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2nd June 2008

Market Release (*via electronic lodgement*)

UNDERWRITING OF OPTIONS EXPIRING 1 JUNE 2008

- Exco recently raised A\$8.5 million through the exercise of options held by the Company's two largest shareholders, Ivanhoe Australia and Lion Selection
- An additional 8,068,800 options, which remained outstanding on their expiry date of 1 June 2008, have been underwritten by RBC Capital Markets and Stripe Capital Pty Ltd
- A further A\$2.8 million will be raised via the underwriting of these remaining options, giving the Company an approximate cash balance of A\$20 million

Exco Resources Limited (the "Company")(ASX Code: EXS) is pleased to announce that it has entered into an underwriting agreement with RBC Capital Markets and Stripe Capital Pty Ltd ("Underwriters") in respect of the outstanding 8,068,800 options on issue, exercisable at A\$0.35, and expiring on 1 June 2008.

Under the terms of the agreement the Underwriters will arrange for the subscription of that number of shares equivalent to the number of options not exercised before the expiry date. The underwriting agreement is subject to standard termination conditions. A fee of 6% will be payable to the Underwriters under the terms of the underwriting agreement.

The funds from the exercise of these outstanding June 2008 options and placement of the shortfall (in aggregate approximately \$2.8 million) will give the Company an approximate cash balance of A\$20 million. These funds will be used to continue development activities on the Company's highly prospective portfolio of Cu-Au-U₃O₈ projects in NW Queensland, and for working capital and general corporate purposes.

*On behalf of the Board of
Exco Resources Ltd*

Michael Anderson
Managing Director