



28 March 2012

Market Release (via electronic lodgement)

KANGAROO RAT - RESOURCE UPGRADE

- A resource update for the Kangaroo Rat Deposit has been completed resulting in an Inferred Mineral Resource for a total of:

1.26Mt @ 1.29% Cu and 0.63 g/t Au (0.5 g/t cut-off)

- Limited core drilling is required to potentially allow conversion of Mineral Resource to Indicated status.
- Mineralisation is open along strike and at depth.
- The Cloncurry Project total resource has increased to: **8.05Mt @ 1.62% Cu & 0.49g/t Au.**

Exco Resources Ltd (ASX Code: **EXS**) advises that it has completed an updated resource estimate for the Kangaroo Rat Deposit, approximately 30kms southwest of Cloncurry, Northwest Queensland (see **Figures 1 and 4** for deposit location). Kangaroo Rat is located partially on EPM 15923 and ML 2695.

KANGAROO RAT RESOURCE UPDATE

The previous resource estimate for the Kangaroo Rat Deposit was reported by Cloncurry Mining Company NL and totalled **875Kt @ 1.65% Cu**. The resource has been re-estimated by Exco based on additional infill and extensional drilling completed since acquisition and is presented in **Table 1**.

The deposit is located in and around the margins of a sub-vertical fault that appears to demarcate the contact between a mafic volcanic and a black shale unit. The resource model comprises two main sub-vertical tabular zones of mineralisation that are open at depth. The larger western zone constitutes the bulk of the mineralisation and is open along strike to the west. Two additional minor zones of mineralisation occur in the footwall and hanging wall.

TABLE 1: Kangaroo Rat Resource Estimate (0.5% Cu cut-off grade¹)

Material	Ktonnes	Cu %	Au g/t	CuT	oz Au
Oxide Zone ²	192	1.01	0.49	1,940	3,030
Transition Zone	201	1.13	0.50	2,270	3,220
Fresh	864	1.39	0.70	12,010	19,450
TOTAL³	1,257	1.29	0.63	16,220	25,700

1. Using an envelope defined with a cut-off grade of 0.5% Cu
2. EPM 15923 and ML 2695 are subject to an alliance agreement between Exco and CopperChem Ltd whereby CopperChem has an entitlement to mine oxide material in exchange for a royalty payable to Exco.
3. Note: Appropriate rounding applied.

Notes from the resource estimation include:

- A total of 56 Reverse Circulation (**RC**) and Diamond drill holes were utilised in the estimation (35 Exco, 21 historical).
- Oxidation surfaces were modelled using a combination of geological logging and multi-element assay data.
- Grade boundaries were defined using a nominal 0.5% Cu cut-off grade.
- Statistical analyses on the accumulated composites were completed and outliers top-cut where appropriate. Variography and search neighbourhood analysis was also conducted as input into the grade estimation. The grade estimation method used was Block Ordinary Kriging.
- An estimate of dry in-situ bulk density was derived from one diamond core hole drilled through the deposit by Exco. A dry in-situ bulk density of 2.65t/m³ was applied for oxide material, 2.75t/m³ for transitional material and 2.85t/m³ for fresh material.
- The Mineral Resource has been classified as Inferred primarily to reflect the low number of bulk density measurements collected to date. It is envisaged that additional bulk density measurements from a limited diamond drilling programme should allow for conversion of the Mineral Resource to Indicated status.

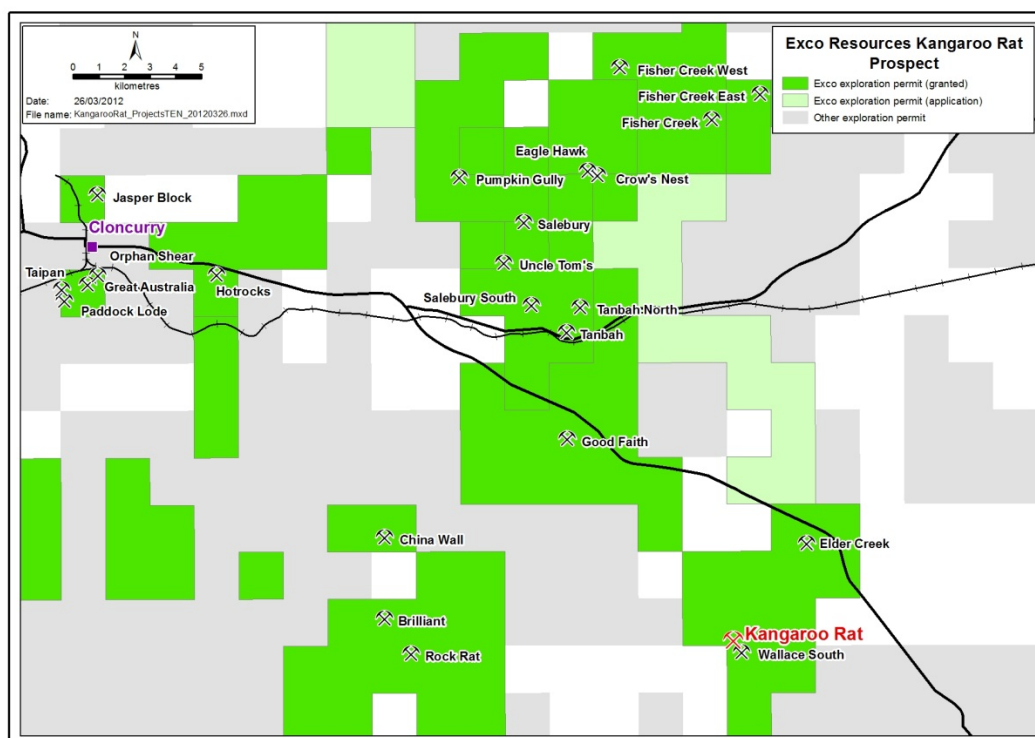


Figure 1: Location map of the Kangaroo Rat Deposit.

KANGAROO RAT PROJECT AREA EXPLORATION

The western-most hole drilled to date by Exco at Kangaroo Rat intersected **10m @ 1.35% Cu and 1.13g/t Au** from 17m (**KRRC043**). An historical RC hole (W34) drilled 50m to the south-west of KRRC043 is believed to have drilled over the main mineralised envelope. As a result, a drilling programme has been planned to test for western extensions to the Kangaroo Rat Resource (**Figure 2**).

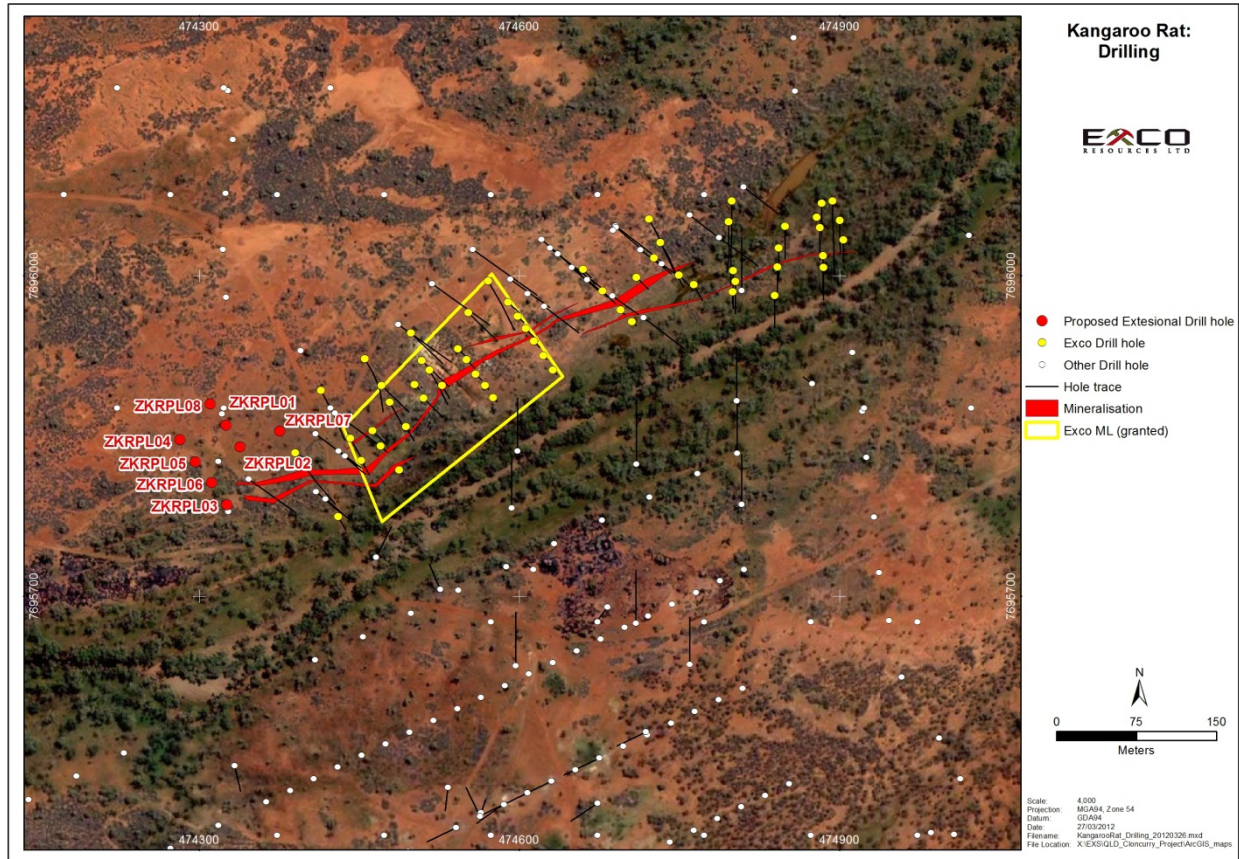


Figure 2: Extensional Drilling planned for Kangaroo Rat Deposit.

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 3**). 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) Rotary Air Blast 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.

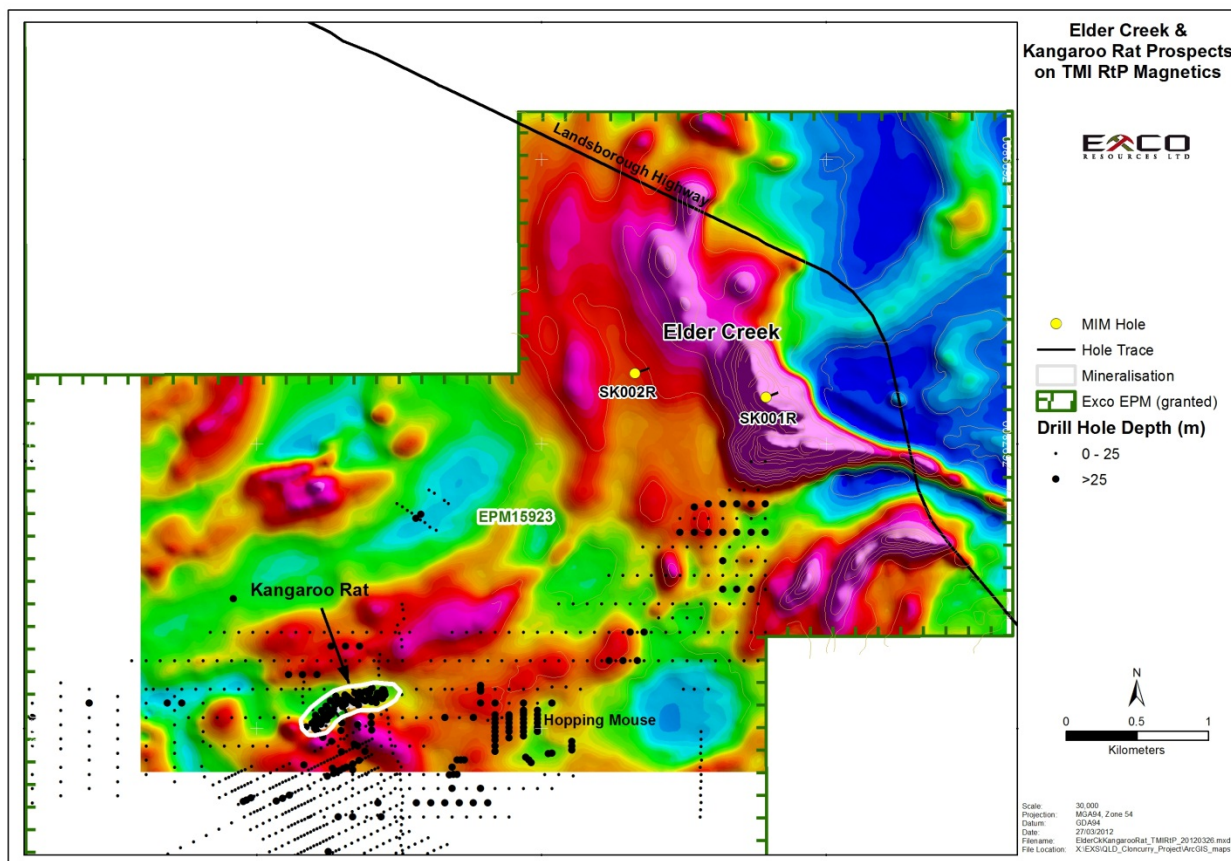


Figure 3: Location of Elder Creek Prospect over image of Total Magnetic Intensity

KANGAROO RAT MINING LEASE APPLICATION

Exco intends to lodge an application for a new Kangaroo Rat Mining Lease during the current year. The new Mining Lease will encompass the entire Kangaroo Rat deposit (including the existing ML 2695) and will allow sufficient area for infrastructure development. An environmental consulting group engaged by Exco will commence field surveys shortly in preparation for environmental approvals to be lodged over the course of this year. Field surveys will also be completed for the Wallace South deposit (**1.0Mt @ 1.6 g/t Au**) located 1.5km South of Kangaroo Rat. A mining lease application is currently being considered for the Wallace South deposit adjoining Kangaroo Rat.

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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 report relating to mineral resources and exploration results is based on data compiled by Mr Lauritz Barnes, who is a consultant to Exco Resources Limited and Exco's Chief Geologist Stephen Konecny who are members of The Australasian Institute of Mining and Metallurgy. Both Mr Konecny and Mr Barnes 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 Mr Barnes consent to the inclusion of the data in the form and context in which it appears.

TABLE 2: EXCO RESOURCES – NORTHWEST QUEENSLAND RESOURCE SUMMARY						
Deposit	Class	Tonnes	Grade		Metal	
			Cu%	Au g/t	Cu T	Au Oz
Cloncurry Project						
Great Australia ^{(1) (2)}	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	1,257,000	1.29	0.63	16,000	26,000
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		8,053,000	1.62	0.49	113,000	128,000
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		9,877,000	1.51	0.43	132,000	140,000

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⁾ Undepleted Resource - currently being mined by CopperChem Ltd and subject to a royalty arrangement with Exco

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

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

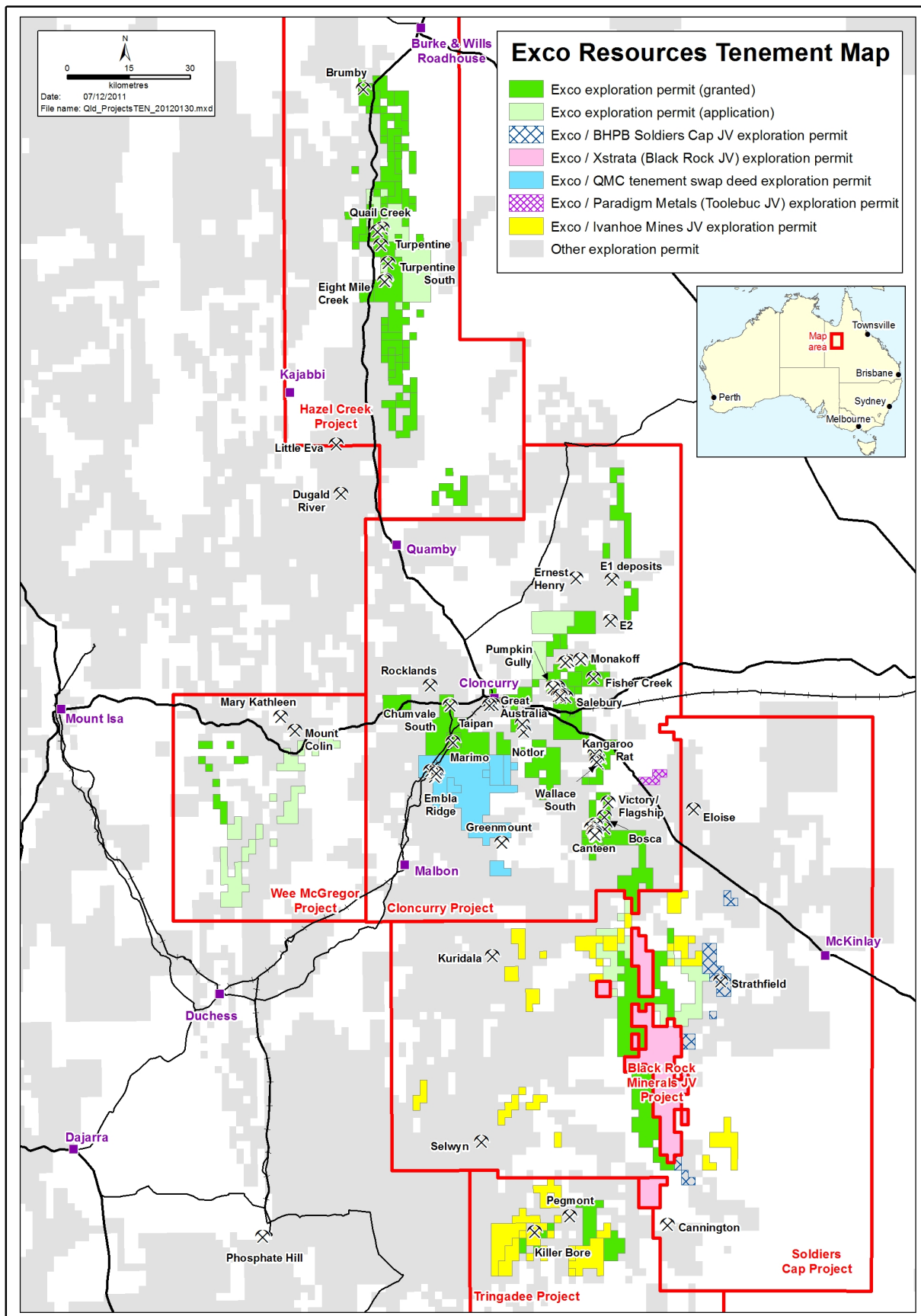


Figure 4: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

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