



21 August 2012

Market Release (via electronic lodgement)

MOUNT COLIN DRILLING UPDATE

Significant, Deep Intersection of Massive Sulphides

Recent diamond drilling at Mount Colin (see **Figure 4** for location) has intersected a 7.3m zone from 308.5m of massive to semi-massive sulphides in **EMCDD056** (**Figures 1, 2 and 3**). The intersection is approximately 60m below the current Indicated Resource boundary. Visually the grades in **EMCDD056** are comparable with the best sulphide intersection to date at Mount Colin.

Exco commenced a 7-hole (2,500m) extensional and infill diamond drilling programme in June 2012. Three of the five holes drilled to date have intersected significant mineralisation for which assays are pending. Drilling at Mount Colin is ongoing with results from infill and extensional drilling, in proximity to **EMCDD056**, to be incorporated into an updated resource estimate to be completed in the October quarter.

Assay results will be released as soon as available.



Figure 1: Close-up of massive sulphides intersected in diamond drill hole EMCDD056.

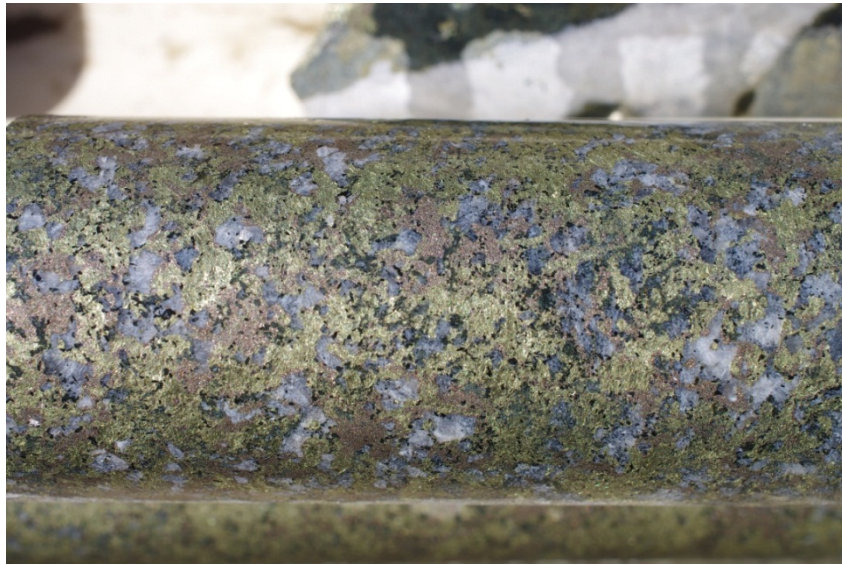


Figure 2: Close-up of semi massive sulphide intersection in diamond drill hole EMCDD056



Figure 3: High grade sulphide intersection at Mt Colin - EMCDD056.

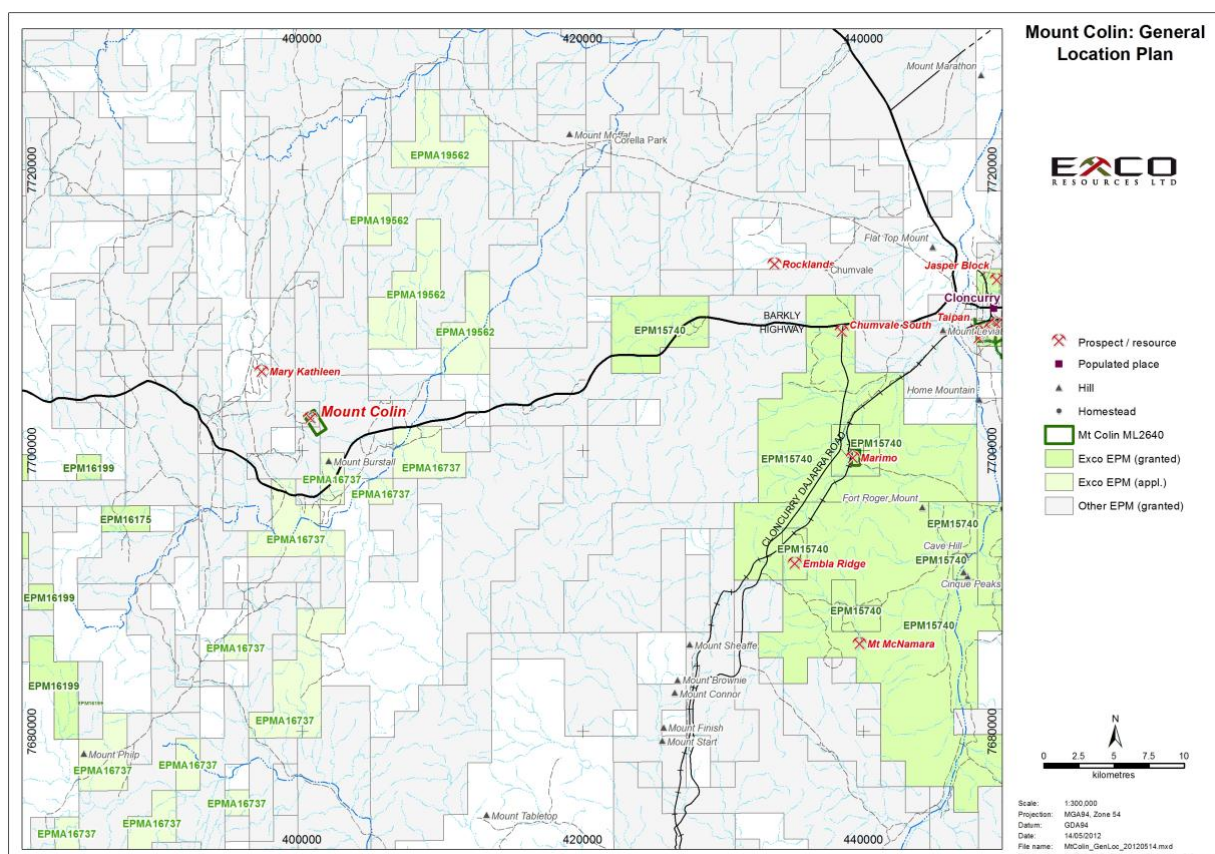


Figure 4: General Location of the Mount Colin deposit & Exco tenure.

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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 report relating to mineral resources and exploration results is based on data compiled by Ms Christine Shore (Exco's Resource Manager) and Mr Stephen Konecny (Exco's Chief Geologist) who are both members of The Australasian Institute of Mining and Metallurgy. Ms Shore and Mr Konecny 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. Ms Shore and Mr Konecny consent to the inclusion of the data in the form and context in which it appears.

TABLE 1: MOUNT COLIN COLLARS – AUGUST 2012

Hole ID	Easting*	Northing*	Azimuth	Dip	Depth (m)
EMCDD056	400655	7702527	218	-71	338.8

*GDA94, Zone 54

TABLE 5: 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	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⁾ Undepleted Resource - currently being mined by CopperChem Ltd and subject to a royalty arrangement with Exco

* Mt Colin resource cut-off = 1.25% Cu.

** Wallace South resource cut-off = 0.5g/t

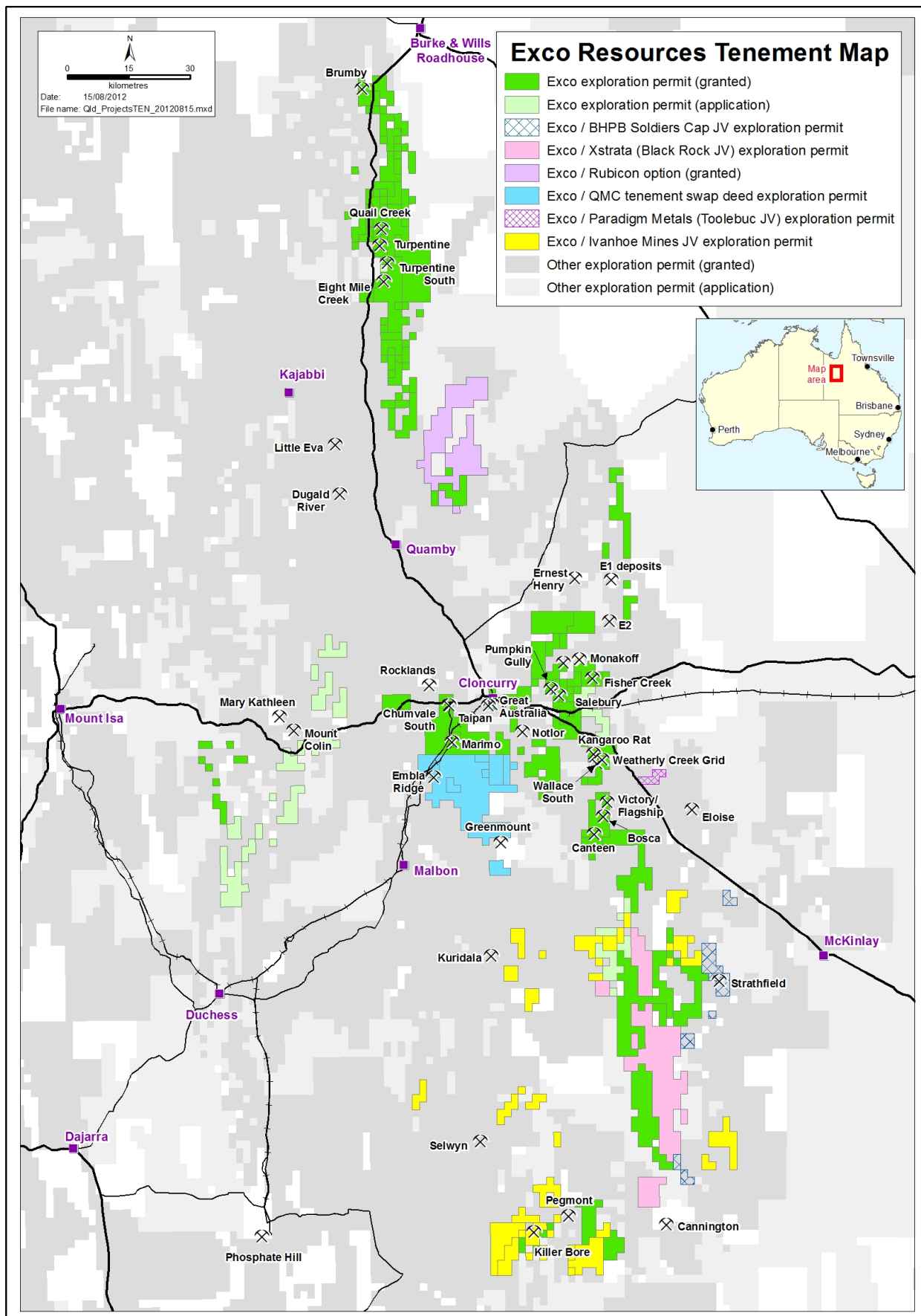


Figure 5: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

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 Hazel Creek and Cloncurry Projects in NW Queensland the White Dam Gold Project in South Australia.

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 1,900km² and includes a number of high priority prospects including the Salebury - Tanbah and the Weatherly Creek - Canteen project areas.

The Hazel Creek Project incorporates over 1,000km² of prospective land that remains relatively unexplored. Exco has confirmed the prospectivity of the Hazel Creek project area through the discovery of several key prospects which include 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 June 2012 the project had produced in excess of 134,700oz of gold. Mining of the Vertigo deposit was completed in early May. Production will continue until the December quarter. The joint venture partners continue to explore for other opportunities 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