have also alerted the geological team towards more subtle but equally significant anomalies in the immediate area that have yet to be tested with drilling. Cover over large parts of the area has minimised the effectiveness of previous reconnaissance exploration.

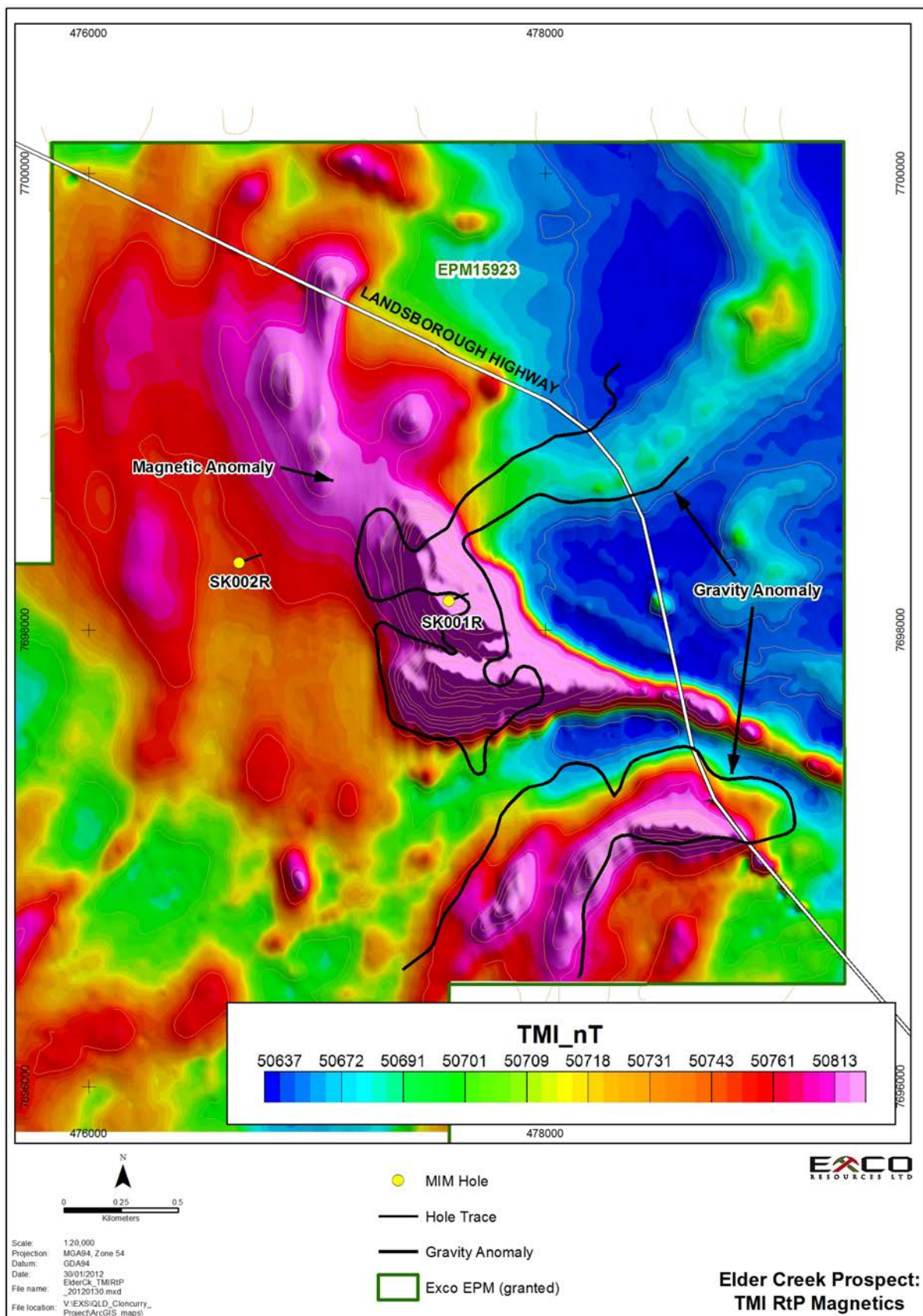


Figure 7: Location of the Elder Creek magnetic anomaly and coincident gravity anomaly.

HAZEL CREEK

Recent exploration in the Hazel Creek Project has included extensive broad spaced RC drilling of magnetic anomalies as well as diamond drilling at the Turpentine Deposit and Eight Mile Creek Prospect. In addition to this a large HeliSAM survey has been flown to the south of the Eight Mile Creek prospects and a detailed ground gravity survey has also been completed in the Turpentine Eight Mile Creek region.

These results are currently being compiled and will be released when available.

DRILL RESULTS

For all recent drill holes and results, not previously published, please refer to **Tables 2 and 3**.

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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 presentation relating to mineral resources and exploration results is based on data compiled by Exco's Chief Geologist 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.

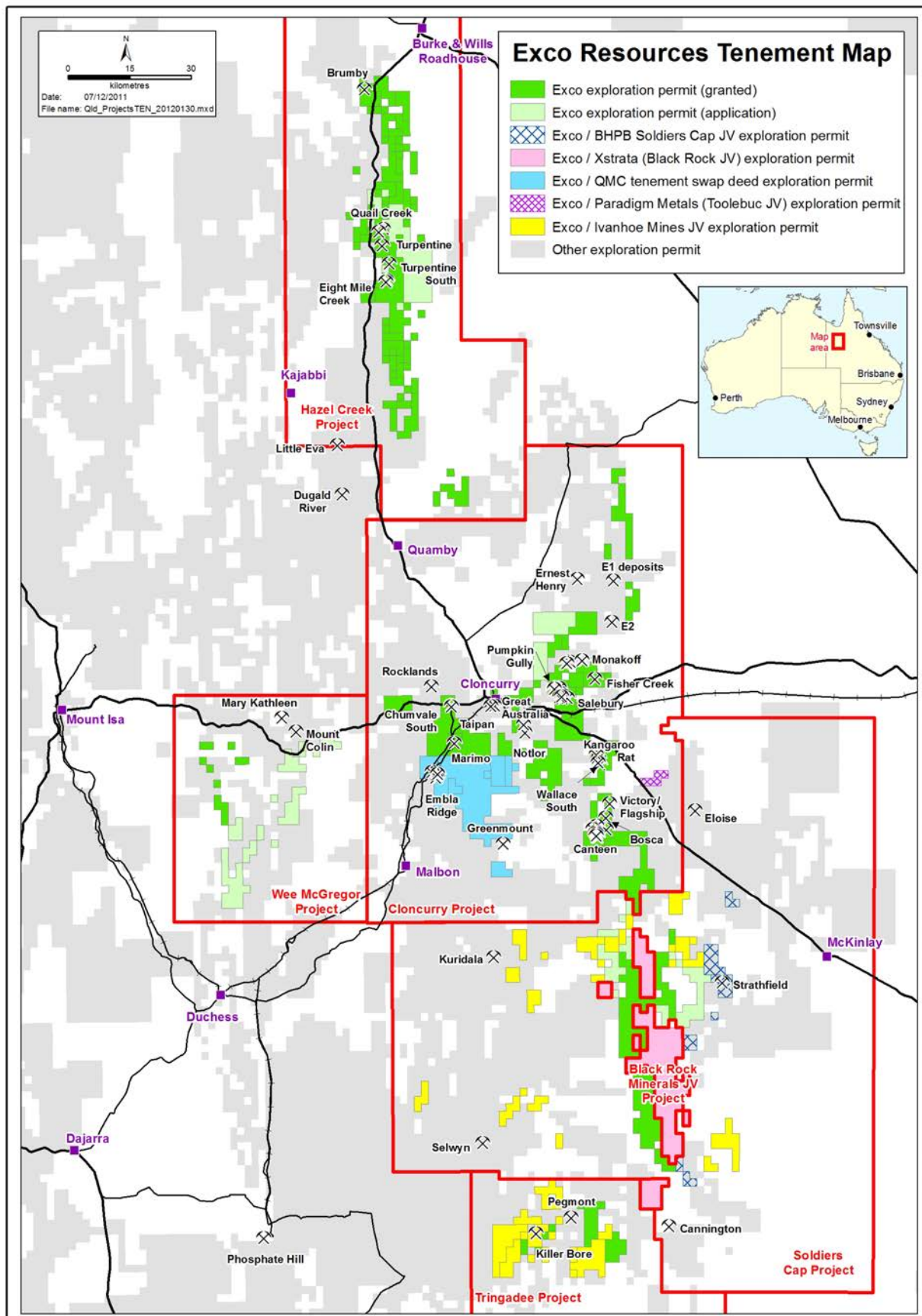


Figure 8: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

TABLE 1: EXCO RESOURCES – NORTHWEST QUEENSLAND RESOURCE SUMMARY

Deposit	Class	Tonnes	Grade		Metal	
			Cu%	Au g/t	Cu T	Au Oz
Cloncurry Project						
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		2,200,000	1.54	0.13	33,000	9,000
Mt Colin ⁽¹⁾	Indicated*	1,042,000	3.04	0.42	32,000	14,000
	Inferred*	880,000	2.09	0.41	18,000	12,000
TOTAL *		1,922,000	2.59	0.42	50,000	26,000
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	1.20	1.4	2,000	9,000
Sub-Total Cloncurry Project		7,653,000	1.69	0.52	111,400	130,000
Hazel Creek Project						
Turpentine	Indicated	1,627,000	1.04	0.21	17,000	11,000
	Inferred	215,000	0.9	0.16	2,000	1,000
Sub-Total Hazel Creek		1,842,000	1.03	0.2	19,000	12,000
Northwest Queensland Total		9,495,000	1.56	0.46	130,400	142,000

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.

* Mt Colin resource cut-off = 1.25% Cu.

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

TABLE 2: CLONCURRY DRILL COLLARS – FEBRUARY 2012

Hole ID	Easting*	Northing*	Azimuth	Dip	Depth
Canteen Pit					
ECRC553	473963	7679319	352	-60	76
ECRC554	473990	7679294	360	-60	159
ECRC555	473927	7679318	360	-60	147
ECRC556	474060	7679242	90	-60	99
ECRC557	474016	7679299	90	-60	156
Bosca					
ECRC558	476165	7681733	90	-60	102
ECRC559	476189	7681702	90	-60	108
Bosca South					
ECRC560	476209	7681298	270	-60	57
MLT					
ECRC561	477157	7685986			80
MLT West					
ECRC562	477078	7685977	270	-60	50
Victory					
ECRC563	477283	7685394	90	-70	126
ECRC573	477250	7684875	90	-60	177
ECRC574	477266	7685623	90	-60	180

TABLE 2: CLONCURRY DRILL COLLARS – FEBRUARY 2012					
Hole ID	Easting*	Northing*	Azimuth	Dip	Depth
Glory Hole					
ECRC564	471766	7689442	90	-60	120
Marimo					
ECRC565	439306	7699243	90	-60	129
ECRC566	439307	7699243	270	-60	126
ECRC567	439295	7699554	270	-60	121
ECRC568	439275	7699601	270	-60	111
ECRC569	439229	7699959	90	-60	123
ECRC570	439231	7699929	90	-60	129
Marimo South					
ECRC571	437331	7697775	270	-60	83
ECRC572	437287	7697574	270	-60	90
Rock Rat					
ECRC575	460430	7695817	360	-60	99
Kangaroo Rat					
KRRC043	474390	7695834	150	-60	114
KRRC044	474452	7695827	150	-60	30
KRRC045	474441	7695848	150	-60	54
KRRC046	474414	7695893	150	-60	93
KRRC047	474494	7695859	150	-60	30
KRRC048	474478	7695882	150	-60	60
KRRC049	474455	7695922	150	-60	100
KRRC050	474527	7695898	150	-60	28
KRRC051	474516	7695912	150	-60	69
KRRC052	474763	7695992	150	-60	33
KRRC053	474732	7696031	150	-60	90
KRRC054	474721	7696053	150	-60	116
KRRC055	474796	7696051	180	-60	90
KRRC056	474799	7696070	180	-60	135
KRRC057	474903	7696034	180	-60	39
KRRC058	474900	7696052	180	-60	63
KRRC059	474893	7696070	180	-60	129
KRRC060	474800	7695985	180	-60	24
KRRC061	474800	7696005	180	-60	69
KRRC062	474802	7695995	180	-60	60

**GDA94, Zone 54

TABLE 3: CLONCURRY DRILL RESULTS – FEBRUARY 2012					
Hole ID	From (m)	To (m)	Width (m)	Cu %	Au g/t
Canteen Pit					
ECRC553	18	30	12	1.34	0.57
inc	24	28	4	3.05	1.11
ECRC554	38	42	4	0.20	0.03
	46	52	6	0.45	0.36
	84	88	4	0.22	0.13
	106	120	14	0.22	0.11
	136	138	2	0.14	0.03
ECRC555	4	6	2	0.18	0.01

TABLE 3: CLONCURRY DRILL RESULTS – FEBRUARY 2012

Hole ID	From (m)	To (m)	Width (m)	Cu %	Au g/t
Canteen Pit					
ECRC556	14	26	12	0.27	0.18
	88	90	2	0.13	0.09
	114	120	6	0.10	0.03
	42	58	16	0.23	0.09
	64	78	14	0.56	0.20
inc	64	66	2	2.21	0.57
Bosca					
ECRC558	30	54	24	0.30	0.28
ECRC559	68	92	24	0.62	0.33
	74	76	2	1.17	0.13
	30	32	2	0.46	0.10
	86	88	2	1.06	0.18
Bosca South					
ECRC560	14	22	8	1.69	0.09
inc	16	20	4	3.05	0.11
	40	42	2	0.28	0.05
	46	52	6	0.33	0.10
Victory					
ECRC573	36	54	18	0.28	1.12
ECRC574	108	138	30	0.36	0.07
Marimo					
ECRC568	42	44	2	0.31	0.05
ECRC569	94	98	4	1.02	0.16
Marimo South					
ECRC571	48	54	6	0.11	0.03
Rock Rat					
ECRC575	0	24	24	0.21	0.51
Kangaroo Rat					
KRRC043	0	48	48	0.41	1.34
inc	18	24	6	1.26	6.28
	90	96	6	0.55	0.13
	6	24	18	0.67	1.81
	0	12	12	0.28	0.03
KRRC044	18	48	30	0.88	0.66
KRRC045	18	24	6	1.29	0.43
inc	30	36	6	1.06	0.17
	42	48	6	1.25	2.35
	66	72	6	0.13	0.07
	78	93	15	0.93	0.87
KRRC046	90	93	3	2.22	2.40
inc	6	18	6	0.42	0.41
KRRC047	0	6	6	0.15	0.01
KRRC048	12	18	6	0.17	0.02
	30	36	6	1.29	0.13
	66	72	6	0.97	0.08
	0	12	12	0.44	0.15
KRRC049	24	28	4	0.42	0.63
KRRC050					

TABLE 3: CLONCURRY DRILL RESULTS – FEBRUARY 2012					
Hole ID	From (m)	To (m)	Width (m)	Cu %	Au g/t
Kangaroo Rat					
KRRC051	6	24	18	0.58	0.46
inc	18	24	6	1.22	0.49
	54	60	6	0.1	<0.01
KRRC052	12	24	12	0.74	0.13
inc	18	24	6	1.17	0.24
KRRC053	36	54	18	1.13	0.28
inc	42	48	6	2.84	0.73
	72	78	6	0.72	0.09
KRRC054	72	78	6	0.13	0.01
	96	108	12	0.87	0.41
inc	102	108	6	1.48	0.43
KRRC055	72	78	6	1.80	0.16
KRRC056	90	96	6	0.43	0.30
KRRC057	18	24	6	0.13	0.13
KRRC060	0	6	6	0.13	0.03
KRRC061	12	24	12	0.35	0.13
KRRC062	0	18	18	0.16	0.05

*Holes not reported contain No Significant Intersections (NSI)

Information on Exco Resources Ltd

Exco is an Australian-focused, ASX-listed mining company (ASX: EXS). The Company is currently focused on three key projects; the White Dam Gold Project in South Australia, and the Hazel Creek and Cloncurry Projects in Northwest Queensland.

In NW Queensland, Exco holds a sizeable land package in the highly prospective Mt Isa Block, which is separated into two main project areas.

The Cloncurry Project covers over 1,920km² and encompasses the Tringadee, Pumpkin Gully and Soldier's Cap project areas.

The Hazel Creek Project incorporates over 1,000km² of prospective land that remains relatively unexplored. In 2004 Exco moved to full ownership of the Hazel Creek project area and has confirmed the prospectivity of the area through the discovery of several key prospects, including the Turpentine Resource.

Exco retains an interest in the White Dam Gold Production Joint Venture and Drew Hill Exploration Joint Venture with its joint venture partner, Polymetals Mining Ltd, the manager of both joint ventures. Since pouring first gold in April 2010, production rates and margins from White Dam have been well above expectations. Debt financing was paid off in November 2010 some nine months ahead of schedule and after only seven months of operation. The project has produced in excess of 120,000oz of gold to date and a decision to proceed with the Vertigo project will ensure production continues well into 2012. Near mine and regional exploration is ongoing at White Dam.

Exco also has a number of exploration joint ventures in Queensland (covering over 1,100km²) with major companies including Ivanhoe Australia Ltd and Xstrata Copper. These JVs are managed by Exco's partners, creating additional development options, and allowing the Company to maintain its primary focus on the Hazel Creek and Cloncurry Projects.

The Board and management of Exco 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