



23 March 2012

Market Release (via electronic lodgement)

Exploration Update

Further Positive Results at Salebury

- Salebury diamond drilling – Further drill intercepts prompt additional follow-up.
- **ECDD010 intersects 16m @ 1.86 % Cu & 1.22 g/t Au.**
- New mineralisation in different orientation opens up potential for additional shallow high grade mineralisation.
- Follow up programme due to commence in the next week as part of an aggressive drilling and exploration campaign for 2012 throughout Exco's Queensland tenements.

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 5** for regional location map and **Table 1** for summary of established resources).

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 identified three new Priority 1 IOCG targets at Salebury South, Elder Creek and Canteen.

Recent diamond drilling carried out in January at the Salebury Prospect, has intersected further encouraging Cu-Au mineralisation, and a programme of approximately 2000 metres of Reverse Circulation (RC) and diamond drilling is about to commence as follow-up. (See **Figure 1** for location of Salebury prospect and **Figure 2** for 2012 proposed drill hole locations). This programme is designed to further quantify the tonnage potential at this prospect, as well as determining best positions for deeper diamond drilling to evaluate the overall size of this IOCG target area.

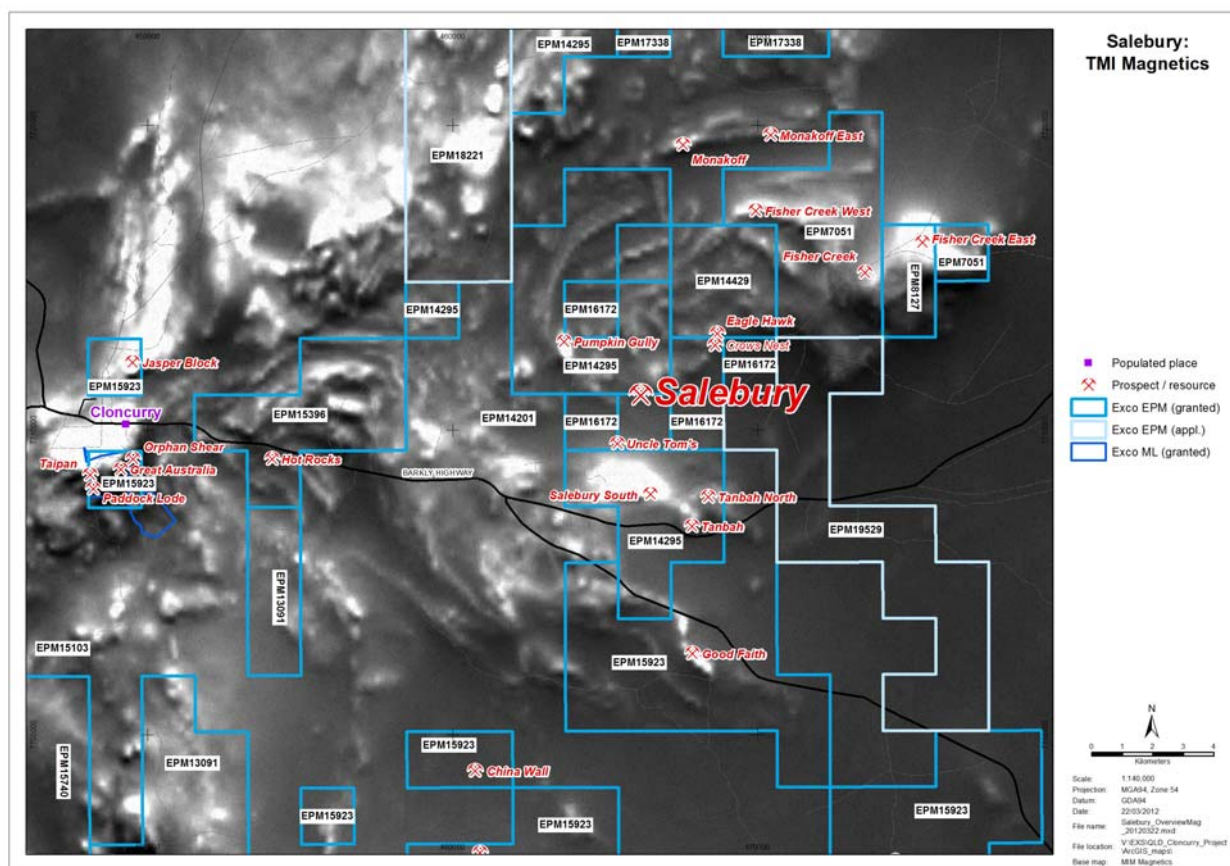


Figure 1: Location of the Salebury prospect and Exco tenure over an image of total magnetic intensity.

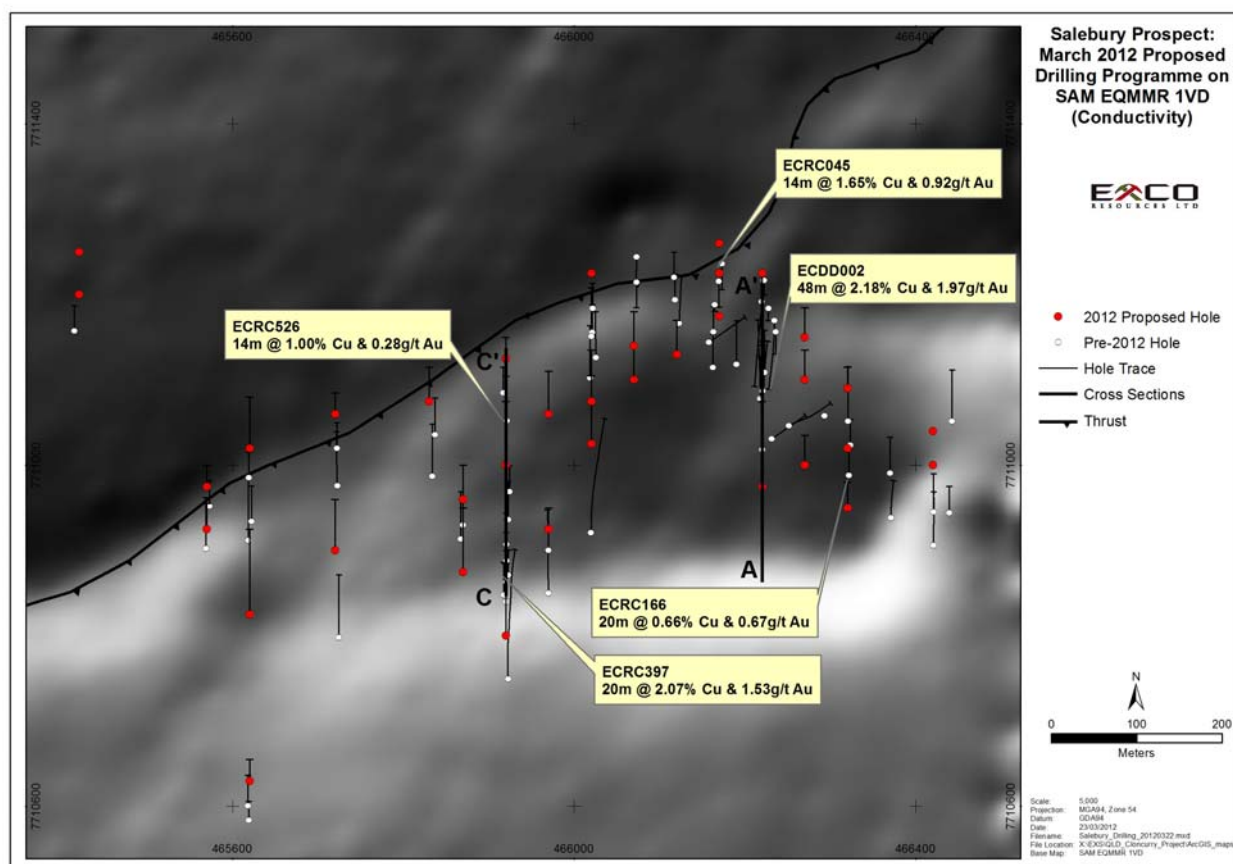


Figure 2: Proposed drilling on SAM conductivity image. Also showing the location of cross-sections A and C corresponding to Figures 3 and 4 respectively.

The Pumpkin Gully Syncline area in which Salebury lies is characterised by numerous prospects with surface copper mineralisation and recent geophysics and geochemical surveys have enhanced the geological model. Exco's strategy is to define any moderate sized-near surface resources in the immediate Pumpkin Gully area, as it is central to several currently operating copper mines.

SALEBURY

The Salebury prospect occurs on the southern limb of the Pumpkin Gully Syncline (see **Figure 1**) at the contact of shales and volcanics. Calc silicate breccia bodies also occur within the prospect area. The main target to date has been a zone of approximately 600m strike associated with a NNE striking thrust and defined by sporadic copper oxide mineralisation at surface. The prospect area hosts a number of historical workings including a small open cut that leads to underground workings, which appear to have been accessed by a small shaft to the south.

ECDD010 (Drilled at 466220E & 7711018N, dipping 60° towards 0°) intersected chalcocite dominated copper and gold mineralisation hosted by brecciated carbonaceous shales and mafic volcanics returning an intersection of **16m @ 1.86% Cu and 1.22g/t Au** from 133m, including **3m @ 4.89% Cu and 1.32g/t Au** from 134m. The orientation of the mineralisation on this section appears to change in direction and the areas to the south of the previous high grade zone remains open. Shallow mineralisation elsewhere in the prospect area is irregular in nature and further drilling is required to enable an initial resource to be estimated. **Figures 3 and 4** show cross sections of the new mineralisation and proposed follow-up.

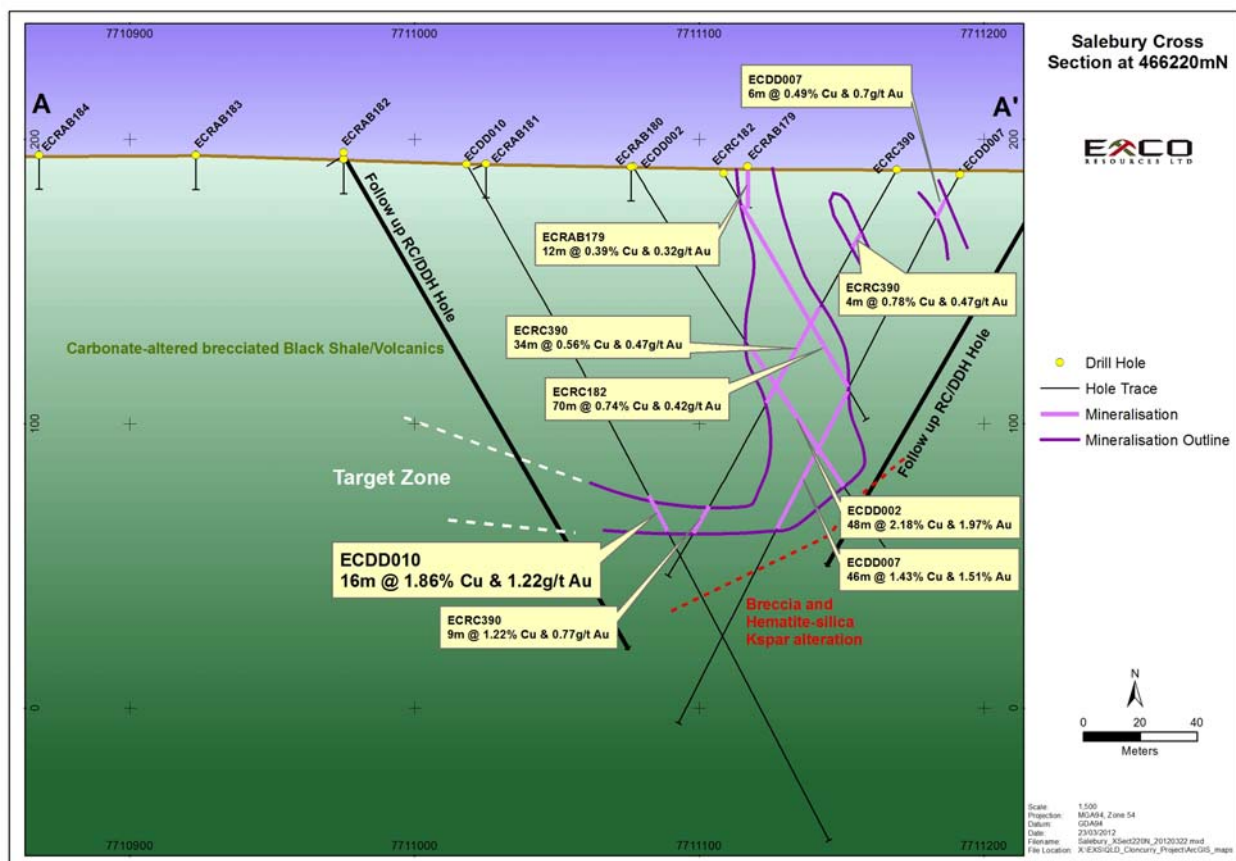
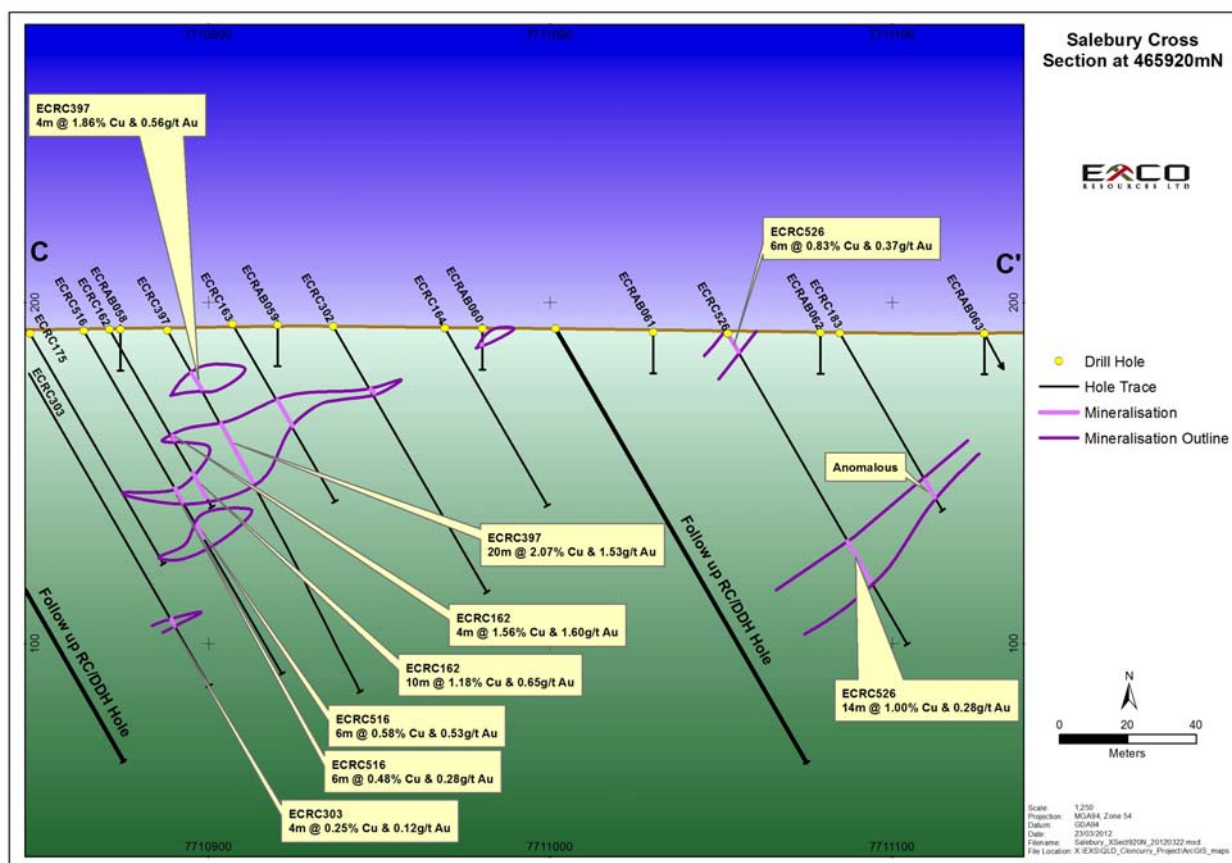


Figure 3: Cross Section A showing mineralised trends and proposed follow up drilling.



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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.

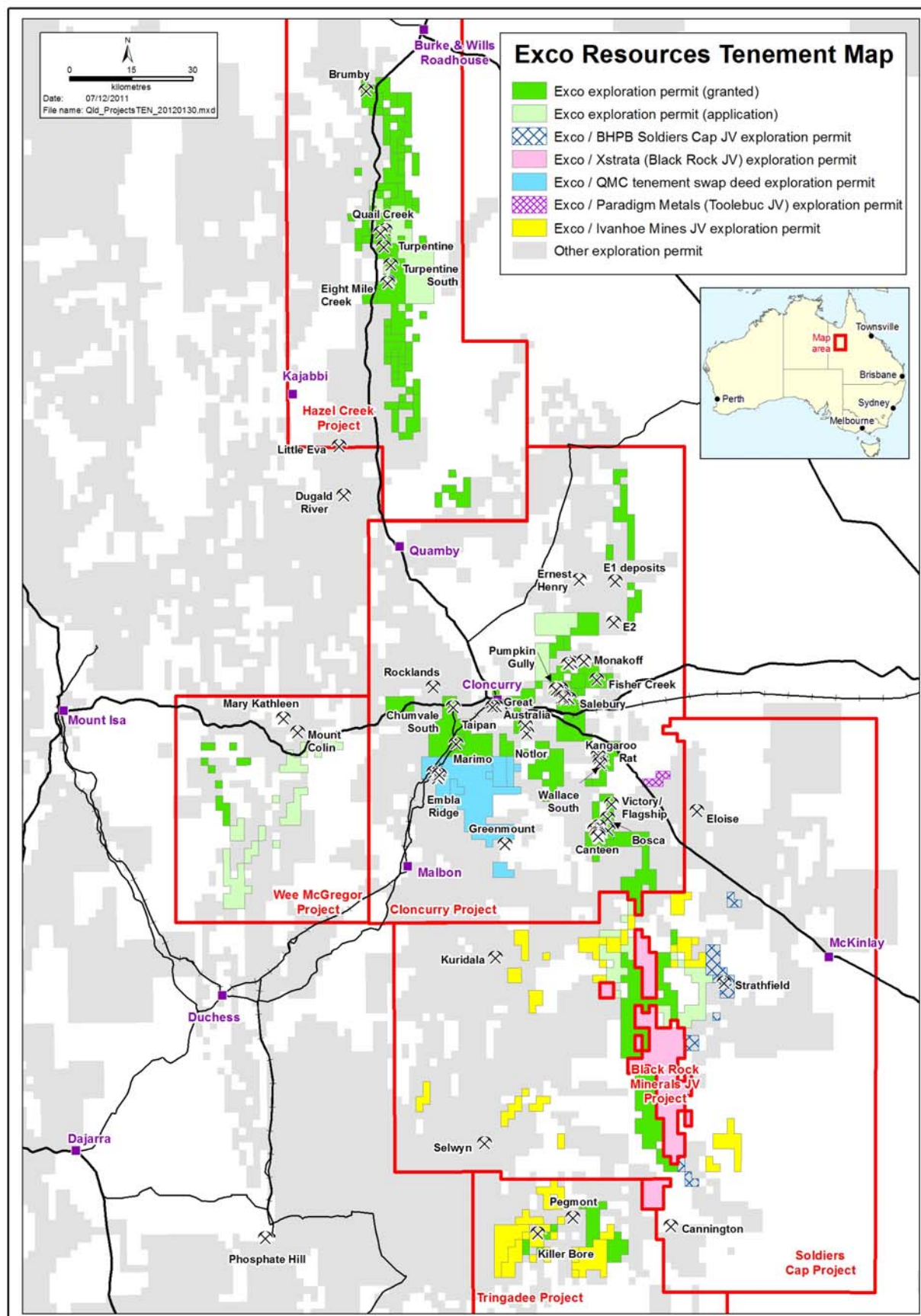


Figure 5: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

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

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