

Exco resumes aggressive exploration programme

ASX Code: EXS

Shares on Issue
356,044,187

Performance Rights on issue
11,200,000

Current Share Price
A\$17.5 cents

Market Capitalisation
A\$62.3m (undiluted)

Cash at 31 March 2012
A\$59.9m

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Northwest Queensland Exploration

- **Exploration continues at Cloncurry and Hazel Creek:** The exploration programmes within the Cloncurry and Hazel Creek projects have resumed with an aggressive 3 tier strategy focussing on the discovery of major new resources, delineation of second tier resources suitable for third party transactions, and a rolling programme of new data acquisition to ensure a pipeline of new targets.

Drill rigs, geophysical crews, and geochemical sampling teams have commenced work in the Cloncurry Project and will also mobilise to the Hazel Creek Project shortly.

White Dam Gold Project, South Australia

- **Gold production continues:** Joint venture production for the quarter at 5,575 ounces (100%) was down 2,846 ounces from the previous quarter as mining at the Hannaford pit reached its conclusion. Leaching continues with recovery levels continuing to exceed initial predictions.
- **Vertigo development and exploration:** Development of the Vertigo deposit commenced in January. Mining of the deposit will be completed in the June quarter with production continuing until the September quarter. The joint venture partners continue to explore for other opportunities in the Drew Hill area.
- **Cash flow:** Exco received \$6.9m in revenues for the three months at an average price of A\$1,598/oz. Whilst unit cash operating costs have risen as expected with the drop-off in production, operating margins continue to be healthy. Overall cash flow from White Dam during the quarter however was neutral due to expenditure on development and exploration costs.

Corporate

- **Appointment of Managing Director:** The Company announced on the 10th January 2012 that the Board had appointed Mr Geoffrey Laing as its new managing director. Mr Laing had been in the role of Acting CEO since the resignation of the Company's previous managing director in August 2011.
- **Australian Tax Office ("ATO") Class Ruling:** The Company had previously informed shareholders it had applied for to the ATO in respect of the tax treatment of the December 2011 Capital Return for certain shareholders. The Class Ruling (2012/11) was published by the ATO on 15 February 2012.
- **Issue of Performance Rights:** On the 30 March 2012 the Company advised that the Board had resolved to issue 11,200,000 unlisted performance rights to employees and contractors subject to the certain conditions (see below), under the *Exco Resources Ltd - Long Term Incentive Awards - 2012 Plan*. In addition the Board has also resolved, subject to shareholder approval, to issue a further 3,300,000 performance rights on similar terms to Directors.
- **Well-funded:** Exco remains well-funded with an increased cash balance at the end of the quarter of \$59.9million or approximately 16.3 cents per share fully diluted.

WHITE DAM GOLD PROJECT (Exco 75% - Polymetals 25%)

The White Dam Gold Project is located in South Australia approximately 80km west of Broken Hill (see **Figure 1**). The project contains a depleted resource inventory of 2.7Mt @ 1.03g/t Au for 90,800oz contained (see **Table 5**).

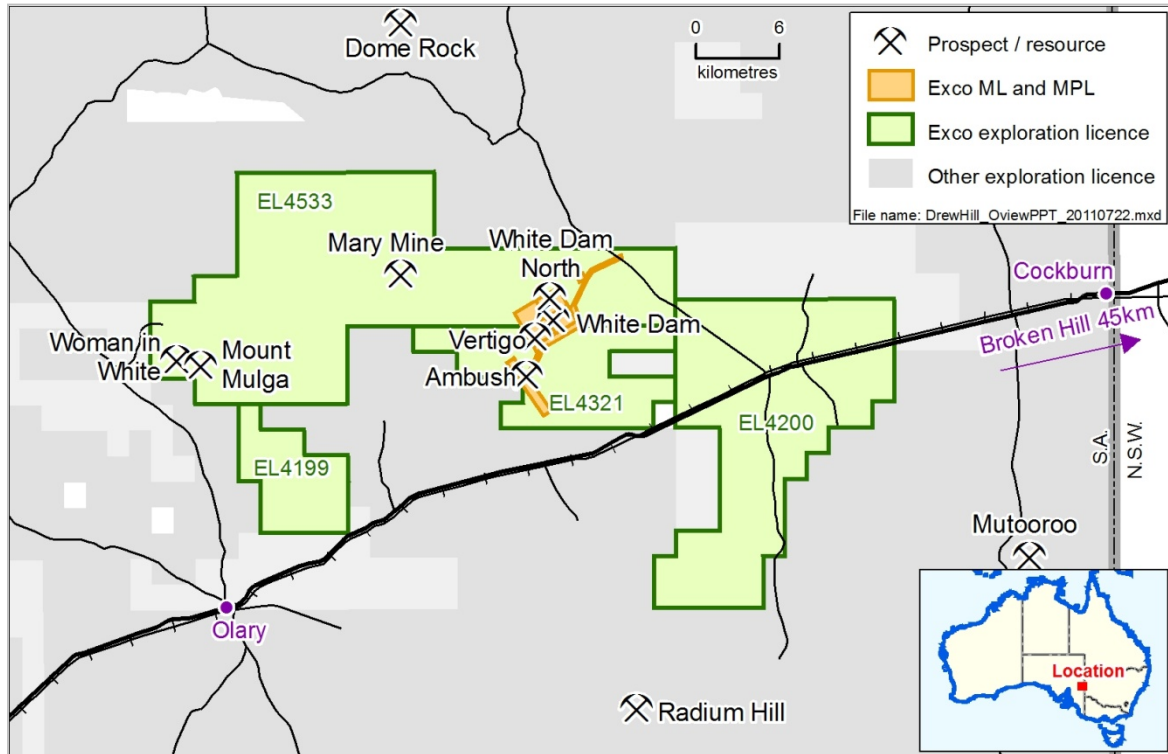


Figure 1: White Dam Gold Project Location Map

White Dam Gold Production Joint Venture (WDGPJV)

The project is subject to a JV agreement whereby Polymetals Mining Ltd hold a 25% interest in the project. Exco and Polymetals have also entered into a management agreement appointing Polymetals as project manager.

Polymetals specialises in the development of remote small to medium size resource projects. In-house expertise includes metallurgy, mining and project management.

Operations Report

Health, Safety and Environment

No lost-time injuries occurred during the quarter. There was one reportable environmental incident (minor chemical spill) which was rectified within 24-hours.

Production

Total project production for the quarter was 5,575 ounces. This figure is down from last quarter's 8,421 ounces as the project reached the end of mining production from the Hannaford pit in mid-January. Cumulative production to date is 130,276 ounces which represents a substantial increase on the original life-of-mine production forecast. The gold recovery to date is calculated at 76.5 per cent compared to the feasibility estimate of 65 per cent.

The decline in production from the previous Quarter reflects the wind down in mining from the Hannaford pit. The final cutback of the Hannaford pit was completed in January and is expected to meet its target of delivering 3,350 additional ounces.

During the quarter, 443,000 bank cubic metres were mined from Hannaford and Vertigo comprising 238,000 tonnes of ore at 0.79g/t and 868,000 tonnes of waste, for a strip ratio of 3.66:1. The first Vertigo ore was placed under irrigation towards the end of March. Mining at Vertigo is expected to conclude in early May 2012 with gold production continuing until the September Quarter 2012.

Production and Financial Statistics

White Dam Gold Joint Venture March 2012

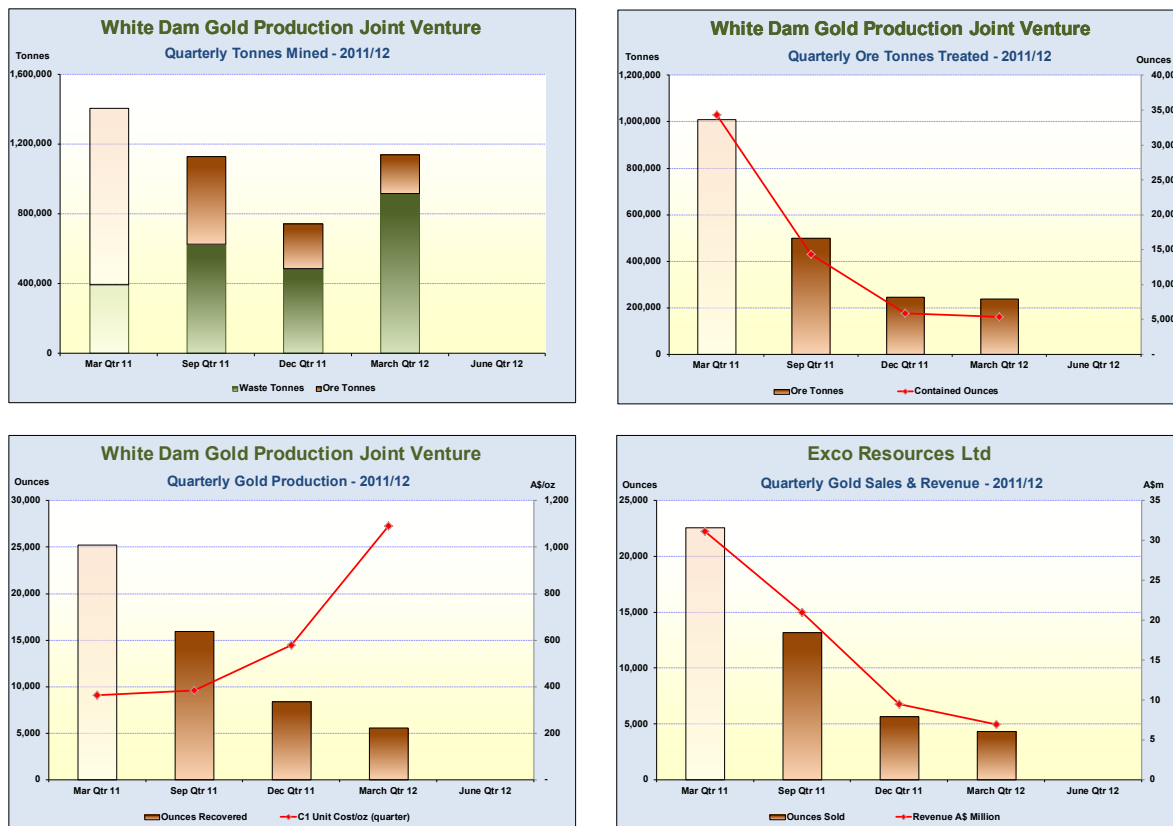


Figure 2: White Dam Gold Production Joint Venture - Production and Sales

		LOM to June 11	Sep Qtr 11	Dec Qtr 11	Mar Qtr 12	Year To Date 2011/12	Project to Date
Ore Tonnes Mined	(tonnes)	3,525,093	375,226	192,333	166,326	733,885	4,258,978
Mined Grade	(g/t)	1.00	0.89	0.71	0.75	0.81	0.97
Mined Ounces	(ounces)	113,622	10,737	4,409	3,995	19,140	132,762
Waste Tonnes Mined	(tonnes)	3,893,563	470,378	363,452	687,288	1,521,118	5,414,681
Ore placed on Leach	(tonnes)	3,525,093	375,226	184,833	178,328	738,387	4,263,480
Head Grade	(g/t)	1.00	0.89	0.71	0.75	0.81	0.97
Ounces Produced	(ounces)	75,257	11,954	6,315	4,181	22,450	97,707
Gold Loan Repayments	(ounces)	15,687	-	-	-	-	15,687
Ounces Sold	(ounces)	57,302	13,206	5,677	4,319	23,202	80,504
Mining Direct Costs	(A\$/oz)	235	208	301	652	317	274
Other Direct Costs	(A\$/oz)	130	175	277	439	253	189
C1 Unit Direct Cost	(A\$/oz)	365	383	578	1,091	570	463
Royalties	(A\$/oz)	53	30	42	41	35	59
Average Realised Sale Price	(A\$/oz)	1,393	1,587	1,671	1,598	1,610	1,455
Revenue	(A\$ million)	91.8	21.0	9.5	6.9	37.3	129.2

Table 1: Production and Financial Statistics (Exco equity interest)¹.

¹ **Ounces Produced** is gold poured plus the net change in gold-in-circuit during the period.

Mining Direct Costs include all mining costs incurred during the period excluding depreciation, amortisation and effects of stock movement.

Other Direct Costs include all direct processing and administration costs incurred during the period.

C1 Unit Costs is the accumulation of all direct costs (excluding royalties) incurred during the period divided by Ounces Produced.

Costs

To ensure transparency, the joint venture partners are now reporting unit costs under the Brook Hunt categories. The direct mining unit cost for the quarter was higher at \$652/oz. The other direct unit cost was \$439/oz resulting in a total C1 unit cost of \$1,091/oz.

These increasing cost levels are in line with expectations as foreshadowed in previous reports. Initial mining activity at Vertigo, and the transitional period of decreased production from the remaining Hannaford ore (whilst awaiting commencement of production from Vertigo), were the major causes of the increase.

Project Development

On 10th January 2012 the partners announced that they had agreed in principle to develop the small Vertigo deposit under new joint venture arrangements.

Production from the Hannaford pit will continue to be shared on a 75:25 basis but Polymetals will earn a further 25% interest in the exploration tenements in the Drew Hill area by spending \$1.3m on exploration prior to 30 June 2012. In addition Polymetals will increase its interest in the White Dam infrastructure, including plant and camp facilities, from 25% to 50% in return for a cash consideration based on an agreed independent valuation and a commitment to take on an extra 25% of the future closure costs. Production from the Vertigo deposit will be split 50:50.

Operations commenced at Vertigo in mid-January and are planned to continue until May 2012 with gold production continuing until the September Quarter 2012.

(See the ASX announcement issued to the market on 10 January 2012 for further details)

Exploration

During the September 2011 quarter Polymetals took over management of the Drew Hill Exploration Joint Venture from Exco and has worked to increase the understanding of patterns of known mineralised occurrences at White Dam, Vertigo, White Dam North and White Dam East in order to improve drill targeting.

The joint venture expended \$1.0 million on near-mine exploration during the Quarter (Exco' share \$0.75 million).

The focus of the exploration programme drilling during the March Quarter was to discover shallow open-pititable gold mineralisation. Drilling targeted anomalous gold areas delineated from results of previous scout drilling; and in areas conforming to the emerging pattern linking gold mineralisation with arcuate-shape weakly magnetic features adjacent to intersecting north-west and north-east trending structures. A total of 90 reverse circulation (RC) drillholes for 6,266m were completed in eight areas, all located within 8km of White Dam. Results from this programme are pending.

A review of historic drilling data coupled with new geophysical modelling during the March Quarter has highlighted the potential for iron-ore-copper-gold (IOCG) style mineralisation at the Laura Jane, Bindarra and Kidney Prospects. Scout drilling in a region 4km east of White Dam has defined a 1,000 m by 400m area with highly anomalous levels of uranium (U).

Further drilling is planned at Laura Jane, Bindarra and Kidney Prospects, at Hannaford, Vertigo South, Mary Mine and Lady Louise, and in the U anomalous area to the east of White Dam.

Drew Hill near-mine and regional prospects are shown in **Figure 3**

Exploration activity during the March Quarter included:

- Drilling of deeper RC holes to follow-up anomalous areas defined from previous scout drilling; 40 RC holes for 2,813m, at Tail End prospect, near drillhole NM351, near Waterbore AC, and at the Ambush Prospect;
- Scout drilling in new locations conforming to the exploration model; 50 holes for 3,453m, near Vertigo South, Northwest Tail End, South King Brown and Volc1;
- Acquisition of high resolution airborne magnetic data to cover the central and eastern portion of the tenement group;
- Geophysical magnetic modelling over the Laura Jane, Bindarra and Kidney Prospects exhibiting IOCG-style characteristic; and,
- Mapping compilation of the geology of the Hannaford pit.

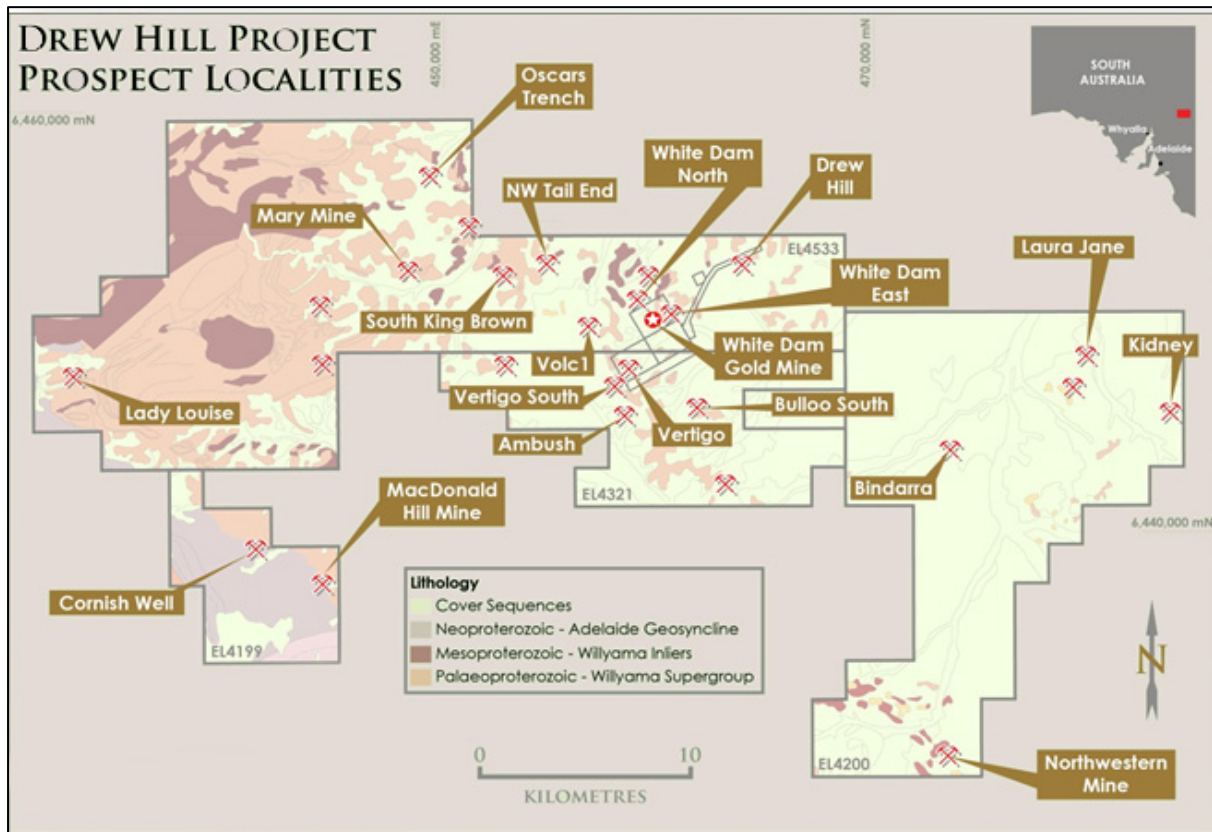


Figure 3: Location map of Drew Hill exploration area

Results of exploration completed in the March Quarter:

- Sub-ore grade gold assays have been returned from narrow intervals intersected by RC drilling at Verligo South. Interpretation is underway;
- Delineation of an anomalous U zone having an aerial extent of at least 1,000m by 400m to the east of White Dam associated with a magnetic low and hosted by a complex of interbedded pelitic schist and biotite gneiss of possible Bimba Formation, a stratigraphic unit that hosts many deposits in the district; and,
- Confirmed the prospectivity of Laura Jane, Bindarra and Kidney for IOCG-style mineralisation based on modelling of newly acquired high resolution aeromagnetic data and historic drill data compilation. Core drilling of these prospects is planned.

Exploration planned for the June Quarter includes:

- Deep diamond drilling under the Hannaford Pit, exploring for large tonnage Au-Cu-Mo mineralisation;
- Complete RC follow-up drilling at Ambush;
- Develop drill targets for IOCG-style mineralisation at Laura Jane, Bindarra and Kidney Prospects; and,
- Progress the IOCG-style exploration model by incorporating new mapping, geophysics and drilling results into recently compiled historic exploration data

QUEENSLAND EXPLORATION AND DRILLING UPDATE

Highlights

CLONCURRY PROJECT

Kangaroo Rat

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). Mineralisation is open along strike and at depth.

Weatherly Creek

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

- **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;
- **Bosca - 24m @ 0.62% Cu and 0.33 g/t Au** in ECRC558 from **68m** depth;
- **Bosca South - 8m @ 1.69% Cu and 0.09 g/t Au** in ECRC560 from **14m** 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.

Diamond drill intercept in ECDD010 (**16m @ 1.86 % Cu & 1.22 g/t Au**) at Salebury has prompted additional follow-up.

HAZEL CREEK PROJECT

Results reported during the quarter include:

Turpentine	<ul style="list-style-type: none"> • EHDD017 10m @ 1.27% Cu & 0.16 g/t Au from 138m depth; • EHDD019 45.7m @ 0.69% Cu & 0.15 g/t Au from 249m depth; • EHDD020 17m @ 1.3% Cu & 0.15 g/t Au from 198m depth; • EHRC378 8m @ 1.73% Cu & 0.38 g/t Au from 90m depth.
Eight Mile Creek East	<ul style="list-style-type: none"> • EHDD009 55.8m @ 0.64% Cu & 0.15 g/t Au from 128m depth; • EHRC364 30m @ 0.46% Cu & 0.11 g/t Au from 38m depth.
Eight Mile Creek	<ul style="list-style-type: none"> • EHRC323 10m @ 0.90% Cu & 0.13 g/t Au from 54m depth (Snowball Bore); • EHRC328 12m @ 0.57% Cu & 0.1 g/t Au from 48m depth.
Turpentine South	<ul style="list-style-type: none"> • EHDD023 15m @ 0.66% Cu & 0.16 g/t Au from 199m; • EHRC292 30m @ 0.4% Cu & 0.1 g/t Au from 136m depth, including 6m @ 1.05% Cu & 0.31 g/t Au.

Exco continues to expand exploration activities within the Northwest Queensland package that covers nearly 3,000km² of prospective ground. The company is well funded and is focussed on resource identification and growth in Queensland (see **Figure 17** for regional location map and **Table 4** for summary of established resources).

A significant phase of new data acquisition took place over the 2nd half of 2011 within the NW Queensland tenement package. The new data includes helicopter-based Sub-Audio Magnetism (SAM) 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 iron-oxide-copper-gold (IOCG) mineralisation which may be typified by the coincidence of strongly anomalous magnetic and gravity highs. The Eastern Succession of the Mt Isa Inlier hosts numerous significant resources and Mines (see **Figure 4**).

Exco's exploration strategy includes simultaneously exploring for, and developing, both large economic stand-alone resources (Tier One), as well as deposits suitable for third party transactions (Tier Two) that will realise short to medium term value for shareholders. In conjunction with this is a programme of new target generation through acquisition of new high quality data such as geophysics and geochemistry, supplemented with advanced processing techniques. This should ensure a pipeline of new prospects within this proven fertile terrain that will be explored by Exco's experienced team.

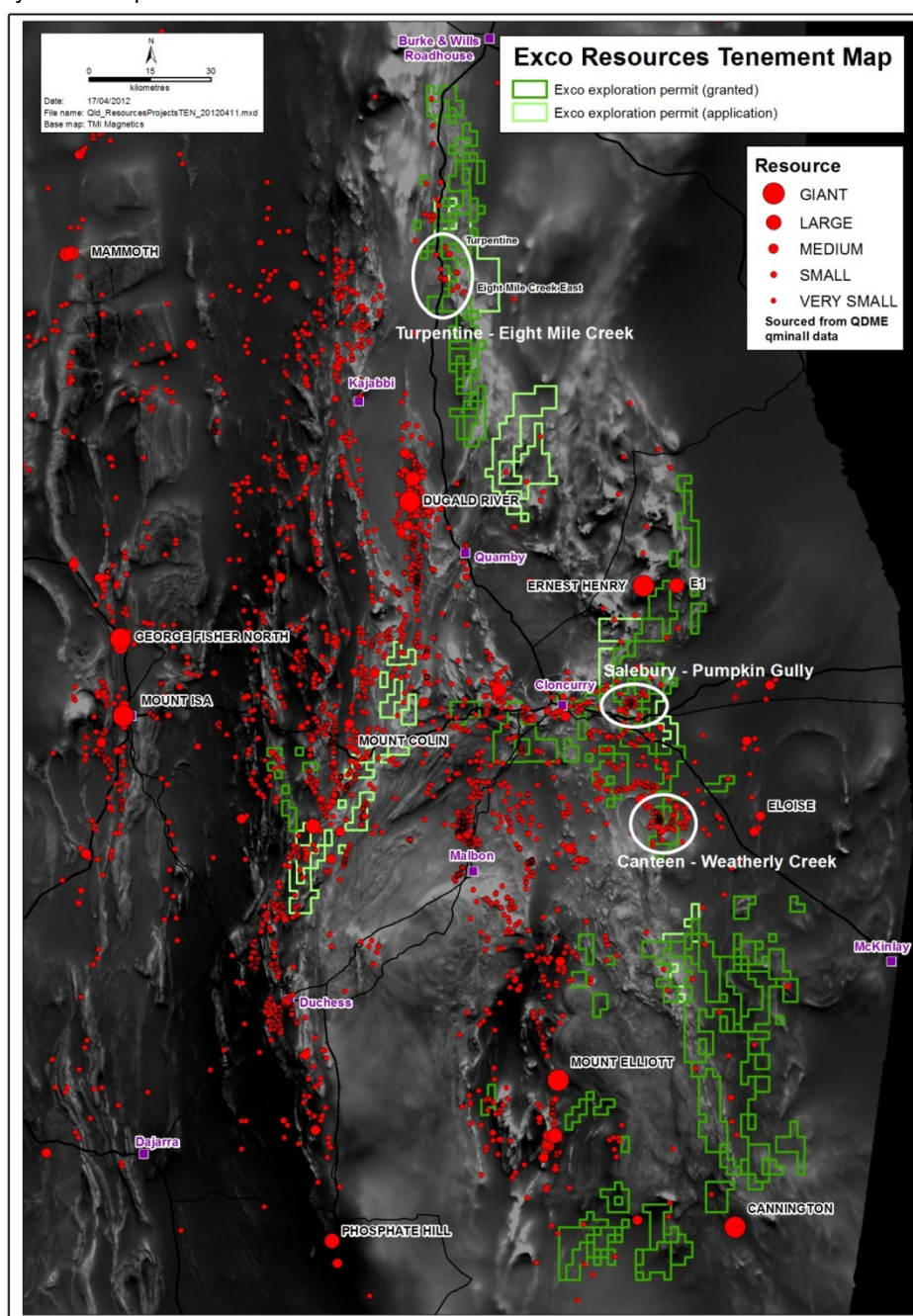


Figure 4: Location map of Exco's tenements and mineral occurrences highlights the prospectivity of the area

Cloncurry Project

Kangaroo Rat

Drilling at the Kangaroo Rat Deposit during the second half of 2011 has enabled the company to carry out a revised resource estimate.

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 2**.

TABLE 2: 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.

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.

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.

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**). 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 (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.

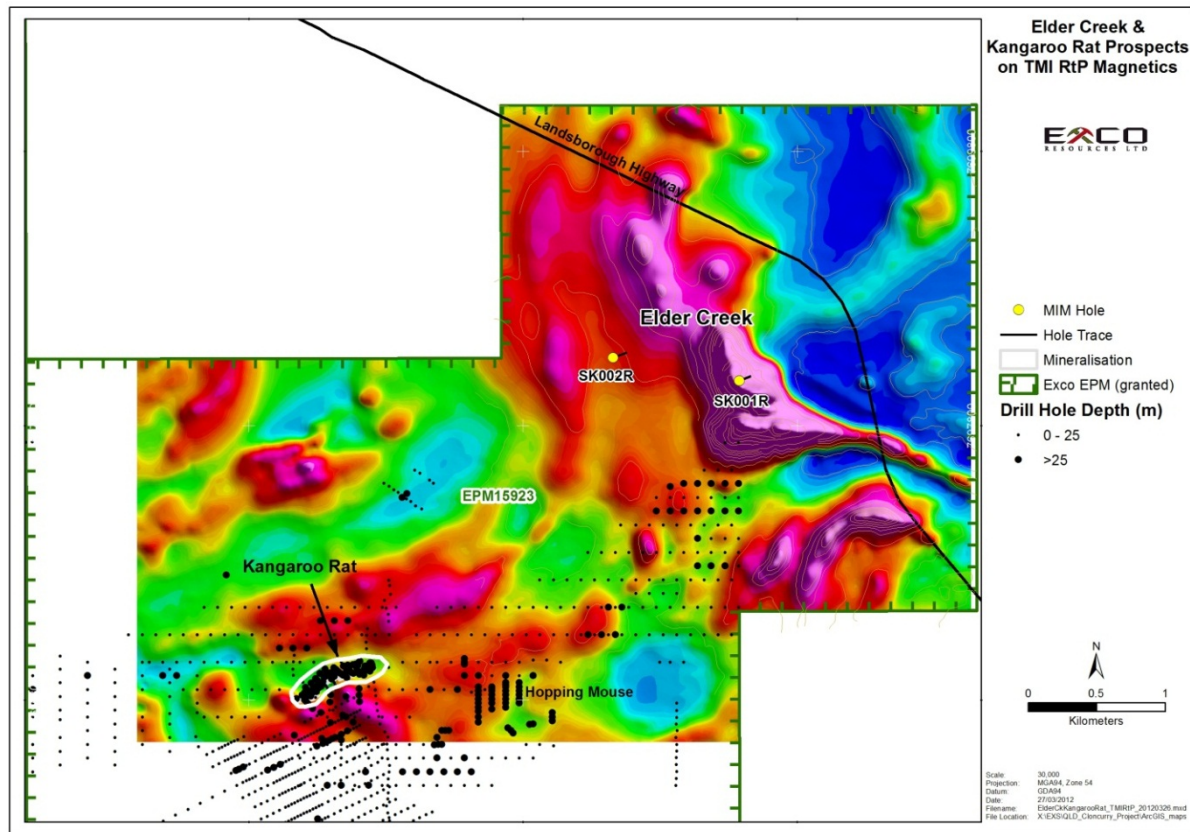


Figure 5: Location of Elder Creek Prospect over image of Total Magnetic Intensity

(For further information on the Kangaroo Rat Resource Upgrade see the ASX announcement issued to the market on 28 March 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 17** for location of the Weatherly Creek Area)

Canteen Prospect

Initial 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 (e.g. ECRC115, **66m @ 0.41% Cu and 0.06ppm Au** from surface, and ECRC158, **56m @ 156ppm U₃O₈**) (see **Figure 6** for 2011 drill hole locations and copper in soil anomalies).

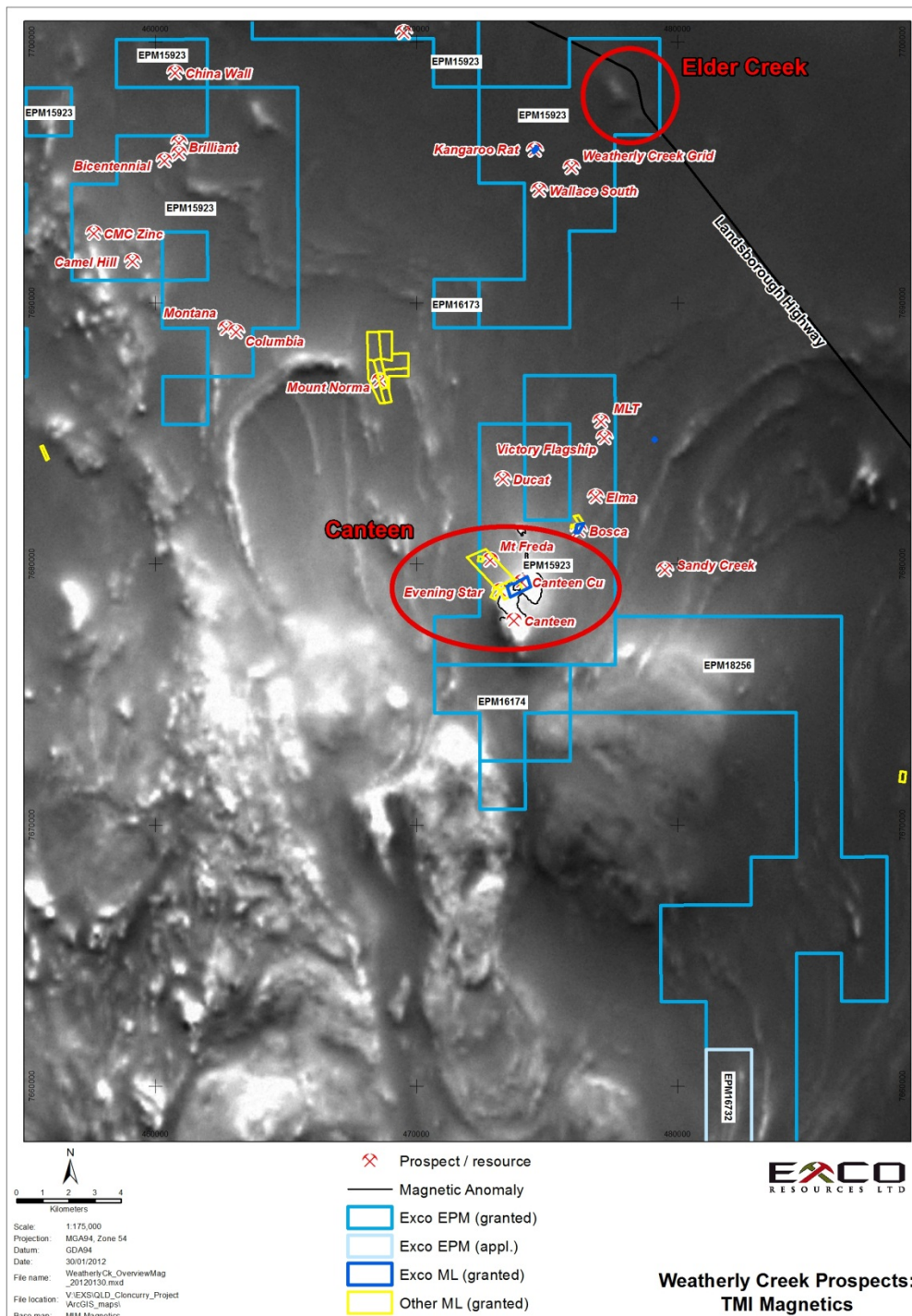


Figure 6: Location of the Weatherly Creek Prospects, highlighting the Canteen and Elder Creek Prospects, over an image of total magnetic intensity

The coincidence of a very strong magnetic anomaly proximal to a granite pluton, the presence of significant Cu and U_3O_8 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 the first half of 2012 and magnetic and SAM data is currently being inverted to enable the targeting of deeper diamond drilling during 2012.

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 7**).

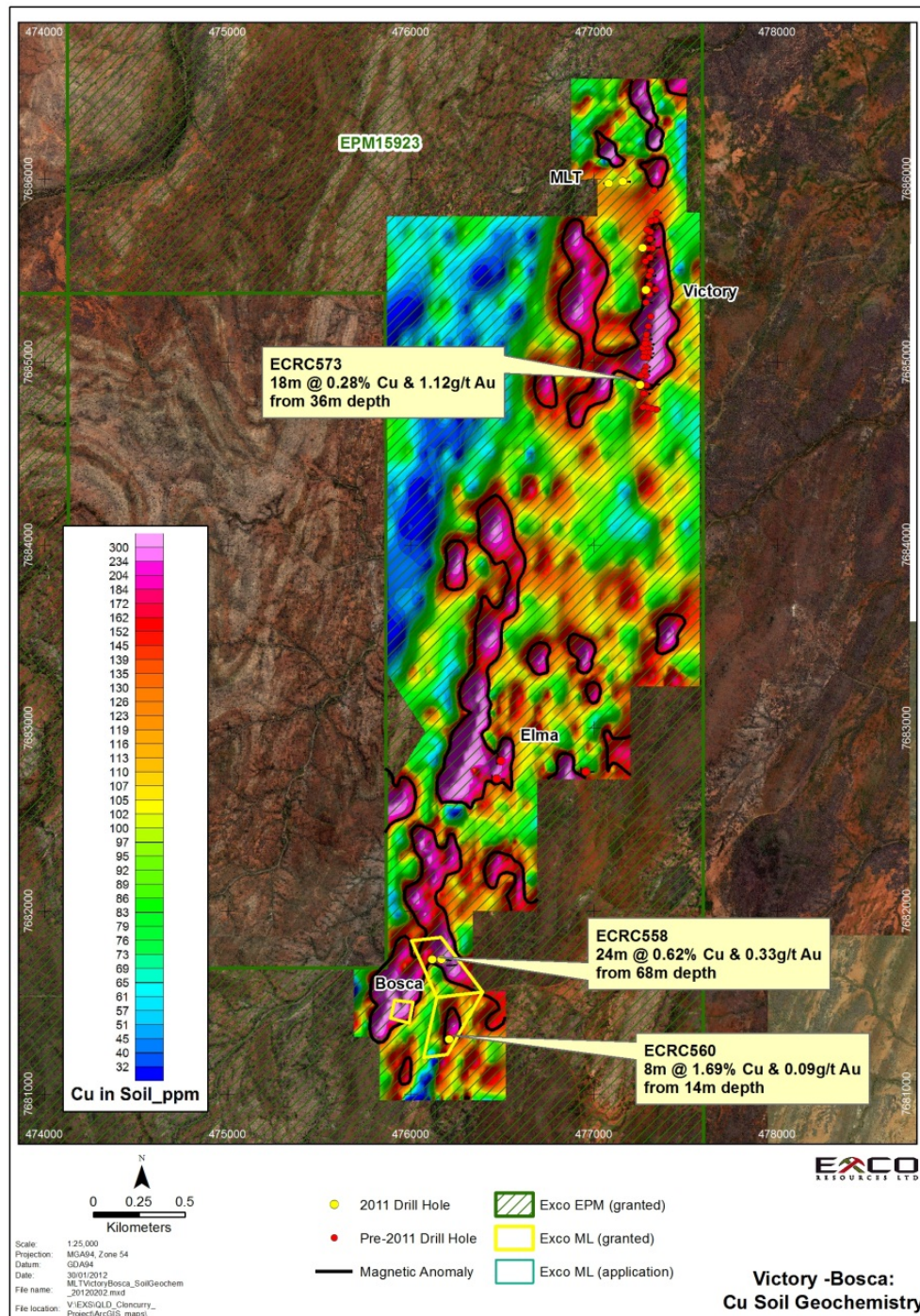


Figure 7: Composite grid of Cu in Soil along the Victory-Bosca trend

The RC drilling intersected relatively low grade mineralisation below the existing drilling with an apparent increase in gold towards the south of the prospect. ECR573 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 7**). This zone will be drilled in the forthcoming 2012 drill programme.

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 8** for drill hole and planned drill hole locations). The other holes were postponed due to threatening wet weather.

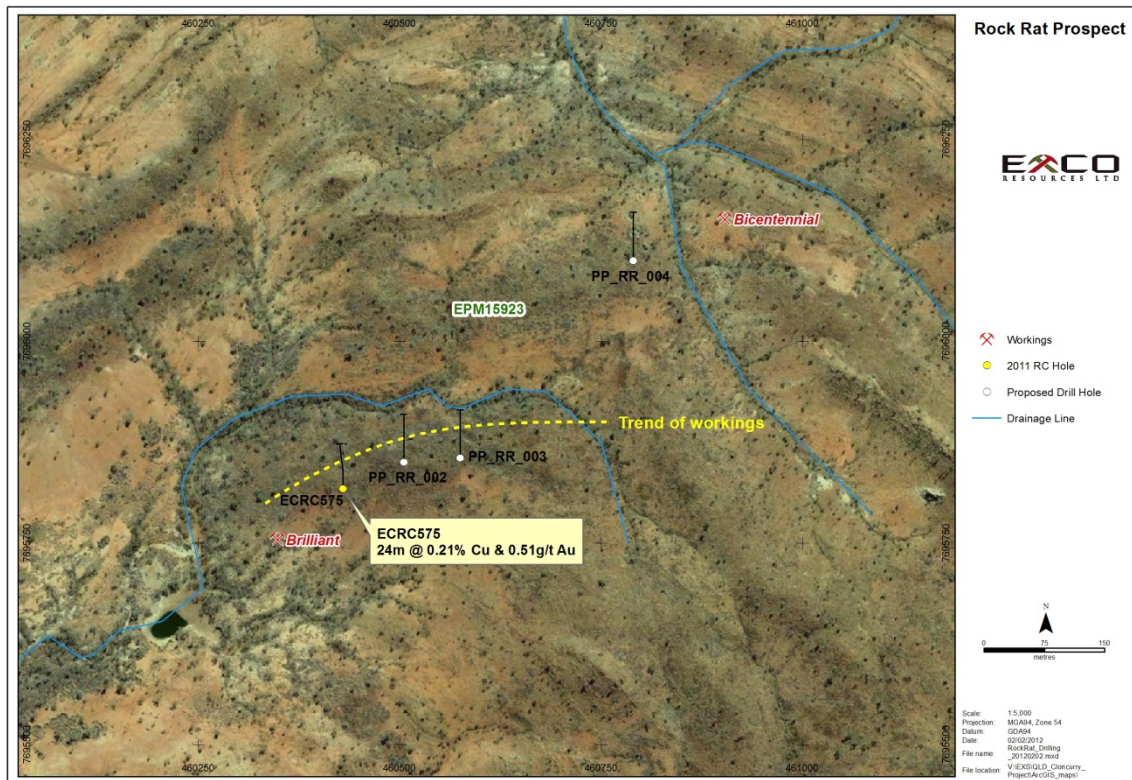


Figure 8: Location of drill hole ECRC575 drilled at the Rock Rat prospect

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

Pumpkin Gully Syncline

Work completed to date in the Pumpkin Gully syncline has yielded a number of very positive results. **Figure 9** shows prospect locations and significant results to date.

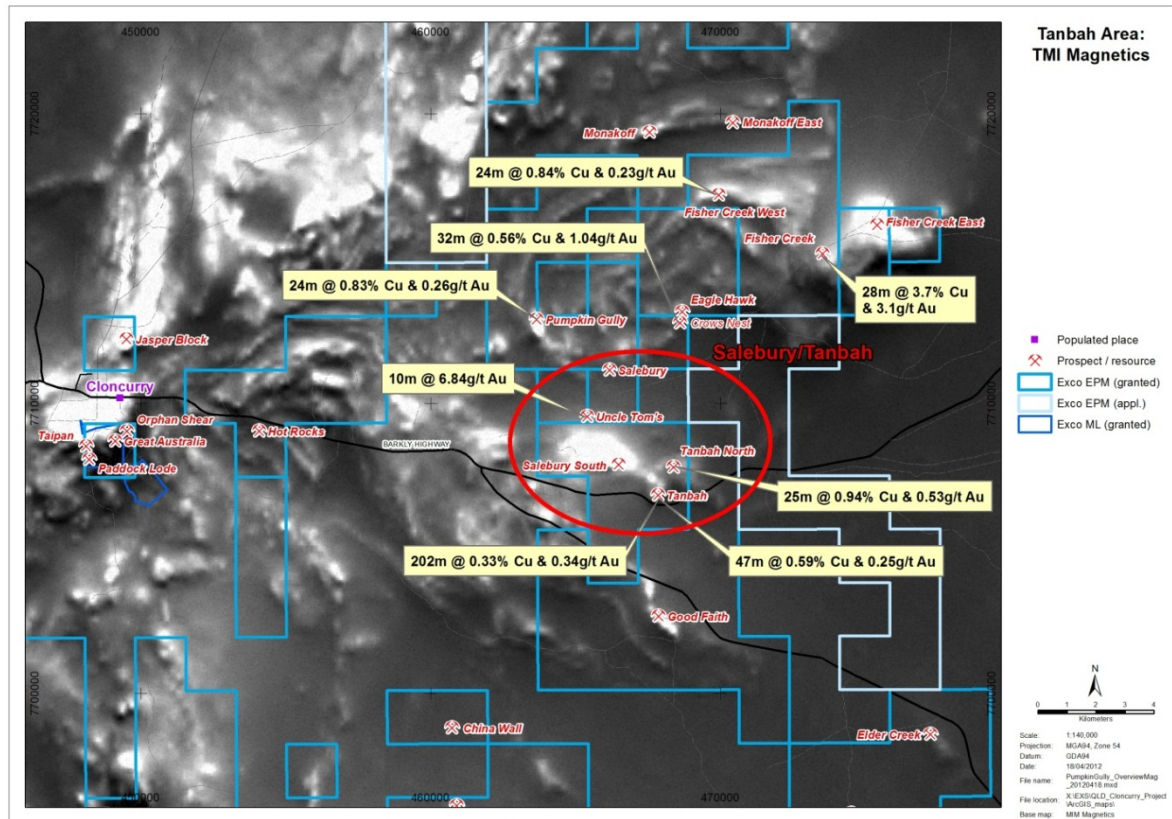


Figure 9: Salebury/Tanbah significant drill results over TMI magnetics

Tanbah 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 17** 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 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 10** for location of drill holes at Tanbah over total magnetic intensity).

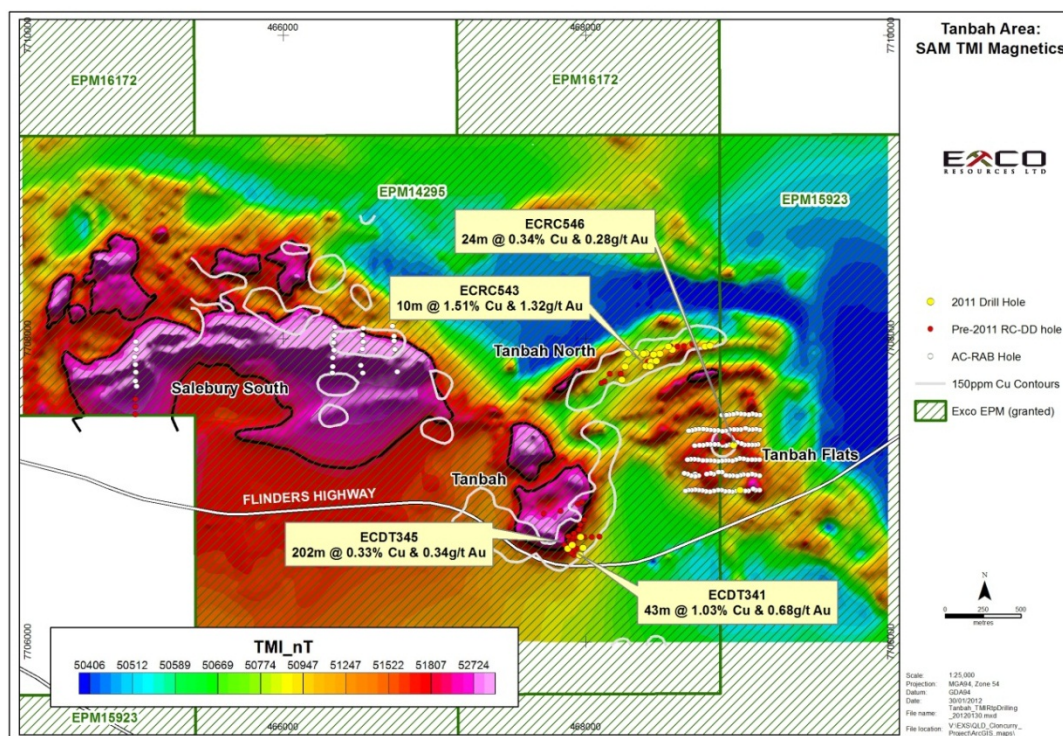


Figure 10: Location of drilling at the Tanbah-Salebury South prospects over total magnetic intensity (TMI-RTP).

Salebury

The Salebury prospect occurs on the southern limb of the Pumpkin Gully Syncline (see Figure 17 for location) 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.

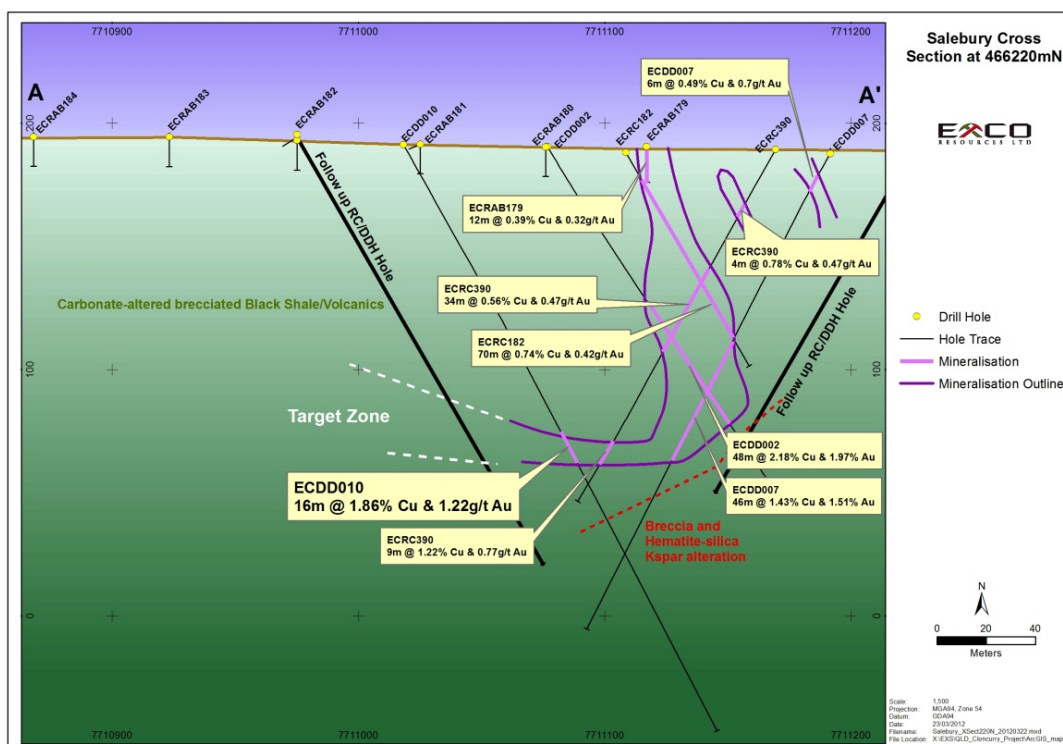


Figure 11: Cross Section A showing mineralised trends and proposed follow up drilling.

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 11 and 12** show cross sections of the new mineralisation and proposed follow-up drilling.

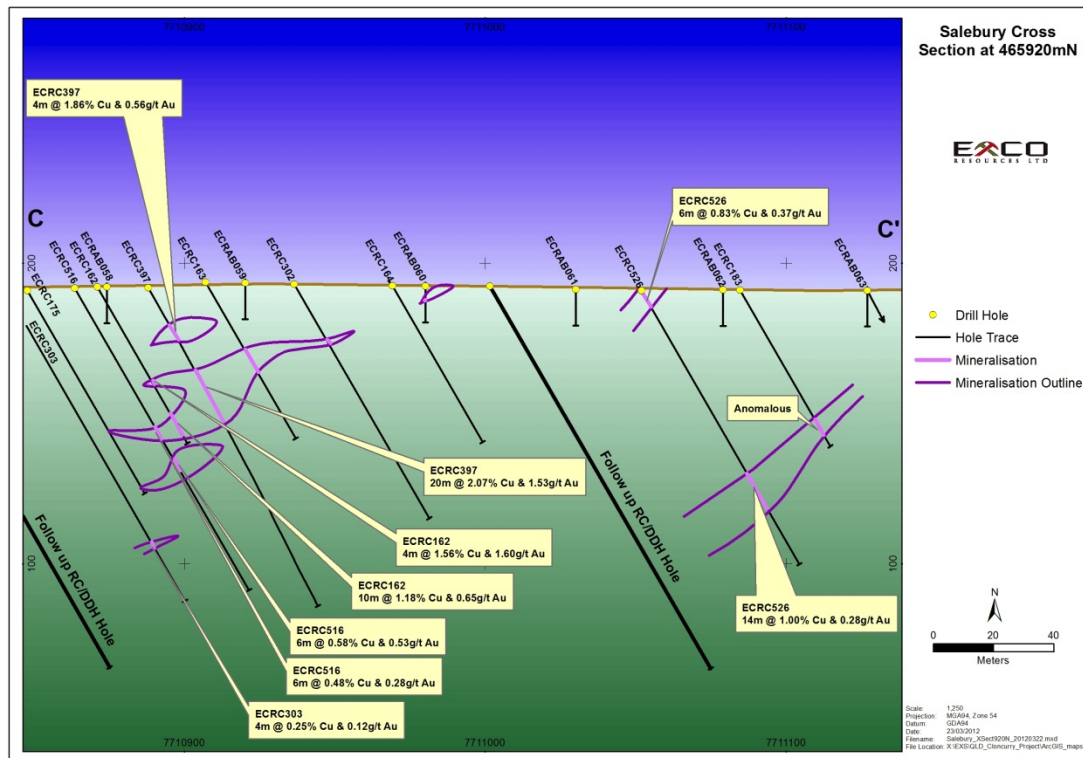


Figure 12: Cross Section C showing mineralised trends and proposed follow up drilling.

(For further information on Weatherly Creek and Pumpkin Gully syncline results see the ASX announcements issued to the market on 6 February 2012 and 23 March 2012.)

Hazel Creek Project

The Hazel Creek Project is centred approximately 90km north of Cloncurry and incorporates a large area (> 1,000km²) of prospective terrain that remains relatively unexplored. Exco has confirmed the prospectivity of the area through the discovery of the Turpentine Deposit (**1.84Mt @ 1.03% Cu & 0.2g/t Au**) and several key prospects. (see **Figure 17** location of the Hazel Creek Project area)

Turpentine resource drilling

RC and diamond drilling at the Turpentine Deposit was designed to improve the resource category under the JORC code, and to assess the potential for resource extensions along strike and at depth. A detailed gravity survey was also completed over the deposit area, and this has confirmed the deposit has a prominent gravity signature. There are also several untested gravity anomalies in the immediate vicinity of the deposit. The larger regional gravity survey has outlined a number of similar or larger gravity anomalies. Both surveys were completed in late 2011.

Results of the drilling will be incorporated into a revised resource model. The drilling has established the mineralisation continues at depth; however near surface along strike potential is limited immediately adjacent to the resource. There appears to be a north-easterly plunge to the higher grade central portion of the deposit and further drilling is planned to test this zone.

Results from the 2011 programme include:

- EHDD017 **10m @ 1.27% Cu & 0.16 g/t Au** from **138m** depth;
- EHDD019 **45.7m @ 0.69% Cu & 0.15 g/t Au** from **249m** depth;
- EHDD020 **17m @ 1.3% Cu & 0.15 g/t Au** from **198m** depth; and,
- EHRC378 **8m @ 1.73% Cu & 0.38 g/t Au** from **90m** depth.

Figure 13 shows the 2011 drill hole locations relative to the new gravity data. These results will be incorporated into the current resource model and, depending on any further requirements, will ultimately lead to a revised resources estimate.

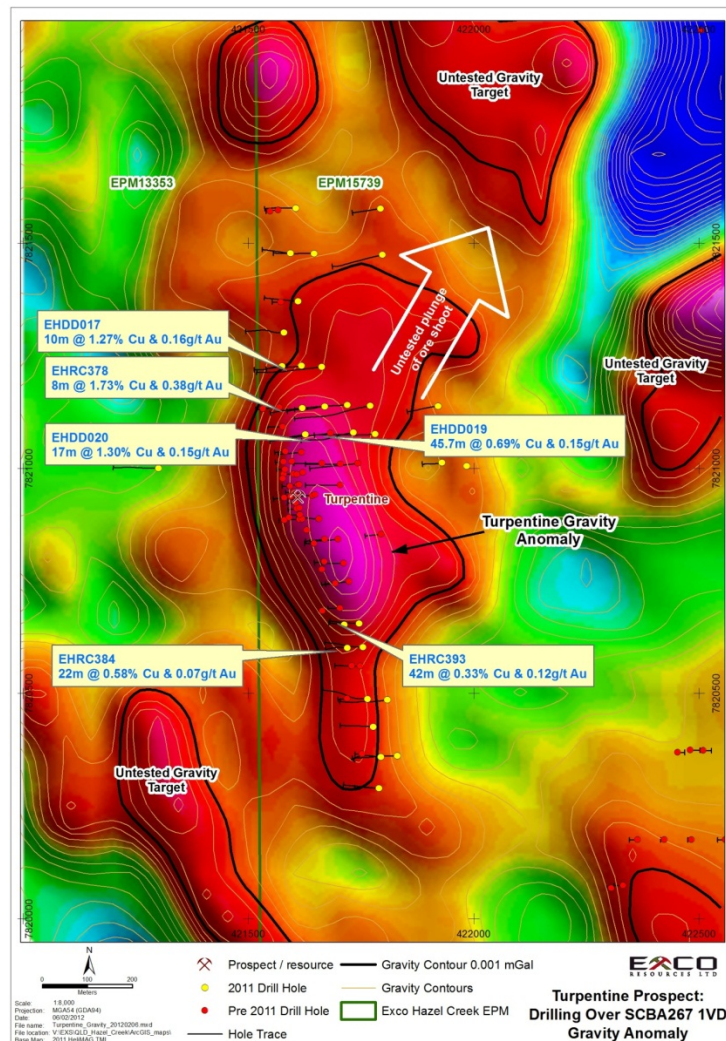


Figure 13: Turpentine deposit drill hole locations relative to 2011 gravity data.

Turpentine South – Eight Mile Creek North

RC drilling was carried out to test the potential of a large strong magnetic zone, where previous drilling had intersected significant magnetite associated copper and gold mineralisation (EHRC267, **6m @ 1.78% Cu & 0.28g/t Au** and **18m @ 1.58% Cu & 0.65g/t Au**). One diamond core hole was also completed to provide structural information which will be used to establish the geometry of the higher grade mineralisation. New geophysical data has also highlighted a range of new targets as well as fine-tuning the interpretation of the known mineralisation in this area. Results include:

- EHDD023 **15m @ 0.66% Cu & 0.16 g/t Au** from **199m**; and,
- EHRC292 **30m @ 0.4% Cu & 0.1 g/t Au** from **136m** depth, including **6m @ 1.05% Cu & 0.31 g/t Au**.

The new gravity survey has also provided some insights into the area with gravity anomalies coincident with mineralisation at Turpentine South and Eight Mile Creek North (see **Figure 14** for 2011 drill results).

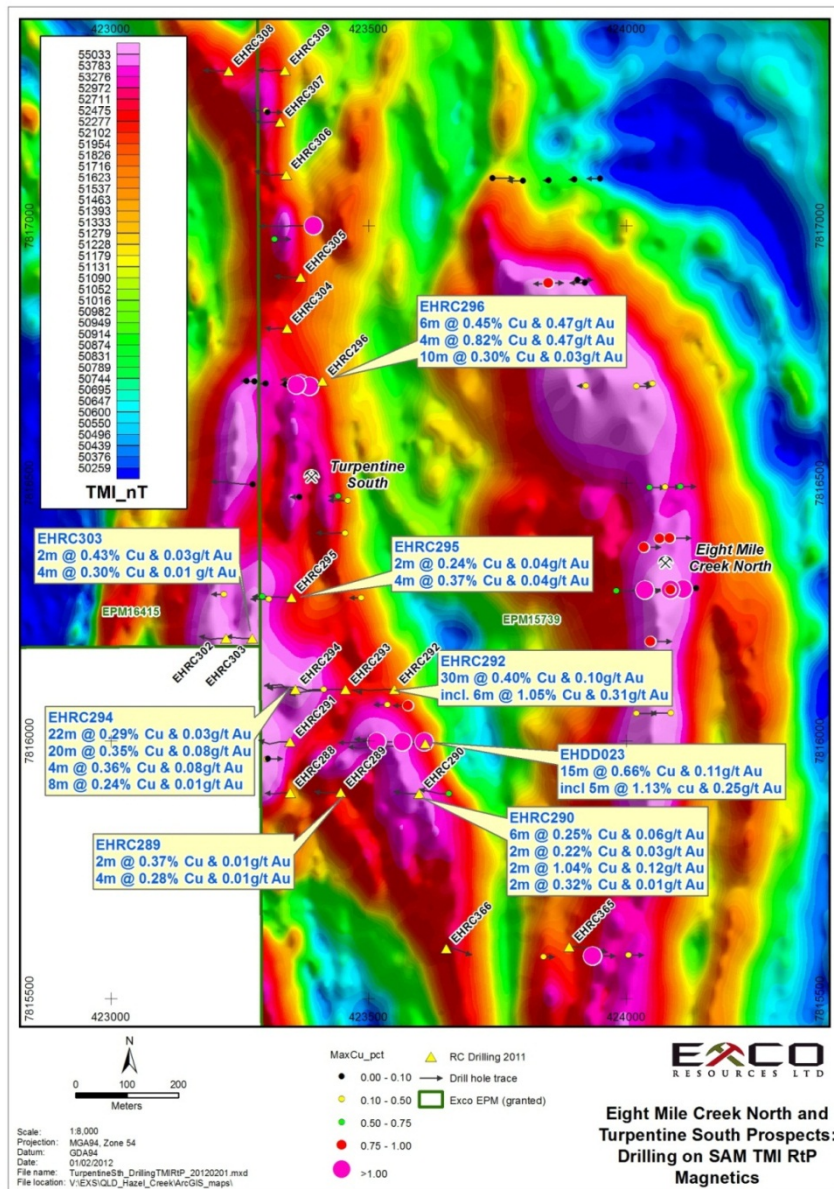


Figure 14: Turpentine South 2011 new drill results on magnetics image.

Eight Mile Creek / Snowball Bore

Previous drilling during the 1990's intersected **30m @ 0.90% Cu** within the Eight Mile Creek prospect area and a recent SAM survey by Exco has outlined a number of significant magnetic and conductivity anomalies in the prospect area. Previously reported significant intersections from recent Exco drilling to date include:

- **10m @ 0.90% Cu & 0.13g/t Au** from **54m** in EHRC323;
- **18m @ 0.27% Cu & 0.16g/t Au** from **12m** in EHRC327;
- **12m @ 0.65% Cu & 0.11g/t Au** from **48m** in EHRC328,; and,
- **30m @ 0.19% Cu** from **12m** in EHRC340.

Drilling at Snowball Bore was designed to follow up mineralisation intersected in RC drilling by BHP in the 1990's. A small outcrop of oxide copper rich quartz veining and brecciation protrudes through thin cover at Snowball Bore with very limited other rock outcrops in the general area.

EHRC323 intersected **10m @ 0.90% Cu & 0.13 g/t Au** from **54m** depth at Snowball Bore. EHRC328, approximately 2.5km NNE of Snowball Bore, returned **12m @ 0.57% Cu & 0.10 g/t Au** from **48m** depth. Initial drilling elsewhere in the immediate area has intersected widespread zones of encouraging copper throughout the large magnetic trend outlined by the SAM data.

A review of the recent drilling and the geophysics, including inversion of the recently acquired gravity data, is underway in order to prioritise follow up drilling at Eight Mile Creek. The SAM data includes conductivity anomalies that await evaluation.

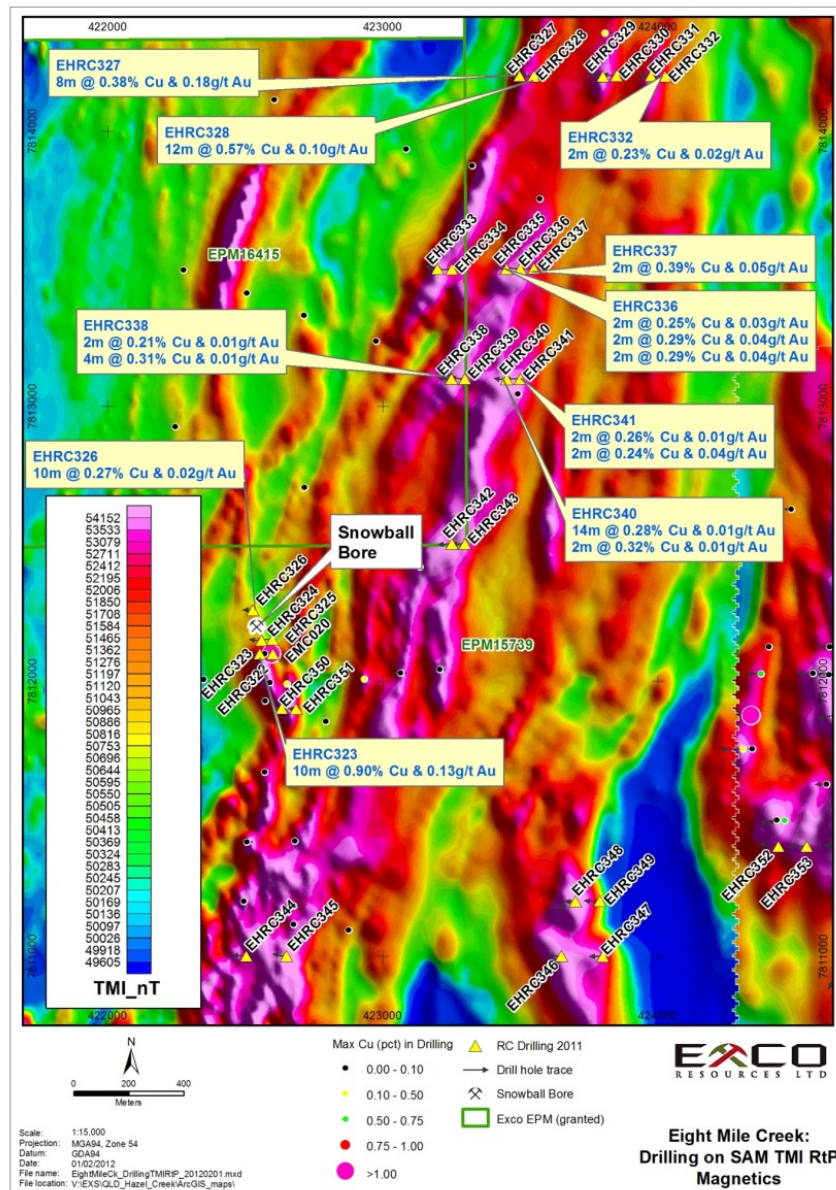


Figure 15: Eight Mile Creek area 2011 new drill results on magnetics image.

The new gravity data has outlined a very large gravity anomaly partly coincident with the magnetic zone to the south of Eight Mile Creek (see **Figure 15**). The gravity survey has shown that mineralisation at Turpentine, Turpentine South and Eight Mile Creek North is associated directly with gravity anomalies, and therefore this large anomaly will be a high priority for drill testing.

Eight Mile Creek East

Drilling by Exco at Eight Mile Creek East has previously intersected significant mineralisation associated with strong magnetic and/or conductivity anomalies defined by a SAM survey.

Mineralisation is hosted within metasediments and amphibolites and has an association with magnetite. Best results from limited drilling during 2011 include:

- EHDD009 **55.8m @ 0.64% Cu & 0.15 g/t Au** from 128m depth; and,
EHRC364 **30m @ 0.46% Cu & 0.11 g/t Au** from 38m depth.

Mineralisation discovered to date is associated directly with magnetite and appears to be close to a large magnetic low. Four separate zones of mineralisation have been detected (see **Figure 16**), and further drilling is required to establish the three dimensional geometry of these bodies.

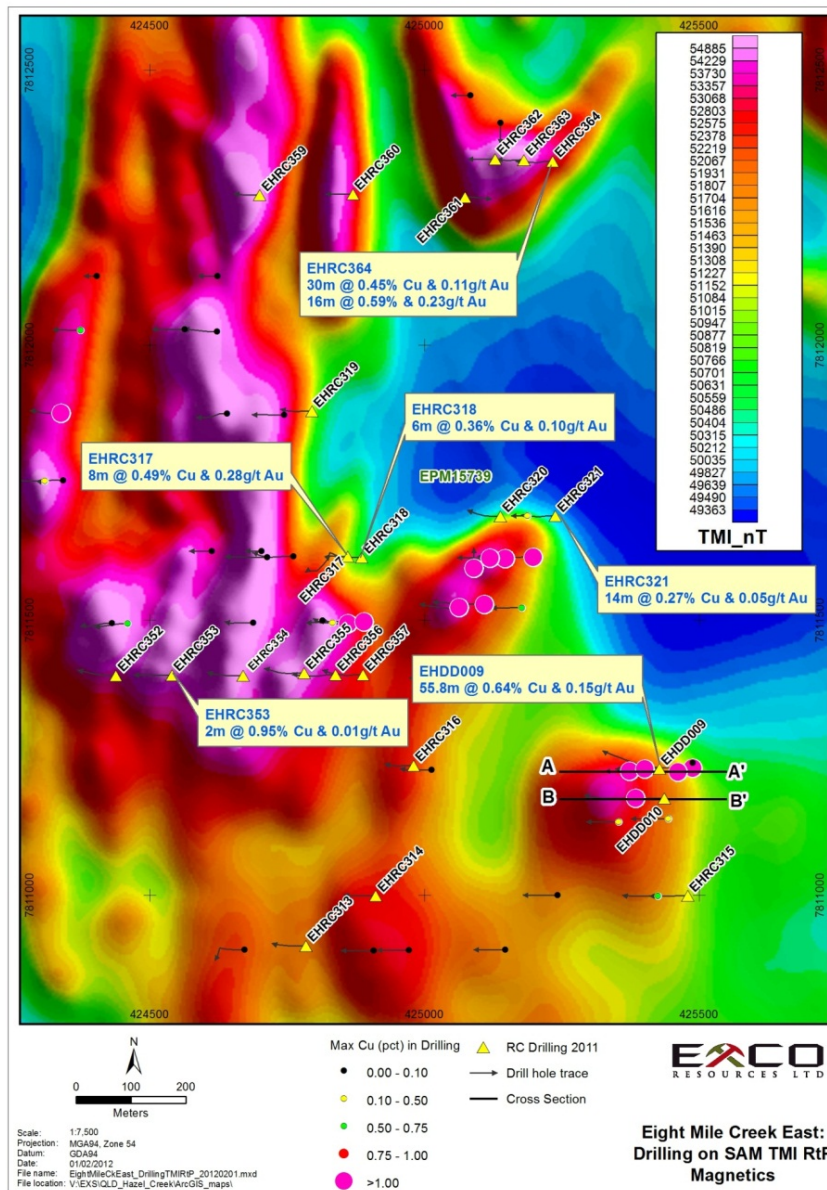


Figure 16: Eight Mile Creek East 2011 new drill results on magnetics image.

Preliminary Rare Earth Element assay scans of selected intervals from some of the holes have revealed some enrichment, with EHRC317 returning 8m at 0.67% Total Rare Earth Oxides (TREO). Several narrower zones of greater than 1% TREO occur within these intervals. These results are preliminary and only from a small sample size. The presence of these elements will continue to be monitored.

(For further information on the Hazel Creek Project see the ASX announcement issued to the market on 13 February 2012.)

PROJECTS NOT LISTED

Projects that are not mentioned in this report have had no significant results during the present quarter or results are not yet available.

CORPORATE

Board structure

On the 10 January 2012 the company announced that the Board had appointed Mr Geoffrey Laing as its new Managing Director.

Mr Laing, who had previously been General Manager Corporate and Business Development for the Company had been in the role of Acting CEO subsequent to the resignation of the Company's previous managing director, Mr Michael Anderson, in August 2011.

The board looks forward to working with Mr Laing as Exco continues to progress its portfolio of Cu-Au projects in Northwest Queensland.

(See the ASX announcement issued to the market on 10 January 2012 for further details)

Great Australia Royalty

Exco is entitled to a royalty on approximately 1.7million tonnes of sulphide ore contained within the Great Australia resource (see **Figure 15**) pursuant to the terms of the *Exco-CopperChem Alliance Agreement* entered into in September 2009.

CopperChem commenced mining of sulphide ores from the open pit during the six months to 31 December 2011.

The parties to the Agreement have agreed to a calculated amount of 58,300 tonnes of ore processed for the period to 31 December 2011 and accordingly a royalty receivable of \$925,211 has been agreed as at that date.

Australian Tax Office ("ATO") Class Ruling

On 24 October 2011 the Company lodged with the ASX the notice of meeting and explanatory memorandum ("**NOM**") relating to the annual general meeting of Exco shareholders to be held on 24 November 2011 to consider (inter alia) a proposed return of capital to Exco shareholders ("**Capital Return**").

The NOM stated that Exco had applied to the ATO for a class ruling in relation to the tax treatment of the Capital Return for certain shareholders. The ATO published the class ruling (2012/11) on 15 February 2012.

The class ruling is consistent with the information contained in item 6 of the explanatory memorandum accompanying the NOM. The class ruling is available on the ATO website and on Exco's website.

The tax consequences for a shareholder with respect to the Capital Return may vary depending upon a shareholder's individual circumstances. Shareholders should consult their own tax adviser as to the potential tax consequences for them with respect to the Capital Return.

(See the ASX announcement issued to the market on 24 February 2012 for further details)

Non-IFRS Measures

We supplement our financial information reporting determined under International Financial Reporting Standards (IFRS) with certain non-IFRS financial measures, including the Brook Hunt categorisations of Direct Mining costs, Other Direct costs and C1 unit cost. We believe that these measures provide meaningful information to assist management, investors and analysts in understanding our financial results and assessing our prospects for future performance.

Issue of Performance Rights

On the 30 March 2012 the Company advised that the Board had resolved to issue 11,200,000 unlisted performance rights to employees and contractors ("Participants"), subject to the following conditions, under the Exco Resources Ltd - Long Term Incentive Awards - 2012 plan ("Plan").

Each performance right grants the Participant the right to acquire one fully paid ordinary share in the Company, with a nil exercise price, exercisable on or before 31 July 2016 subject to vesting or earlier lapse in accordance with the rules of the Plan.

In addition, the number of performance rights specified below is only exercisable and capable of vesting if certain performance hurdles are achieved in accordance with the rules of the plan by the following dates, respectively:

31 January 2013	-	460,000
31 July 2013	-	4,450,000
31 January 2014	-	690,000
31 January 2015	-	5,600,000

Performance rights are not quoted securities, and do not confer the right to participate in dividends or new issues of shares. If and when a performance right is exercised, the resulting fully paid ordinary share will rank equally with all then issued ordinary shares.

The Board has also resolved, subject to shareholder approval, to issue a further 3,300,000 performance rights on equivalent terms to Directors as detailed below. The performance rights to be granted to Directors will vest 50% on 31 July 2013 and 50% on 31 January 2015 subject to the terms of the above Plan and the satisfaction of performance milestones, including continued service, total shareholder return and Exco Group specific targets.

Director	Performance Rights	Expiry Date
Geoff Laing – Managing Director	1,800,000	31 July 2016
Alasdair Cooke – Executive Director	800,000	31 July 2016
Barry Sullivan – Non Executive Director	300,000	31 July 2016
Peter Reeve – Non Executive Director	200,000	31 July 2016
Tom Whiting – Non Executive Director	200,000	31 July 2016

The performance rights are being issued to:

- create commonality of purpose between Directors, Participants and the Exco Group and thereby enable the participants to share in the rewards of the success of the Exco Group;
- add wealth to all shareholders by motivating the participants; and,
- attract quality participants to, and motivate and retain them in, the Exco Group.

The Board intends to seek shareholder approval of the grant of the performance rights to Directors at the Company's next general meeting.

(See the ASX announcement and Appendix 3B issued to the market on 30 March 2012 for further details)

Share Holdings

At 26 April 2012 the top 20 Shareholders of Exco were as follows:

	Shareholder	Current Units	Percentage
1	Ivanhoe Australia Limited	79,288,632	22.27
2	Washington H Soul Pattison & Co Ltd	46,587,023	13.08
3	Mr Alasdair Cooke	17,317,878	4.86
4	JP Morgan Nominees Australia Ltd	10,111,908	2.84
5	National Nominees Ltd	9,702,792	2.73
6	Lujeta Pty Ltd	9,200,000	2.58
7	HSBC Custody Nominees (Australia) Ltd	6,037,468	1.70
8	Cogent Nominees Pty Ltd	6,018,268	1.69
9	UBS Wealth Management	4,055,618	1.14
10	National Health Recovery Agents Pty Ltd	3,767,000	1.06
11	Mr Geoffrey Rol	3,739,048	1.05
12	Citicorp Nominees Pty Ltd	3,438,626	0.97
13	Dale Park Pty Ltd	3,080,000	0.87
14	Burls Holdings Pty Ltd	2,786,215	0.78
15	Mr Leonard Nicita	2,339,407	0.66
16	Mr Bruce McLarty	2,000,000	0.56
17	Kinar Pty Ltd	1,905,500	0.54
18	Mr Andrew Lyell	1,560,000	0.44
19	Bradleys Polaris Pty Ltd	1,558,000	0.44
20	The Trust Company (Superannuation) Ltd	1,500,000	0.42
	Top 20 Total	215,993,383	60.66

Table 3 – Top 20 Shareholders

*On behalf of the Board of
Exco Resources Ltd*

Geoff Laing
Managing Director

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

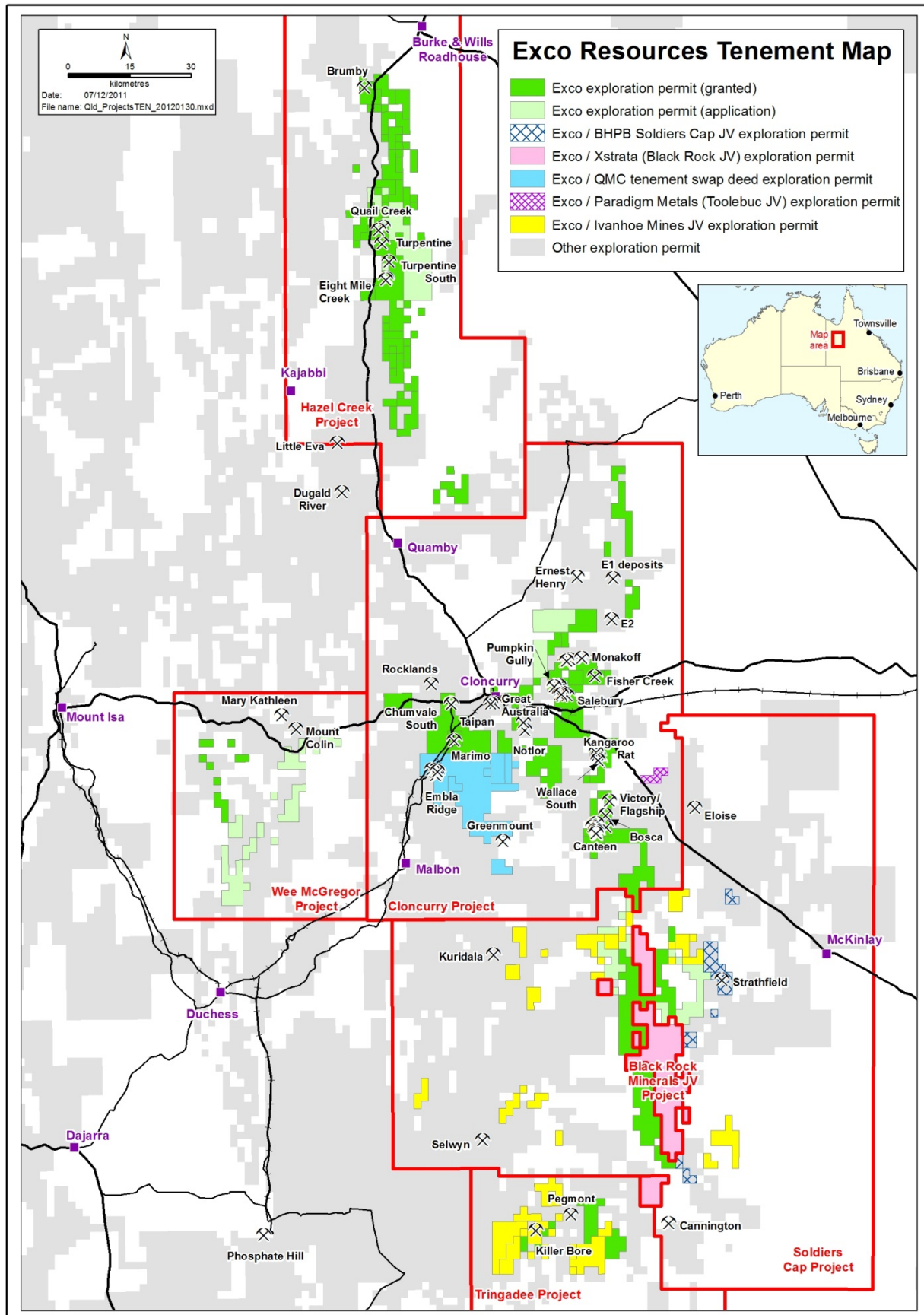


Figure 17: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

RESOURCE TABLES

TABLE 4: 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	1,257,000	1.29	0.6	16,000	25,500
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	127,500
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	139,500

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 5: 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	600	0.99	19.1	90	0.74	2.1	690	0.96	21.2
	Fresh	327	1.01	10.6	1,954	0.88	55.3	2,281	0.90	65.9
	Sub-Total	927	1.00	29.7	2,044	0.87	57.4	2,971	0.91	87.3
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		2,147	1.17	75.9	3,273	0.90	93.3	5,420	1.03	169.4

Notes: Discrepancies in totals are as result of rounding.
White Dam resource (depleted to end of mining in January 2012) 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 0.4g/t.

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.

The information in this report that relates to White Dam Mineral Resources is based on information compiled by Mr Troy Lowien, Polymetals Senior Resource Geologist who is a Member of The Australasian Institute of Mining and Metallurgy and is a fulltime employee of Polymetals Mining Limited. The information in this report that relates to White Dam Exploration Results is based on information compiled by Mr Jess Oram, Polymetals Exploration Manager who is a Member of the Australian Institute of Geoscientists and is a fulltime employee of Polymetals Mining Limited. Messer's Lowien and Oram have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities which they undertook to qualify as a Competent Persons as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Messer's Lowien and Oram consent to the inclusion of matters based on their information in the form and context in which it appears in this report.

Other 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

EXCO RESOURCES LTD

ACN

080 339 671

Quarter ended ("current quarter")

31 March 2012

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	6,592	37,035
1.2	Payments for		
	(a) exploration and evaluation	(1,404)	(9,810)
	(b) development	(57)	(523)
	(c) production	(4,362)	(12,752)
	(d) administration	(541)	(4,538)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1,343	6,681
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	(47,347)
1.7	Refunds/(Payments of security deposits)	-	-
Net Operating Cash Flows		1,571	(31,254)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(e) prospects	-	-
	(f) equity investments	-	(35)
	(g) other fixed assets	(23)	(385)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	1	4
1.10	Loans to other entities	-	-
1.11	Refunds/(Payments) of security deposits	(235)	(128)
1.12	Other	-	-
Net investing cash flows		(257)	(544)
1.13	Total operating and investing cash flows (carried forward)	1,314	(31,798)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (carried forward)	1,314	(31,798)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2,460
1.15	Fund Raising Costs	-	(12)
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	(99,962)
1.19	Other – Capital Return	-	(35,604)
	Net financing cash flows	-	(132,848)
	Net increase (decrease) in cash held	1,314	(164,646)
1.20	Cash at beginning of quarter/year to date	58,564	224,524
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	59,878	59,878

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2 & 1.8	303
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions (all amounts exclusive of GST)

Payments include consulting fees, directors fees, tenement, GIS management and provision of a fully services office.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,500
4.2 Development	-
4.3 Production *	2,500
4.4 Administration	750
Total	6,750

* Production cash flow does not include projected sales receipts for next quarter

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,841	543
5.2 Deposits at call	58,037	58,021
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	59,878	58,564

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased	EPM 16730	Direct	0%	100%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (note 3) (cents)	Amount paid up per security (note 3) (cents)
7.1	Preference *securities (<i>description</i>)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	356,044,187	356,044,187		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	*Convertible debt securities (<i>description</i>)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Performance Rights (<i>description</i> <i>and conversion</i> <i>factor</i>)	11,200,000	-	ExercisePrice 0 cents	Expiry Date 31 July 2016
7.8	Issued during quarter	11,200,000	-	0 cents	31 July 2016
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (<i>totals only</i>)				
7.12	Unsecured notes (<i>totals only</i>)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Mr Eamon Byrne
Company Secretary

Date: 30 April 2012

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.