



26 June 2012

Market Release (via electronic lodgement)

QUEENSLAND EXPLORATION UPDATE

Further Results Increase Confidence in the Salebury Prospect

HIGHLIGHTS

- Salebury Reverse Circulation drilling continues to deliver results.
- Latest highlights include:
 - **ECRC600 intersected 15m @ 2.45% Cu and 0.55 g/t Au**
 - **ECRC591 intersected 10m @ 2.91% Cu and 1.59 g/t Au**
 - **ECRC586 intersected 17m @ 1.13% Cu and 0.76 g/t Au**
 - **ECRC609 intersected 5m @ 2.26% Cu and 1.00 g/t Au**
- Further drilling has confirmed the continuity of the Salebury Prospect mineralisation and allowed the creation of a 3D geological model.
- Primary focus is to now convert initial exploration drilling in to a JORC compliant resource.

Exco Resources Ltd (**ASX Code: EXS**) has a major exploration programme in progress on its Northwest Queensland tenement package. The Company is well-funded and focused on further resource identification and development. In line with the exploration strategy announced on 20 April 2012, Exco is engaged on simultaneously exploring for, and developing, large stand-alone resources (**Tier One Targets**), as well as deposits suitable for third party transactions (**Tier Two Targets**).

The Salebury Prospect has been identified as a Tier Two target, located in a regional Tier One Target area that includes other prospects such as Tanbah and Salebury South. Recent drilling at Salebury, designed to test the tonnage potential of the copper-gold mineralisation, continues to generate positive results. (See **Table 1** for all significant assay results and **Table 2** for drill collar information for holes not previously reported). With over 12,500 metres of drilling completed and a geological model finalised, the focus is now on converting the prospect to a JORC resource.

SALEBURY PROSPECT

The Salebury Prospect is located in the Cloncurry district, Northwest Queensland, approximately 17km east of Cloncurry.

The prospect occurs on the southern limb of the Pumpkin Gully syncline (see **Figure 1**) near the contact of black shales and mafic volcanics. Drilling has confirmed that mineralisation occurs in a number of sub-parallel lodes and is associated with dolerite and black shale and appears to be structurally controlled. Calc-silicate breccia and felsic intrusive bodies also occur within the prospect area.

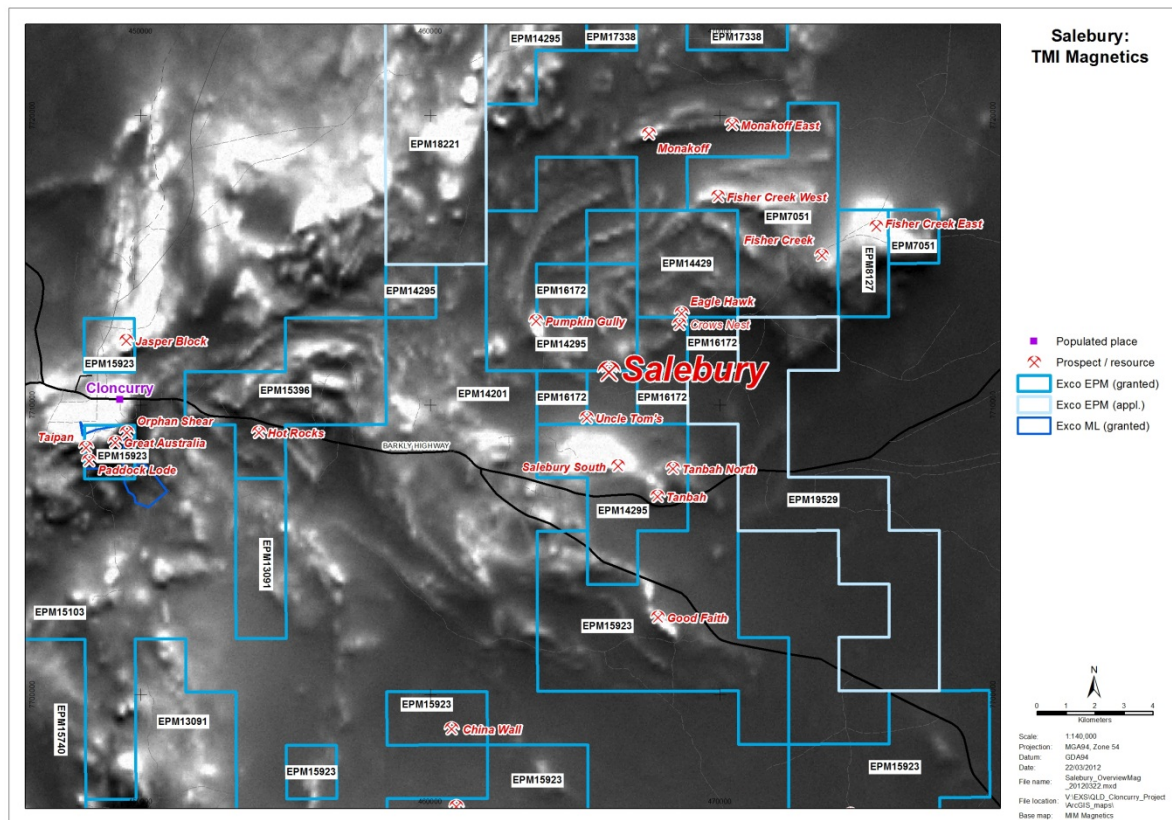


Figure 1: Location of the Salebury Prospect and Exco tenure over an image of total magnetic intensity.

The prospect area hosts several historical workings including a small open cut that leads to minor underground workings, which appear to have been accessed by a small shaft.

Current drilling provides grid coverage on 50m sections over the deposit, providing enough geological continuity and data to interpret a working 3D geological model. Drilling indicates a combined strike length of 900 metres with mineralisation present from surface in several lodes.

Drilling has been completed and final assays are awaited to complete the process of resources conversion.

CURRENT DRILL PROGRAMME

Exco has completed 66 drill holes at the Salebury Prospect for a total of 5,177 metres. This drill programme was designed to test the continuity of the mineralisation between sections by infilling the drill coverage to a 50x50 metre grid spacing. The mineralisation is extensive, although continuity of the higher grade zones is variable and therefore additional drilling was required. (See **Figure 2** for drill hole locations and **Figure 3** for a Cross Section showing mineralised trends and significant intersections).

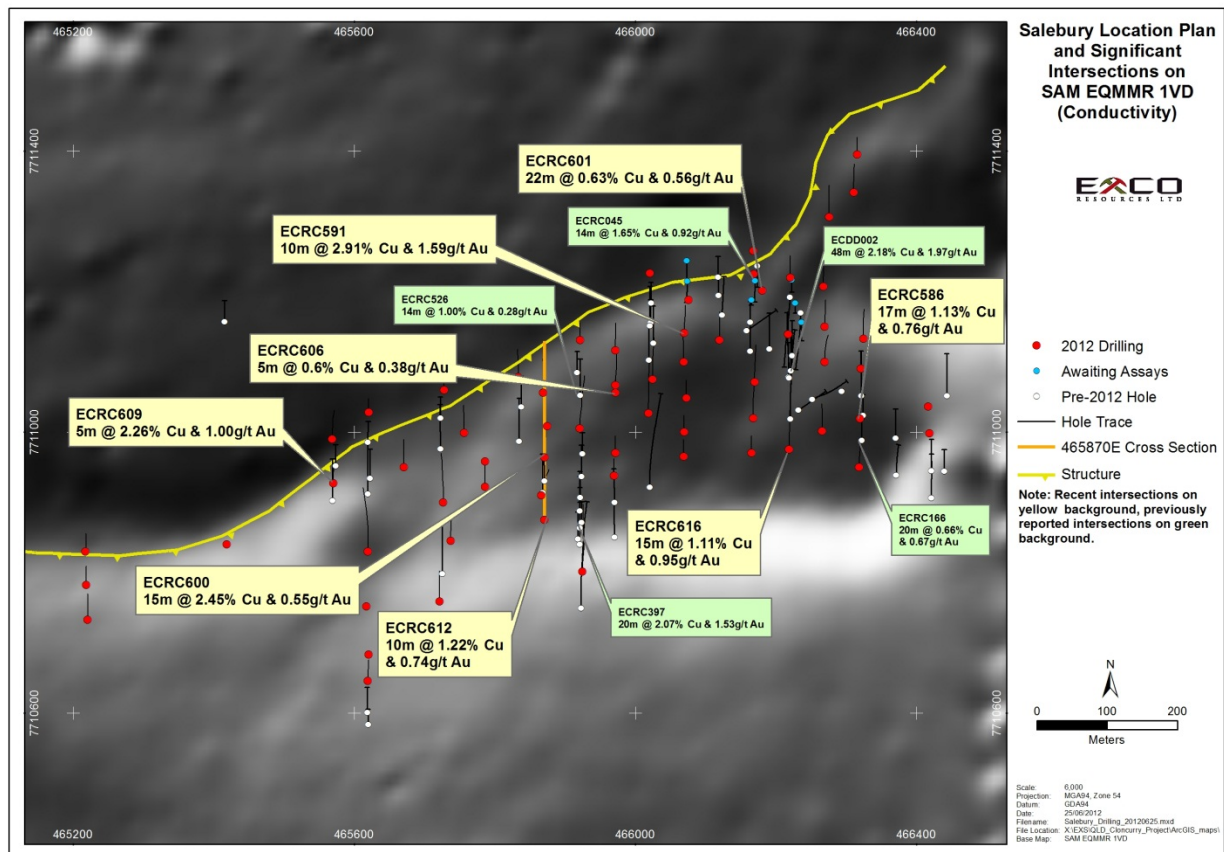


Figure 2: Drill location plan and significant intersections.

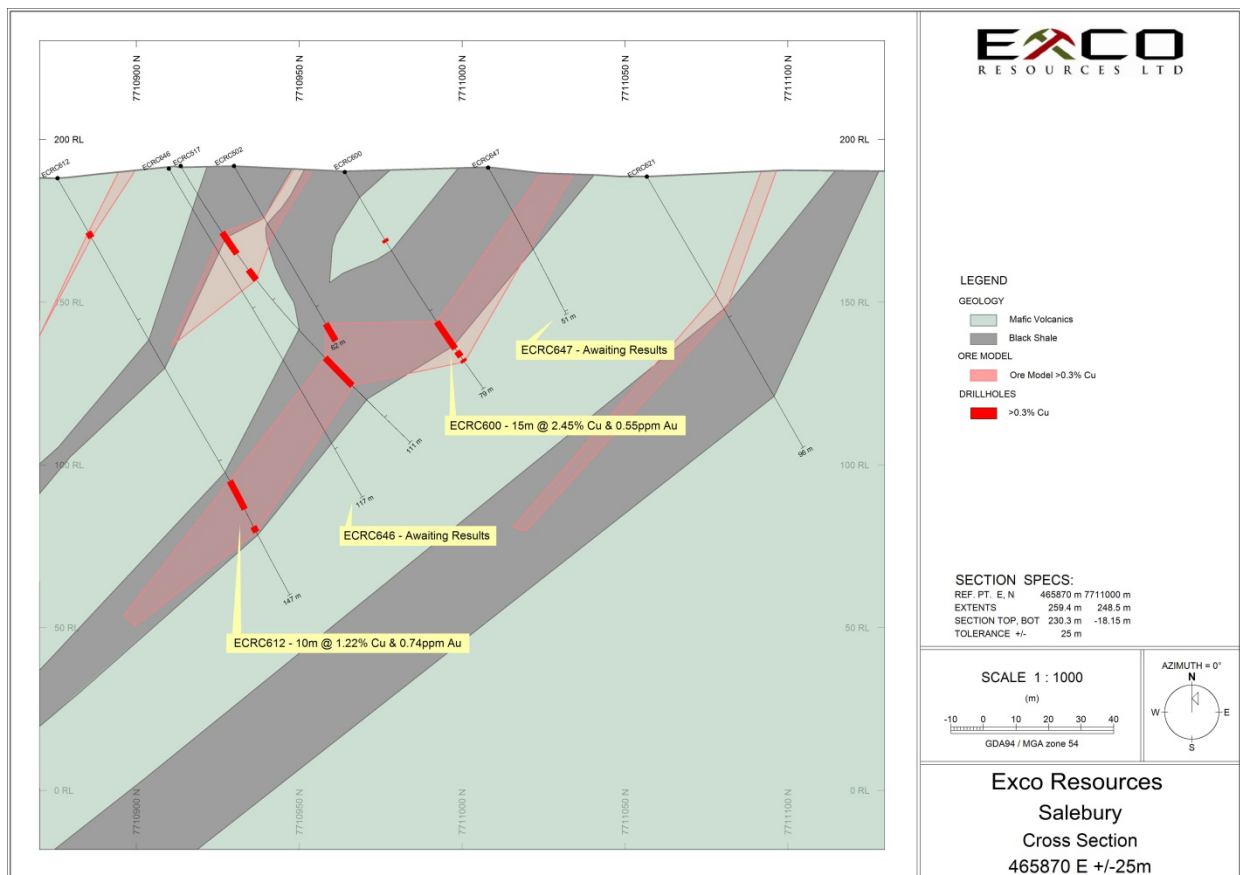


Figure 3: Cross Section 465870E showing mineralised trends and significant intersections.

The drilling results have clarified the geological setting, confirming the mineralisation to be hosted in highly biotite-albite-carbonate altered black shale and dolerite. Recent sub audio magnetic geophysics has effectively mapped some of the mineralising structures and host lithological units. Previous drilling had failed to clarify these zones within the geological model and therefore the understanding of the continuity of mineralisation was unclear. The additional drilling has now rectified these issues and the Company has been able to generate a clear and robust geological model.

The recent infill programme brings the total amount of drilling in the Salebury Prospect to 12,748 metres (not including rotary air blast drilling). Results from several of these drill holes are still outstanding. It is expected that all results will be received within the next three to four weeks.

QUEENSLAND EXPLORATION OUTLOOK

Exco has recently completed an initial phase of diamond drilling at the Wallace South Gold deposit, situated 30km SE of Cloncurry, with the objective of adding to the existing resource and obtaining metallurgical and specific gravity data. Samples are at the laboratory and are expected in the coming weeks.

Heritage clearances have been completed at a number of the high priority targets in the Cloncurry Project area including Canteen, Weatherly and Elder Creek and authorisation to access these prospects is expected in the coming weeks. Drilling is currently in progress at the Canteen Prospect and is to commence in the Hazel Creek Project area within the next week. Work at Mount Colin is in progress with further drilling targeting resource extension at depth.

Regional geophysical and geochemical programmes are continuing and priority targets are emerging. Drilling is expected to gather momentum on new targets defined by these field activities which are generating a “pipeline” of opportunities.

For further information contact:

Geoff Laing
Managing Director
Exco Resources Ltd
Phone: +61 8 9211 2000

Media Enquiries:

James Harris
Professional Public Relations
Phone: +61 8 9388 0944

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 report 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.

TABLE 1: SALEBURY SIGNIFICANT RESULTS – JUNE 2012					
Hole ID	From (m)	To (m)	Width (m)	Cu %	Au g/t
Salebury					
ECRC586	13	30	17	1.13	0.76
ECRC591	37	47	10	2.91	1.59
ECRC596	76	101	25	0.78	0.45
ECRC600	54	69	15	2.45	0.55
ECRC601	11	33	22	0.63	0.56
ECRC606	85	90	5	0.6	0.38
ECRC609	52	57	5	2.26	1.00
ECRC611	41	43	2	1.03	0.76
ECRC612	107	117	10	1.22	0.74
and	19	21	2	0.66	0.51
ECRC614	130	134	4	0.86	0.59
ECRC615	128	131	3	0.76	0.28
ECRC616	156	171	15	1.11	0.95
ECRC620	48	54	6	0.41	0.19
and	24	30	6	0.47	0.32
ECRC623	66	72	6	0.33	0.12
ECRC624	24	30	6	0.96	0.76
ECRC625	78	81	3	1.44	0.36
ECRC631	48	54	6	0.57	0.48
ECRC635	48	54	6	0.3	0.16
ECRC641	Awaiting Results				
ECRC642	Awaiting Results				
ECRC643	Awaiting Results				
ECRC644	Awaiting Results				
ECRC645	Awaiting Results				
ECRC646	Awaiting Results				
ECRC647	Awaiting Results				
ECRC648	Awaiting Results				

*Holes not reported contain no significant intersections.

TABLE 2: SALEBURY DRILL COLLARS – JUNE 2012

Hole ID	Easting*	Northing*	Azimuth	Dip	Depth
Salebury					
ECRC583	466418	7710998	0	-90	42
ECRC584	466416	7711036	0	-90	40
ECRC585	466318	7710950	0	-60	60
ECRC586	466319	7711019	0	-90	40
ECRC587	466320	7711090	0	-60	50
ECRC588	466168	7711225	0	-90	50
ECRC589	466167	7711258	0	-90	50
ECRC590	466119	7711131	0	-60	83
ECRC591	466069	7711141	0	-60	80
ECRC592	466068	7711100	0	-60	90
ECRC593	466020	7711226	0	-90	50
ECRC594	465969	7710938	0	-60	50
ECRC595	465921	7711131	0	-60	50
ECRC596	466024	7711075	0	-60	126
ECRC597	465726	7710900	0	-60	138
ECRC598	465833	7711078	0	-60	81
ECRC599	465727	7711060	0	-60	57
ECRC600	465870	7710964	0	-60	79
ECRC601	466180	7711201	0	-90	53
ECRC602	466269	7711100	0	-60	81
ECRC603	466269	7711150	0	-60	80
ECRC604	466265	7711001	0	-60	75
ECRC605	465971	7711067	0	-60	15
ECRC606	465971	7711056	0	-60	111
ECRC607	465620	7711028	0	-60	39
ECRC608	465619	7710646	0	-60	57
ECRC609	465570	7710927	0	-60	64
ECRC610	465568	7710990	0	-60	81
ECRC611	465619	7710830	0	-60	195
ECRC612	465870	7710875	0	-60	147
ECRC613	465920	7711005	0	-60	150
ECRC614	465924	7710801	0	-60	174
ECRC615	466018	7711027	0	-60	159
ECRC616	466218	7710975	0	-60	201
ECRC617	465217	7710830	0	-60	50
ECRC618	465218	7710782	0	-60	54
ECRC619	465220	7710733	0	-60	75
ECRC620	4662179	7711139	0	-60	108
ECRC621	465868	7711056	0	-60	96
ECRC622	465786	7710922	0	-60	78
ECRC623	465721	7710759	0	-60	90
ECRC624	465737	7710845	0	-60	78
ECRC625	465670	7710950	0	-60	81
ECRC626	465756	7710999	0	-60	80
ECRC627	465971	7710970	0	-60	51
ECRC628	466072	7711048	0	-60	54
ECRC629	466069	7711000	0	-60	50

TABLE 2: SALEBURY DRILL COLLARS – JUNE 2012

Hole ID	Easting*	Northing*	Azimuth	Dip	Depth
Salebury					
ECRC630	466068	7710965	0	-60	50
ECRC631	466169	7711071	0	-60	114
ECRC632	466167	7711020	0	-60	116
ECRC633	466165	7710970	0	-60	50
ECRC634	466220	7711220	0	-60	65
ECRC635	465971	7711116	0	-60	80
ECRC636	466315	7711395	0	-60	50
ECRC637	466310	7711341	0	-60	80
ECRC638	466275	7711306	0	-60	90
ECRC639	466274	7711250	0	-60	51
ECRC640	466267	7711207	0	-60	57
ECRC641	466324	7711133	0	-60	85
ECRC642	465418	7710840	0	-60	50
ECRC643	465617	7710752	0	-60	51
ECRC644	465620	7710683	0	-60	51
ECRC645	465786	7710958	0	-60	75
ECRC646	465866	7710910	0	-60	117
ECRC647	465874	7711008	0	-60	51
ECRC648	466075	7711188	0	-60	51

*GDA94, Zone 54

TABLE 3: 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

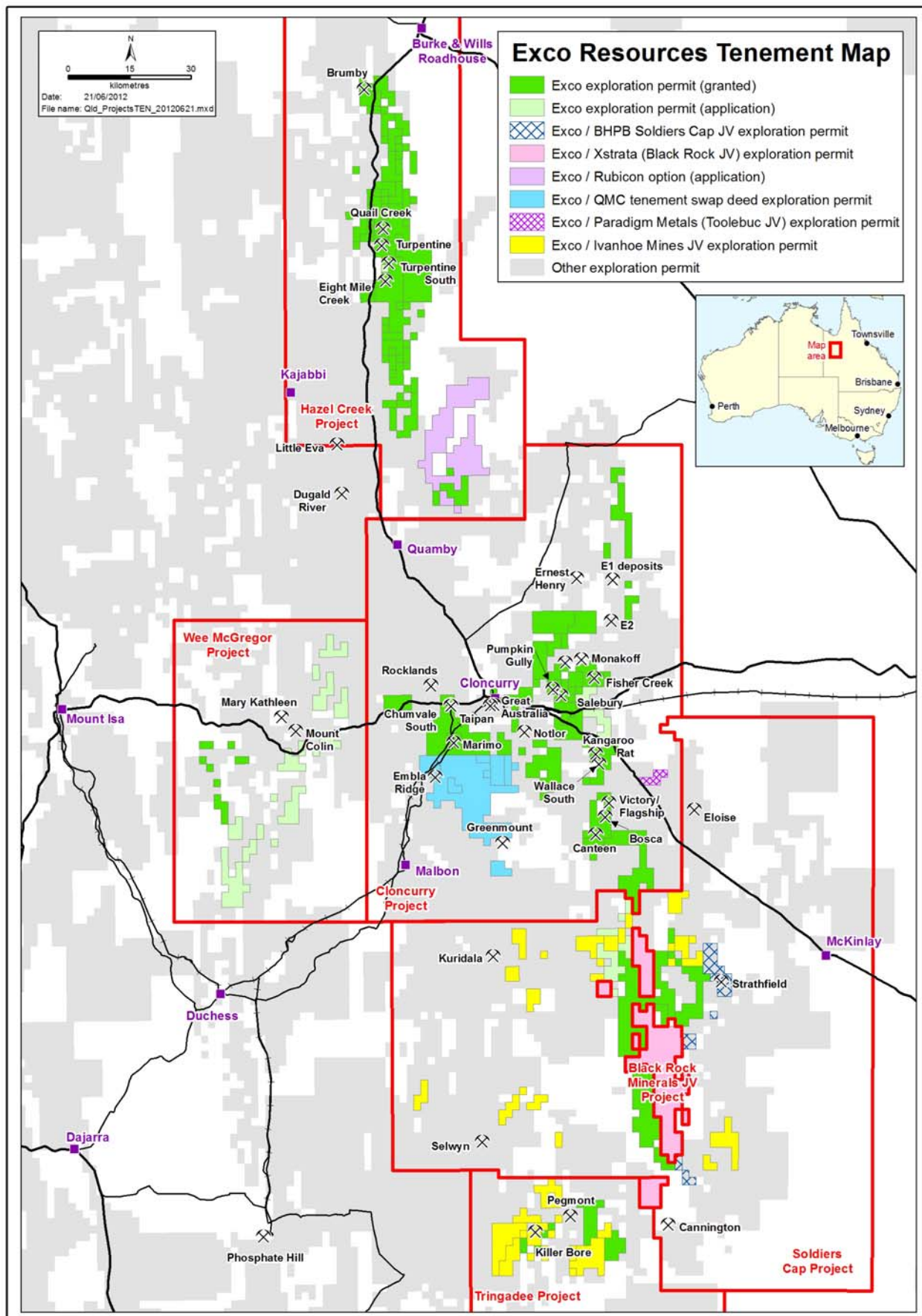


Figure 3: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

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 NW 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. Up to March 2012 the project had produced in excess of 130,000oz of gold and with the recent development of the near-by Vertigo deposit production will continue into the second half of calendar 2012. Near mine and regional exploration continues in the Drew Hill area.

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