



News Release

Alexco Reports First Quarter 2012 Earnings

May 7, 2012 - Alexco Resource Corp. (TSX:AXR, NYSE-AMEX:AXU) today reports pre-tax income of \$3.0 million and net income of \$1.3 million (\$0.02 basic and diluted earnings per share) for the first quarter of 2012. All figures are expressed in Canadian dollars unless otherwise stated.

Highlights of First Quarter

- Pre-tax income of \$3.0 million and net income of \$1.3 million (\$0.02 basic and diluted earnings per share) for the three months ended March 31, 2012 on combined mining and environmental services revenue of \$24.7 million
- Bellekeno mine revenue of \$23.2 million and gross profit of \$7.2 million, on sales of 5,000 tonnes of lead-silver and zinc concentrate
- Production of 581,808 ounces silver, over 4.9 million pounds lead and more than 1.5 million pounds zinc
- Realized metal prices during the quarter averaged US\$32.81 per ounce silver, US\$0.95 per pound lead and US\$0.92 per pound zinc
- Cash costs of production¹ over the quarter of \$11.01 per ounce of payable silver produced, net of by-product credits
- Cash flows from operating activities for the quarter of \$7.2 million

¹ Cash costs of production per ounce of payable silver produced is a non-IFRS measure with no standardized meaning prescribed under IFRS. See page 12 of Alexco's March 31, 2012 MD&A for explanation and reconciliation.

Alexco President and Chief Executive Officer Clynt Nauman said, "We are pleased with our production performance during the first quarter, with results reinforcing our guidance for estimated production in 2012 of 2.2 million to 2.5 million ounces of silver, approximately 19 million pounds of lead and more than 7.5 million pounds of zinc. Operationally, our silver production increased 30%, our lead production grew by 37% and our zinc production increased 36% in the first quarter compared to the same period a year ago, while the mining rate climbed 30% and the milling rate increased 18% when comparing the two quarters. However, the quarter-on-quarter financial comparison was impacted by the significantly lower metals prices in the first quarter of this year compared to last year's first quarter." Nauman continued, "Consistent with our prior commitments, we are focusing on unit cost reduction at Bellekeno, an effort reflected in the 19% or \$2.64 reduction in cost per ounce to \$11.01 versus the fourth quarter of calendar 2011. We are continuing to look at structural changes in our operations to further improve efficiencies while also being mindful of continuing pressure on labour, consumable and energy costs. No question, our objective is an overall downward trend in unit costs over time, but we do recognize that costs will vary quarter to quarter as a result of factors both within and outside our control. Work also continues on the permitting activity required to bring Lucky Queen and Onek on line late this year, and the exploration program is scaling up apace with our plans."



Summary Financial Results and Information

<i>(expressed in thousands of dollars, except per share amounts)</i>	Three Months Ended March 31	
	2012	2011
Revenue from mining operations	23,161	18,796
Gross profit from mining operations	7,157	9,097
Revenue from environmental services	1,584	1,675
Gross profit (loss) from environmental services	57	(97)
Revenue from all operations	24,745	20,471
Gross profit from all operations	7,214	9,000
Income before taxes	2,978	4,639
Net income¹	1,340	3,419
Total comprehensive income	1,333	3,408
Earnings per share – basic and diluted	\$0.02	\$0.06
Cash flows from operating activities	7,221	7,216
Realized metal prices:		
Silver (per ounce)	\$32.81	\$39.88
Lead (per pound)	\$0.95	\$1.20
Zinc (per pound)	\$0.92	\$1.07

¹ Alexco determines its annual award of incentive compensation to employees in the first quarter of each calendar year, including the award of stock option grants, and the income before taxes of the quarter reflects the resultant stock-based compensation expense. The provision for deferred income taxes in the current quarter is high relative to income before taxes because stock-based compensation expense is not deductible for Canadian income tax purposes. The effect of the non-deductibility of stock-based compensation in 2011 was offset by the recognition that quarter of certain previously unrecognized deferred income tax assets upon the commencement of commercial operation at the Bellekeno mine.

Bellekeno Mine Operations

During the first quarter of 2012, the Bellekeno mine, located in the Keno Hill Silver District in Canada's Yukon Territory, produced 4,959 tonnes of concentrate comprising 3,376 tonnes of lead-silver concentrate and 1,583 tonnes of zinc concentrate. Average mill throughput in the three month period ended March 31, 2012 was 234 tonnes per day (tpd) compared to 201 tpd in the first quarter of calendar 2011 (the mine's first quarter of commercial production), and 245 tpd during the three months ended December 31, 2011. The reduction relative to the fourth quarter of calendar 2011 was primarily due to planned downtime related to the previously-announced campaign of throughput and metallurgical testing carried out to identify and assess any modifications which may be required to receive mine output from the Onek and Lucky Queen properties towards the end of the calendar 2012 year.

Cash costs of production over the over the first quarter of 2012 were \$11.01 per ounce of payable silver, compared to \$8.88 in the first quarter of 2011. The higher per-ounce costs of production are due primarily to reduced by-product credits as a result of a 21% lower lead price and a 14% lower zinc price as well as higher treatment and refining charges compared to the first quarter of calendar 2011. Overall, costs-per-ounce for mining, milling and transportation were generally consistent when comparing the first quarter of 2012 to the same period in 2011. However, cash costs per ounce in the first quarter were notably lower than the \$13.65 per ounce reported in the fourth quarter of calendar 2011, reflecting significantly lower mining costs per ounce partially offset by reduced by-product credits due primarily to lower zinc grades and recoveries.



Comparative operating statistics for Bellekeno for the first quarter of 2012 are summarized as follows:

	Three Months Ended March 31	
	2012	2011
Ore tonnes mined	21,395	16,461
Ore tonnes processed	21,251	18,050
Grade of ore processed:		
Silver (grams per tonne)	899	829
Lead	11.3%	10.0%
Zinc	5.7%	5.0%
Recoveries:		
Silver	94%	93%
Lead in lead concentrate	93%	90%
Zinc in zinc concentrate	57%	56%
Concentrate production:		
Lead concentrate:		
Tonnes produced	3,376	2,376
Concentrate grade:		
Silver (grams per tonne)	5,144	5,645
Lead	66%	68%
Zinc concentrate:		
Tonnes produced	1,583	1,101
Concentrate grade:		
Silver (grams per tonne)	460	462
Zinc	43%	46%
Production – contained metal:		
Silver (ounces)	581,808	447,524
Lead in lead con (pounds)	4,929,079	3,592,915
Zinc in zinc con (pounds)	1,515,960	1,111,055
Sales volumes by payable metal:		
Silver (ounces)	540,942	386,083
Lead (pounds)	4,654,814	3,179,919
Zinc (pounds)	1,440,442	709,900
Cash costs of production¹		
Per ounce of payable silver produced	\$11.01	\$8.88

¹ Cash costs of production per ounce of payable silver produced is a non-IFRS measure with no standardized meaning prescribed under IFRS. See page 12 of Alexco's March 31, 2012 MD&A for explanation and reconciliation.

Keno Hill Exploration

Alexco's calendar 2012 exploration program in the Keno Hill District includes over 29,000 meters of surface and underground drilling, with an estimated cost of approximately \$12 million. The program is expected to include approximately 4,500 meters of drilling underground at the Bellekeno mine, approximately 2,000 meters underground at the Lucky Queen project, and a minimum of 23,000 meters of surface exploration and definition drilling at various locations throughout the District. To date, eight of more than 20 holes planned at Flame & Moth have been completed, generally up-dip of the southerly mineralized zone drilled in 2011. Two drills will continue testing this and other areas to infill and expand mineralization at Flame & Moth during Phase I of this program. Alexco plans to report a preliminary resource at Flame & Moth by mid year. At Bellekeno, underground drilling is continuing on targets outside the existing resource both to explore beyond the areas of currently planned mining zones, and to ensure that additional planned underground development is properly located to further drill extension of the existing resource.



Rehabilitation of the historical Lucky Queen workings is continuing, and Alexco is in the process of developing access to the historical Onek workings, both with the objective of enabling advanced exploration drilling from underground to support mine planning and development decisions.

Financial Position

Alexco's cash and cash equivalents at March 31, 2012 totaled \$36,795,000 compared to \$41,741,000 at December 31, 2011, while net working capital totaled \$42,955,000 compared to \$47,997,000 for the same dates respectively. The decreases in cash and net working capital primarily reflect the transfer of approximately \$3.8 million into long term restricted cash and deposits as security provided to support certain cost performance commitments under a remediation services contract entered into during the quarter by the Alexco Environmental Group, with net cash inflows from operations generally financing exploration expenditures within the Keno Hill District as well as Bellekeno mine development.

Financial Report and Conference Call for Three Months Ended March 31, 2012

Full details of the financial and operating results for the first quarter of 2012 are described in Alexco's interim condensed consolidated financial statements with accompanying notes and related Management's Discussion and Analysis. These documents and additional information on Alexco are available on the Company's website at www.alexcoresource.com and on SEDAR at www.sedar.com and on EDGAR at www.sec.gov/edgar.shtml.

Alexco is holding an audio webcast conference call to discuss these results at 11 a.m. Eastern (8 a.m. Pacific) on Tuesday, May 8, 2012. To participate in the live call, please use one of the following methods:

Dial toll free from Canada or the US:	1-877-407-8031
Dial from outside Canada or the US:	1-201-689-8031
Live audio webcast:	www.alexcoresource.com

Participants should connect five to ten minutes before the call.

The conference call will be recorded, and an archived audio webcast will be available at www.alexcoresource.com. Through May 16, 2012, a replay of the call will be available by telephone at the following:

Dial toll free from Canada or the US:	1-877-660-6853
Dial from outside Canada or the US:	1-201-612-7415
Replay Passcodes:	Account #286, Conference ID # 393357

Qualified Persons

The disclosure in this news release of scientific and technical information regarding exploration projects on Alexco's mineral properties has been reviewed and approved by Alan McOnie, FAusIMM, Vice President, Exploration, while that regarding mine development and operations has been reviewed and approved by Thomas Fudge, P.E., P.Eng., Senior Vice President, Engineering and Corporate Development, both of whom are Qualified Persons as defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*.



About Alexco

Alexco Resource Corp. owns and operates the Bellekeno silver mine, one of several mineral properties held by Alexco which encompass substantially all of the historical Keno Hill Silver District located in Canada's Yukon Territory. Bellekeno, which commenced commercial production at the beginning of calendar year 2011, is Canada's only operating primary silver mine. Alexco's primary near-term exploration objective is to unlock value in the silver-rich Keno Hill District, and is focused on growth by advancing its promising District properties to development decisions. The Company's goal is to produce 7 million to 10 million ounces of silver annually within the next decade. Employing a unique business model, Alexco also provides mine-related environmental services, remediation technologies and reclamation and mine closure services to both government and industry clients through the Alexco Environmental Group, its wholly-owned environmental services division.

Keno Hill Silver District History

Between 1921 and 1988, the Keno Hill Silver District was a world-class silver producer, with more than 217 million ounces of silver produced at average grades of 40.5 ounces per ton silver, 5.6% lead and 3.1% zinc (Yukon Government's Minfile database). These historical production grades would rank Keno Hill in the top 3% by grade of today's global silver producers.

Contact

Clynton R. Nauman, President and Chief Executive Officer

Phone: (604) 633-4888

Email: info@alexcoresource.com

Please visit the Alexco website at www.alexcoresource.com

Some statements ("forward-looking statements") in this news release contain forward-looking information concerning the Company's anticipated results and developments in the Company's operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future, made as of the date of this news release. Forward-looking statements may include, but are not limited to, statements with respect to future remediation and reclamation activities, future mineral exploration, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, future mine construction and development activities, future mine operation and production, the timing of activities and reports, the amount of estimated revenues and expenses, the success of exploration activities, permitting time lines, requirements for additional capital and sources and uses of funds. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results and timing of exploration and development activities; actual results and timing of mining activities; actual results and timing of environmental services activities; actual results and timing of remediation and reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of silver, gold, lead, zinc and other commodities; possible variations in mineable resources, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; First Nation rights and title; continued capitalization and commercial viability; global economic conditions; competition; and delays in obtaining governmental approvals or financing or in the completion of development activities. Forward-looking statements are based on certain assumptions that management believes are reasonable at the time they are made. In making the forward-looking statements included in this news release, the Company has applied several material assumptions, including, but not limited to, the assumption that market fundamentals will result in sustained silver, gold, lead and zinc demand and prices. There can be no assurance that forward-looking statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as otherwise required by applicable securities legislation.