

ASX ANNOUNCEMENT: 22 March 2012**MD on Exploration Programme
and Outlook**

Open Briefing with MD Geoff Laing

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Exco Resources Limited (ASX: EXS) is an Australian gold and copper exploration and mining company focused on developing its portfolio of projects in Northwest Queensland and South Australia.

Market Capitalisation: \$64 million

In this Open Briefing®, Managing Director, Geoff Laing discusses

- **Update on Hazel Creek and Cloncurry Projects**
 - **Progress at Vertigo**
 - **Outlook and acquisition strategy**
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Open Briefing interview:**openbriefing.com**

Exco Resources Limited (ASX: EXS) has intersected copper and gold at several prospects within its wholly owned Hazel Creek Project (EXS: 100%). How successful has your recent drilling programme been in identifying resources at the Turpentine and Eight Mile Creek prospects and defining targets for this year's drilling programme?

MD Geoff Laing

As we reported in February, the results from our extensive drilling, geophysical and geochemical survey programme through the latter part of last year have confirmed a significant amount of mineralisation at Hazel Creek.

At Turpentine we've had results including 10 metres at 1.27% copper at 138 metres depth and 8 metres at 1.73% copper at 90 metres depth. At Eight Mile Creek we've had reasonably thick intersections with 56 metres at 0.64% copper and drilling continues to show considerable mineralisation.

Our drilling and exploration activities last year positioned us to put together a substantial programme for this year. We'll be working aggressively on this as soon as it's dry enough to get drill rigs into the area.

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On current indications, what is the potential of Hazel Creek to support a stand-alone project?

MD Geoff Laing

It's still too early to make projections on major resources, but at Eight Mile Creek the structures and geology have made it one of our Tier 1 exploration sites. We'll be focused on looking for a major resource there, in addition to the small resource we have at Turpentine.

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At the Cloncurry Project (EXS 100%), over the second half of calendar 2011, Exco identified three new Priority 1 iron-oxide-copper-gold (IOCG) targets: Salebury South, Elder Creek and Canteen. What features have made these targets so prospective and what is your drilling plan for them?

MD Geoff Laing

As with Hazel Creek, we've identified these as Tier 1 prospects after extensive geophysical and geochemical assessments in the most prospective regions.

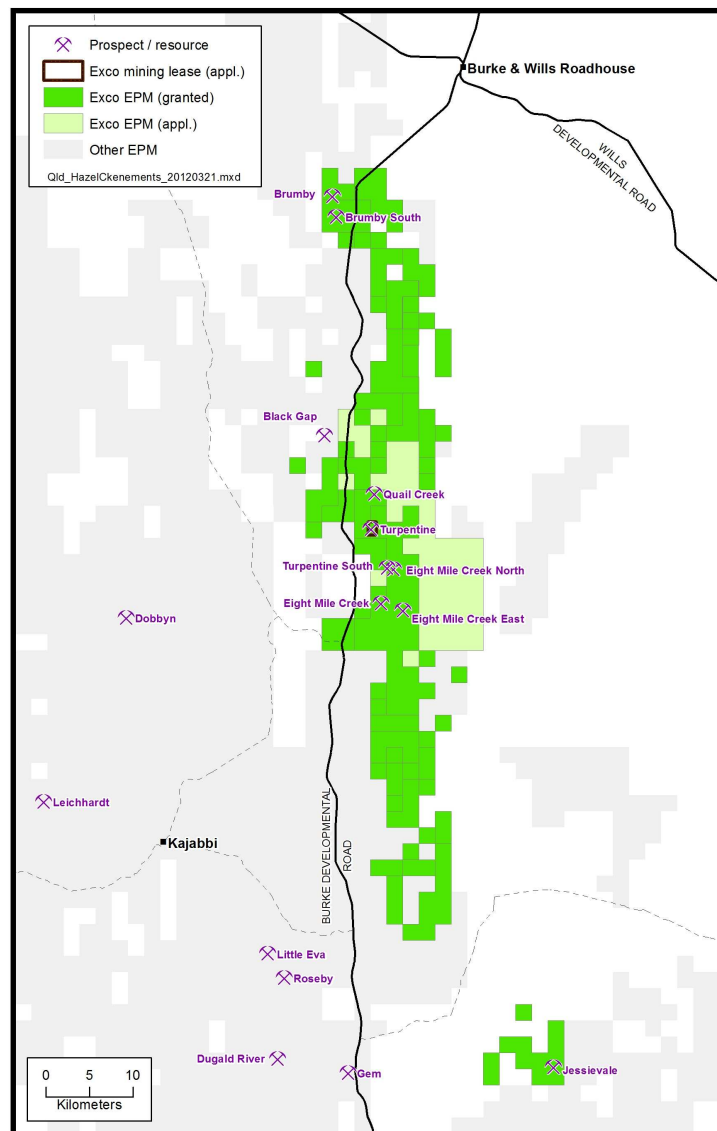


Figure 1: Location Map of Hazel Creek

We're excited about the Canteen area as it sits between two radiogenic granite systems. From the sub-audio magnetic (SAM) survey details we see it as an area with great prospectivity. We'll do gravity work on Canteen in the near future and then re-start drilling. Previous drilling found mineralisation, for example 12 metres at 1.34% copper, which is very encouraging.

At Elder Creek, there's an interesting magnetic anomaly we're focused on, and at Salebury, where we've been focused on smaller, Tier 2 type prospects, we believe there might be potential for a major structure.

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The total resource at your Cloncurry Project is around 7.65 million tonnes, with a grading of 1.69% copper and 0.52 g/t gold. How do you expect results from your latest drilling programme to affect this resource estimate?

MD Geoff Laing

We expect to update the resource estimates at both Kangaroo Rat and Turpentine. While we are looking for growth in our existing resources, at this stage it's unlikely that growth will be significant. Our focus is on delineating new resources, for example the potential resource in the Salebury area.

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In the December 2011 quarter, the White Dam Gold Project (EXS 75%, Polymetals Mining (ASX: PLY) 25%) in South Australia produced 8,421 oz, down from 15,938 oz in the September quarter, with the Hannaford Pit reaching the end of its productive life. Lower production volume saw total cash operating costs increase to A\$756/oz from A\$413/oz. With mining from the Hannaford Pit concluded in mid January, will there be any residual costs associated with the mine?

MD Geoff Laing

Hannaford was a very successful mining operation and was highly lucrative for us and our joint venture partner Polymetals. The residual costs reflect rehabilitation work and will be fairly modest given Hannaford was a relatively small pit.

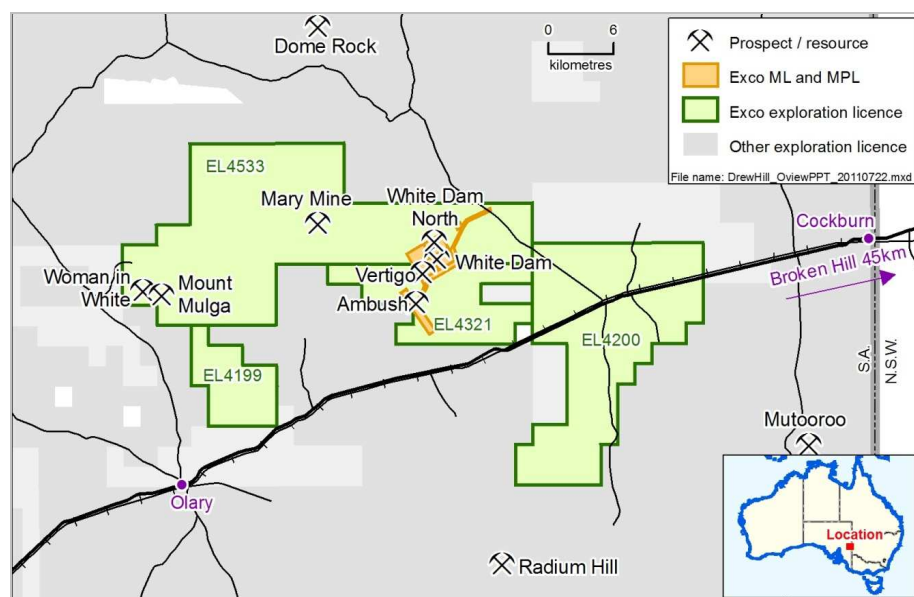


Figure 2: White Dam Gold Project Location Map

Rehabilitation of the waste rock dumps has been ongoing while we've been mining, and there's very little rehabilitation required of the pit itself. We're closing up at Hannaford and transferring across to the nearby Vertigo deposit. So mining continues at site and processing continues to run.

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Can you update us on the progress in developing Vertigo, where you have a 50% joint venture partnership with Polymetals. How much production will Vertigo add to the existing White Dam operations?

MD Geoff Laing

The Vertigo pit has already been opened up and we've been mining ore from it for the past month. There's capacity on the existing heap to place the Vertigo ore, which has been a cost saving for us because we haven't had to construct a new heap. We've already loaded ore from Vertigo on the heap and expect to irrigate it in the next couple of weeks, so gold will be produced from Vertigo in that time frame.

Depending on the final recovery and how quickly the material can be leached, Vertigo will incrementally add about 7,000oz over the next four to six months. Because we're loading material onto the existing heap, and continuing to circulate solution through the existing heap, this helps our chances of recovering residual ounces from the Hannaford material while also extracting the Vertigo ounces. While there has been a drop in production rates, we'll see an incremental pick up as the Vertigo material is put under irrigation.

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Exco recently returned \$135 million to shareholders following the sale of the Cloncurry Copper Project (CCP) to Xstrata for \$175 million and at the end of December, you had \$58.6 million cash on hand. How will you utilise this cash and are you actively looking for acquisitions?

MD Geoff Laing

It was pleasing to give back a large amount of money to our shareholders and also to retain cash of \$58 million. For a small mining company, it's a significant amount and allows us to get on with our exploration activities. While we're focussing on exploration and drilling this year, we're also looking at acquisitions.

We have a two pronged acquisition strategy. We're looking to replace the White Dam cash flow while also keeping an eye out for opportunities that may arise, particularly in the current market cycle where there are companies with established resources that are struggling for cash. We're prepared to make a strategic investment in the right company or project with a significant resource. That would see us offset some of the exploration risk that comes with being at an earlier stage of exploration.

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You were officially appointed MD in January 2012, after filling the role of acting MD since August 2011. What are your short to medium term priorities for the business? Will you be making any significant changes to Exco's strategic focus?

MD Geoff Laing

I've been with Exco for four and a half years and have been involved in the evolution of the business to where it is. In the short to medium term, there won't be a major change in strategic

direction as we'll remain focused on exploration and unlocking value from the prospects we've retained post the sale of the CCP to Xstrata.

However, rather than project development, which was an area of focus in the recent past, we'll now be looking at potential acquisitions. The strategy remains the same: to continue being a self-funded business rather than going to the market for exploration funds.

We're in a unique situation in the Cloncurry area because there are many facilities there requiring ore. For example, we were able to sell our CCP to Xstrata because Xstrata's Ernest Henry project ran out of ore from its open pit and was transitioning to underground mining. Ernest Henry still requires additional ore feed, as do a number of other operations in the region. Because of this, there is potential demand for any resources we develop in the area in the short to medium term. The sale of the CCP to Xstrata created a lot of value, for our shareholders and potentially we'd look to replicate that model if the appropriate opportunity arises.

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Thank you Geoff.

For further information on Exco Resources Ltd visit www.excoresources.com.au or call Geoff Laing on (08) 9211 2000.

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All references to dollars, cents or \$ in this report 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 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.

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