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Manager Announcements
Companies Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000



Dear Sir/Madam,

DRILLING CONFIRMS POTENTIAL NEW DISCOVERY AT E1 EAST

CLONCURRY COPPER PROJECTS, QUEENSLAND

E1 East Prospect

Mt Margaret Project (Exco 100%)

Initial assay results from drilling at E1 East have shown significant intersections of copper-gold mineralisation, as summarised in the table below.

Hole	From	To	Drill Width (m)	Copper %	Gold g/t	Comments
EMRC229	40	112	72	1.25	0.40	Massive ironstone lode
including	40	82	42	1.75	0.59	Massive ironstone lode
EMRC230	44	56	12	0.83	0.22	Mineralised zone at start of bedrock, then into footwall
EMRC231	90	198	108	0.68	0.20	End of hole in mineralisation. Last 2 meter sample averages 1.19% copper
including	132	174	42	0.89	0.29	Massive ironstone lode

Results have only been received for these 3 holes, with assays for the remaining 3 holes expected in approximately 2 weeks. Three of the holes, including EMRC231 reported above, will require extensions by diamond drilling as they were terminated in mineralisation due to excessive water flows or drill limitations.

The holes drilled to date test approximately 250 metres strike extent of a magnetic anomaly associated with the mineralisation, which at this stage is open at both ends and down dip. Further drilling of the diamond core extensions and additional RC holes is planned to commence once all results are received from the current programme.

Final collar positions and maps will be reported in the March quarterly report.

Location relative to other projects

The E1 East Prospect is approximately 500 metres from the E1 North Deposit, where Exco has recently defined a JORC compliant resource of 7.9mt @ 1.11 % copper and 0.34 g/t gold (0.5 % Cu cut-off). E1 East lies on the same trend as the E1 South deposit, located approximately 1km to the south, where Exco is finalising a revised resource estimate. Xstrata's Ernest Henry copper-gold mine lies approximately 8km to the west.

On behalf of the Board of
Exco Resources NL

Alasdair Cooke
Managing Director

<i>This report accurately reflects information compiled by full time officers of the Company. Information relating to mineral resources and exploration results is based on data compiled by Alasdair Cooke, Bsc Hons Geo, and Stephen Konecny, BSc (MAusIMM) who have sufficient relevant experience to be considered as a Competent Person under the JORC Code 2004 and have consented to the inclusion of the data in the form and context in which it appears.</i>
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