



22nd August 2012

Market Release (via electronic lodgement)

TURPENTINE UPDATE

Turpentine drilling encounters further mineralisation outside current resource

HIGHLIGHTS

- Recently completed reverse circulation drilling at Turpentine has intersected further sulphide mineralisation at depth, including:
 - EHRC399 **12m @ 1.70% Cu & 0.12 g/t Au** from 115m, including **8m @ 2.26% Cu & 0.13 g/t Au** from 115m
 - EHRC400 **21m @ 1.52% Cu & 0.22 g/t Au** from 167m, including **9m @ 2.81% Cu & 0.43 g/t Au** from 167m
 - EHRC401 **16m @ 0.94% Cu & 0.13 g/t Au** from 162m
- The results will be incorporated into a revised resource model which may increase the Turpentine Cu-Au resource.

Exco Resources Ltd (**ASX Code: EXS**) is proactively engaged in a major programme of exploration and project development activities throughout its extensive Northwest Queensland tenement package (See **Figure 8** for regional location map and **Table 3** for summary of established resources).

The Turpentine deposit forms part of the Hazel Creek Project and occurs within one of Exco's Tier One target areas, which includes other prospects such as Eight Mile Creek and Turpentine South.

Five reverse circulation (RC) holes were completed in July 2012 to further test for down dip extensions of the currently defined mineralisation. The majority of holes were drilled outside the existing resource (see **Figure 6** hole locations on long section), and all holes intersected the targeted mineralised zone (See **Table 1** for all significant assay results and **Table 2** for drill collar information). Two RC holes were also drilled as pre-collars to planned diamond holes (**EHRC402 & EHRC404**) which have now been completed; mineralised intervals are yet to be sampled and sent to the laboratory. As expected, both of the diamond holes encountered sulphide mineralisation.

TURPENTINE DEPOSIT

The Turpentine Cu-Au deposit is located on **EPM15739**, approximately 120km N-NE of Cloncurry, and just 2.5km from the sealed Burke Developmental Road. (See **Figure 1** for location map of the Turpentine deposit). The deposit has a resource of **1.8Mt @ 1.03% Cu & 0.2 g/t Au** which includes an indicated resource of **1.6Mt of 1.04% Cu & 0.21g/t Au** and is hosted within Proterozoic metasedimentary and mafic rocks.

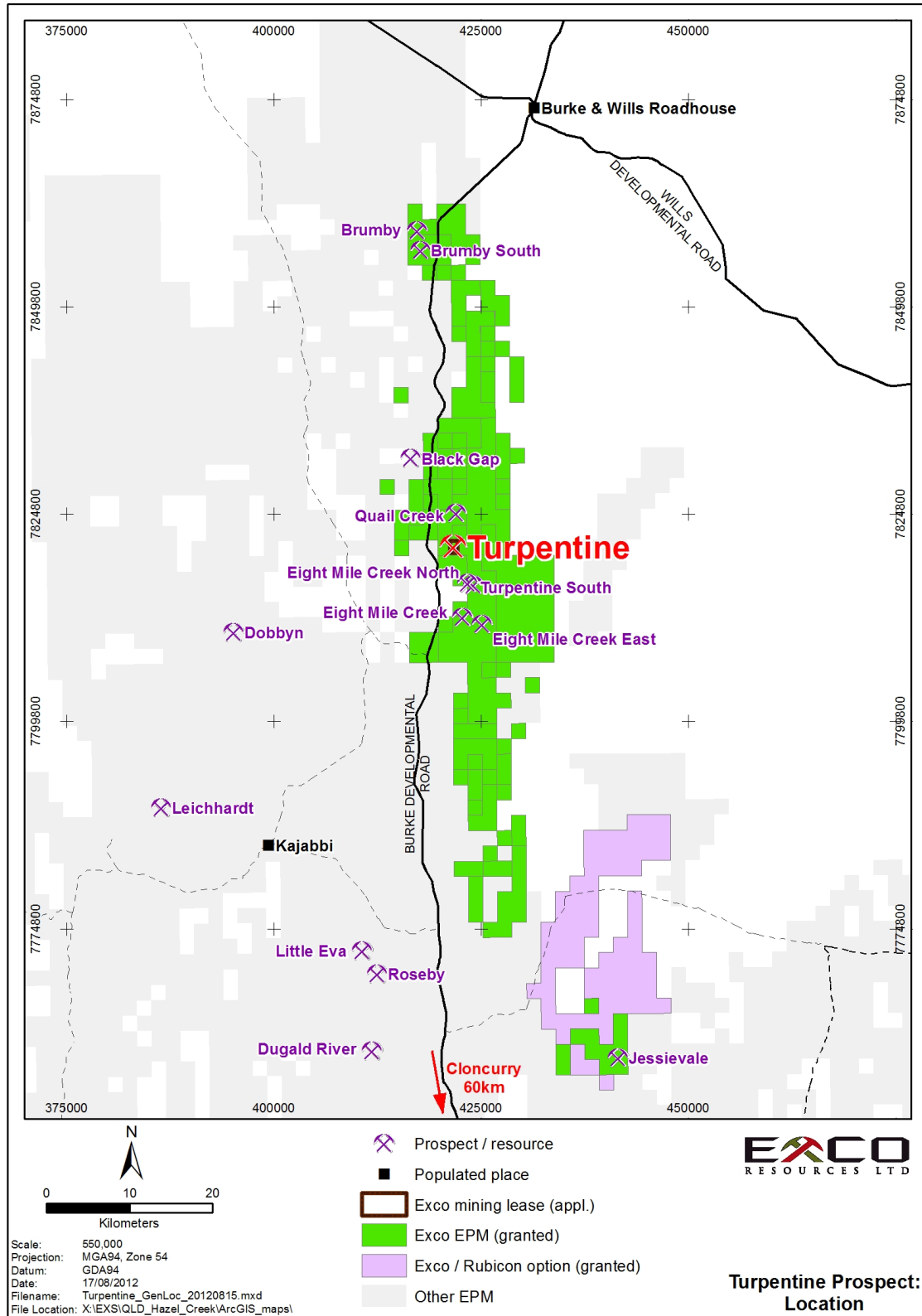


Figure 1: General Location of the Hazel Creek Project showing the Turpentine Deposit & Exco tenure.

The deposit is covered by approximately 1m of locally transported clays, sands and gravels and dips approximately 60-70 degrees to the east. The deposit is directly associated with a linear magnetic anomaly and has a coincident gravity anomaly. (See **Figures 4-5** for drill hole locations and geophysical maps). Three dimensional modelling of the detailed magnetic and gravity data has highlighted several untested anomalies, including a zone immediately down dip of the current resource.

Previous metallurgical testwork has indicated that the copper is readily recoverable by standard flotation processes.

CURRENT DRILL PROGRAMME

Five RC holes, for a total of 831 metres, and two diamond pre-collars (138m) were completed in July 2012 as part of an on-going campaign designed to upgrade the current Turpentine resource base. The focus of this programme was to test for higher grade, deeper mineralisation that could potentially be extracted by underground mining methods. The deposit is open at depth and new gravity data and reprocessed detailed magnetics has confirmed targets at depth, and adjacent to, the currently defined mineralised zone.

The Turpentine magnetic anomaly has a strike length of approximately 1000m, and the current resource has been defined over a strike length of approximately 500m. The chalcopyrite mineralisation is associated with magnetite and is coincident with the strongest zone within the magnetic anomaly. (See **Figures 2 and 3** for examples of the mineralisation).



Figure 2: Close-up of coarse chalcopyrite magnetite mineralisation in diamond drill hole EHRC404 diamond tail.

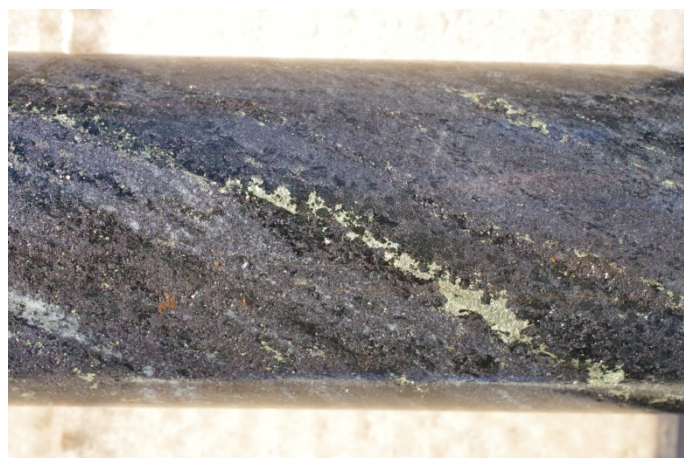


Figure 3: Close-up of chalcopyrite mineralisation following compositional banding in host metasediments and mafic rocks in EHRC404 diamond tail.

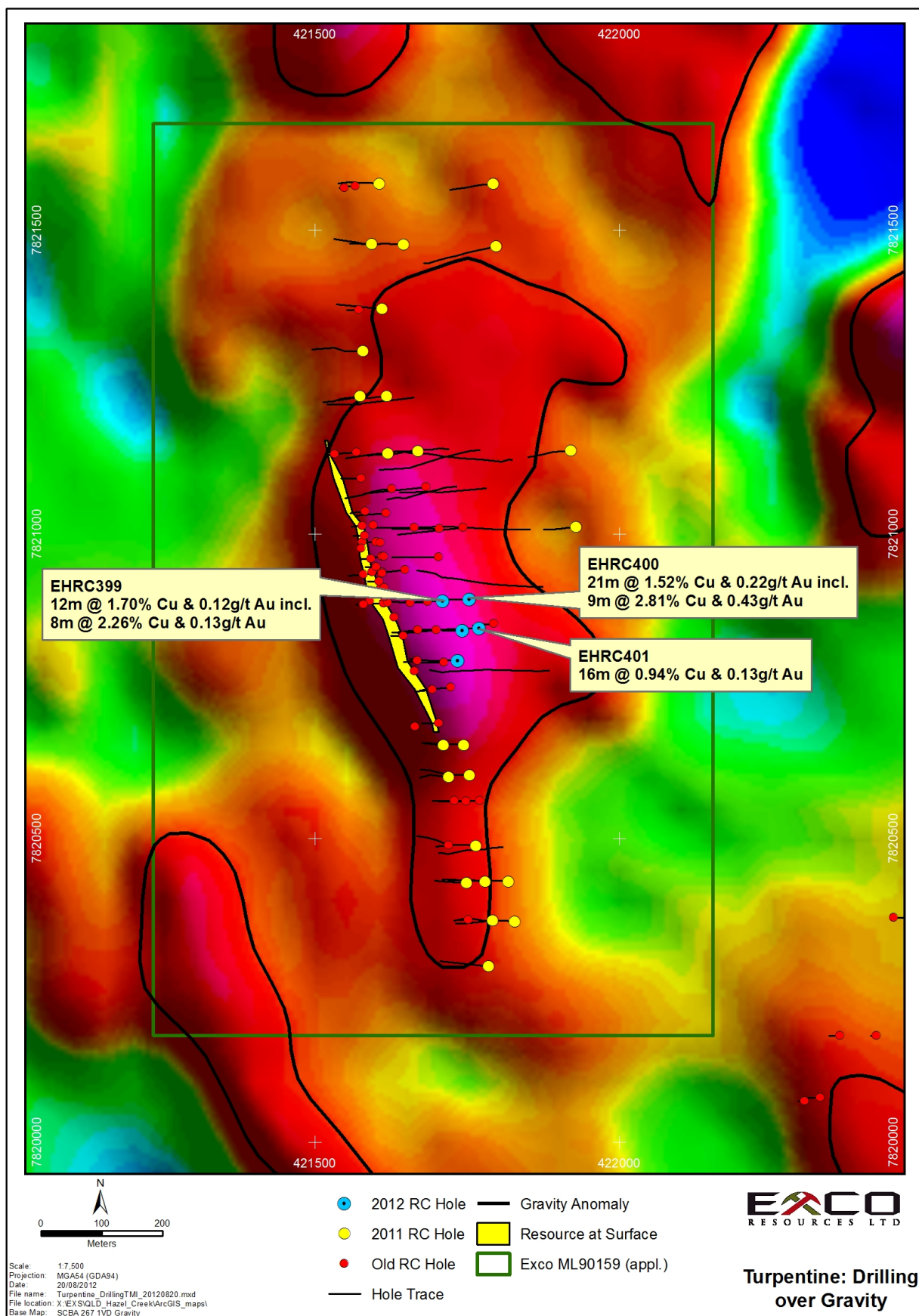


Figure 4: Figure showing significant intersections and drill hole locations over gravity image.

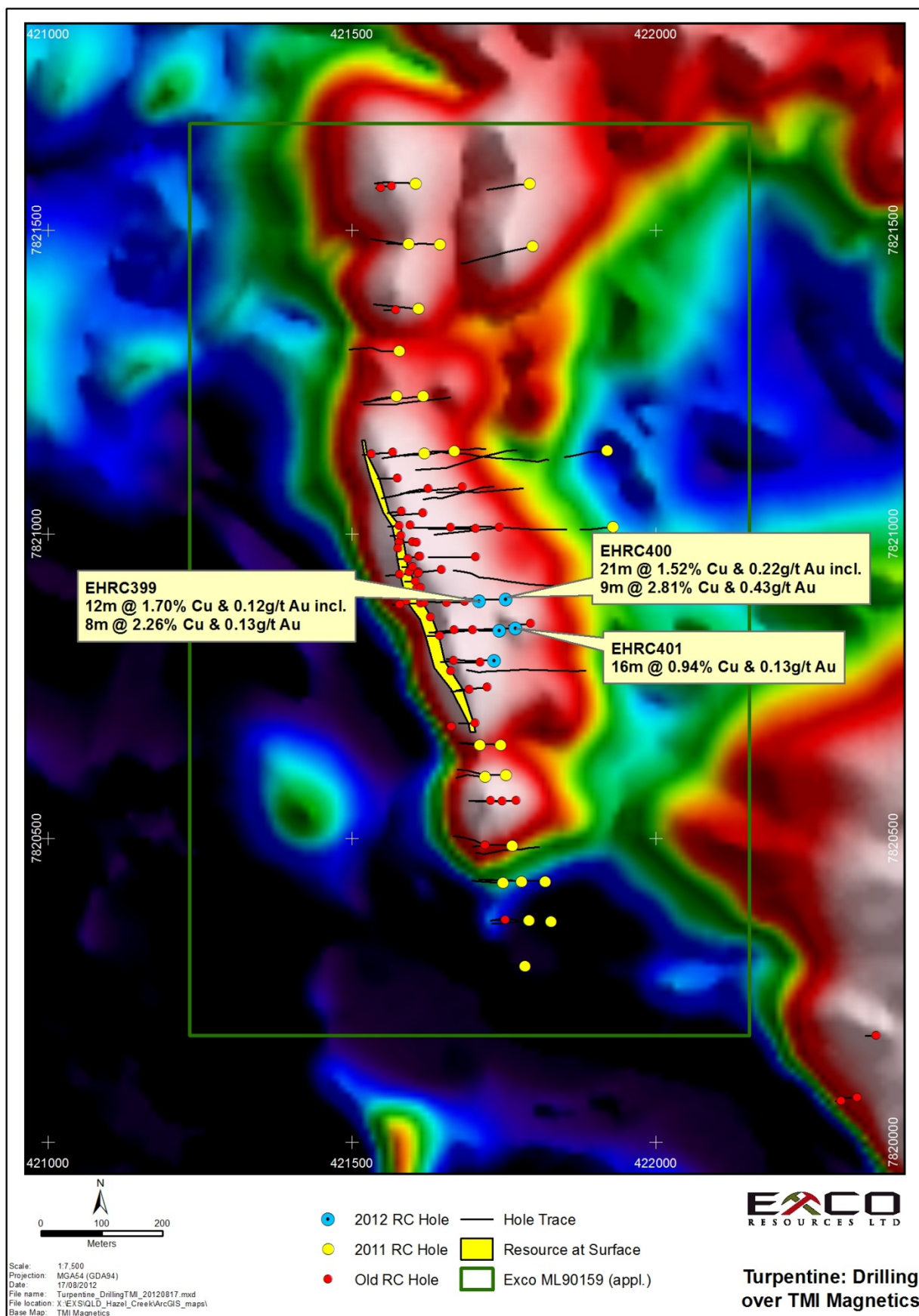


Figure 5: Figure showing significant intersections and drill hole locations over an image of total magnetic intensity.

All five of the RC holes intersected copper mineralisation at the expected depths. The intersections from each hole are:

- **EHRC399: 12m @ 1.70% Cu & 0.12 g/t Au** from 115m, including **8m @ 2.26% Cu & 0.13 g/t Au** from 115m
- **EHRC400: 21m @ 1.52% Cu & 0.22 g/t Au** from 167m, including **9m @ 2.81% Cu & 0.43 g/t Au** from 167m
- **EHRC401: 16m @ 0.94% Cu & 0.13 g/t Au** from 162m
- **EHRC403: 10m @ 0.50% Cu & 0.06 g/t Au** from 107m
- **EHRC405: 29m @ 0.36% Cu and 0.05 g/t Au** from 79m, including **4m @ 0.96% Cu & 0.14 g/t Au** from 82m and **4m @ 0.83% Cu & 0.09g/t Au** from 104m

The current drill programme has increased confidence in the resource and has provided further targets for resource extensions. **Figure 6** summarises the broad scale copper distribution as a long section and also shows the location of the recent holes. **Figure 7** shows a cross section through the deposit in the area of recent drilling.

All the results from this programme are being analysed to update the geological model with a view to re-estimating the Turpentine Resource.

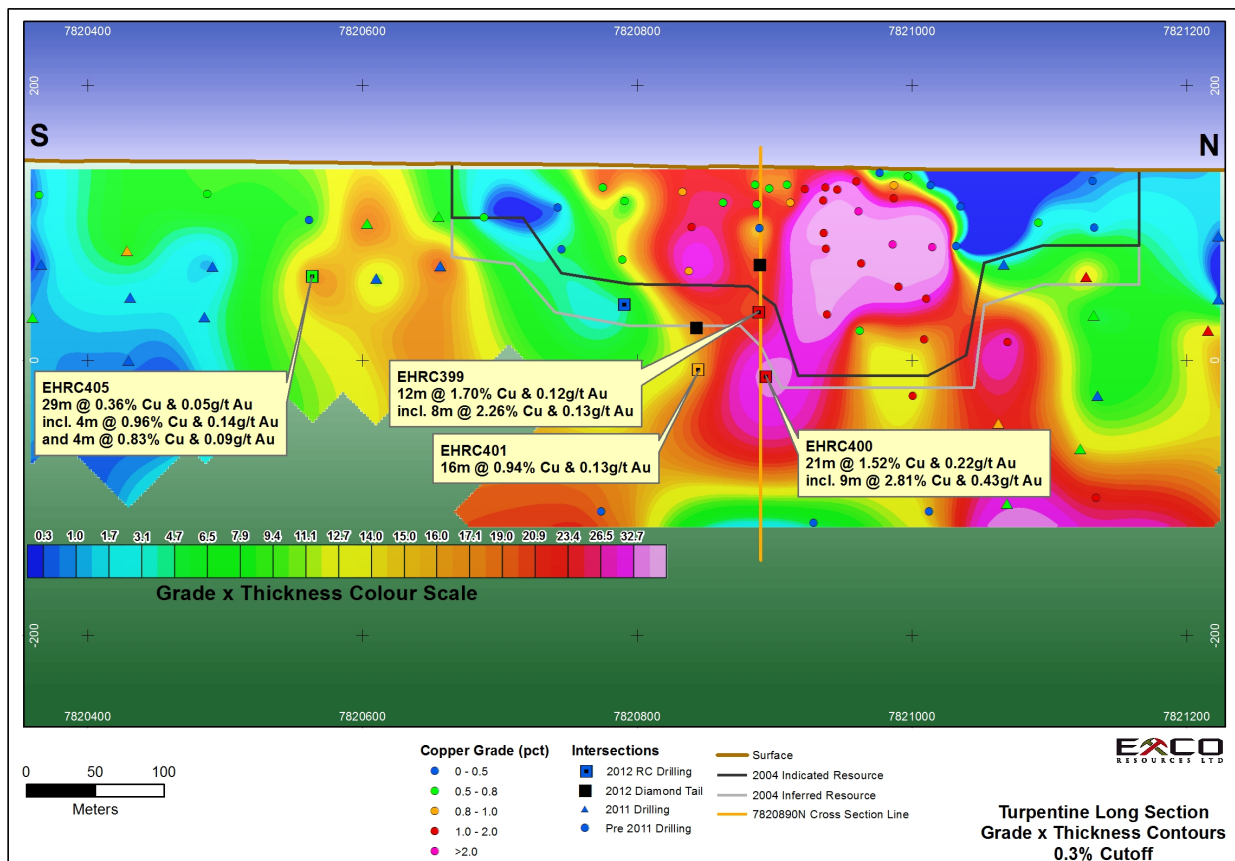


Figure 6: Long Section showing current resource and recent drill results.

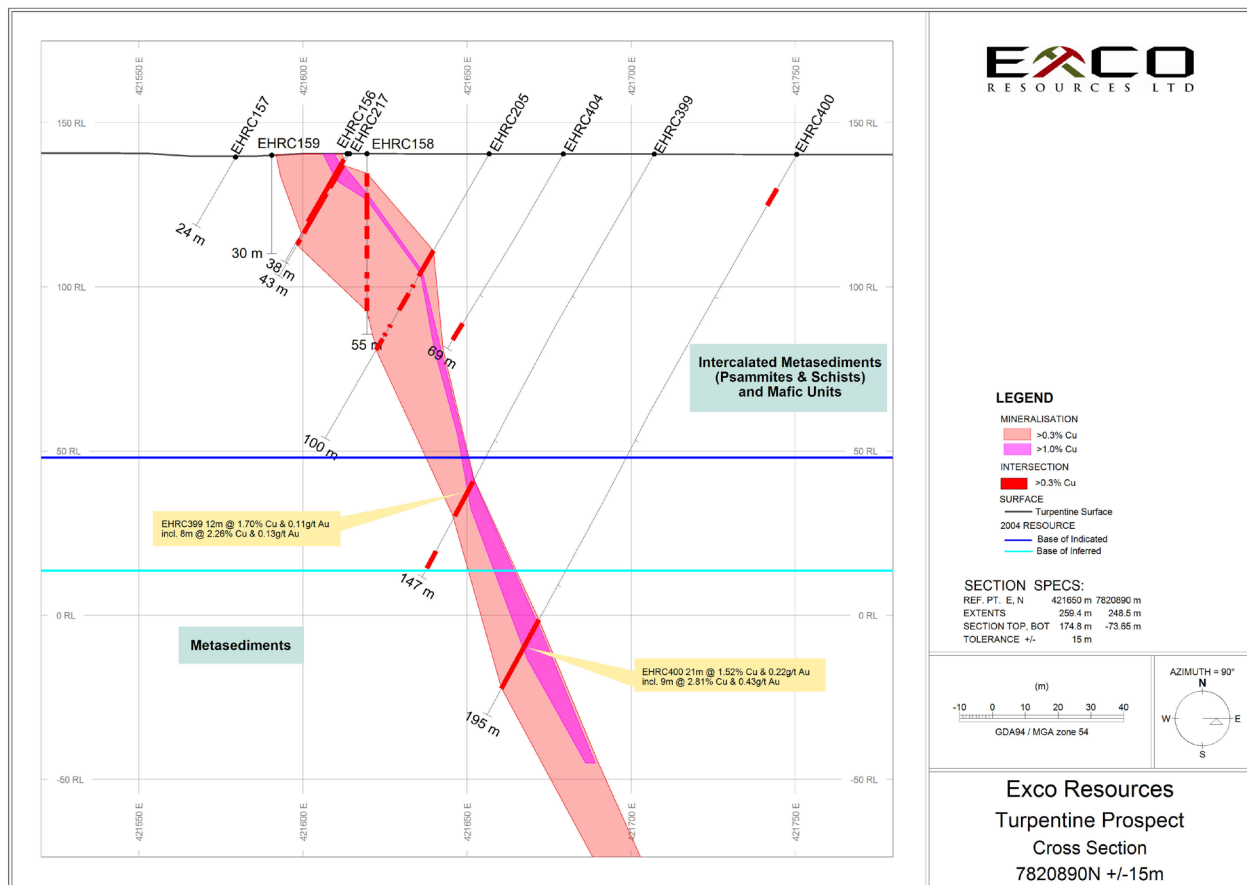


Figure 7: Cross Section of 7820890N showing new results. (See Figure 6 for cross section location)

HAZEL CREEK EXPLORATION OUTLOOK

Regional exploration drilling has commenced in the Hazel Creek Project and is targeting a variety of geophysical and geochemical anomalies generated by recent surveys.

Results of this drilling will be reported as they come to hand.

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: TURPENTINE SIGNIFICANT RESULTS – AUGUST 2012

Hole ID	From (m)	To (m)	Width (m)	Cu%	Au g/t
Turpentine					
EHRC399	115	127	12	1.70	0.12
including	115	123	8	2.26	0.13
EHRC400	167	188	21	1.52	0.22
including	167	176	9	2.81	0.43
EHRC401	162	178	16	0.94	0.13
EHRC403	107	117	10	0.50	0.06
EHRC405	79	108	29	0.36	0.05
including	82	86	4	0.96	0.14
and	104	108	4	0.83	0.09

TABLE 2: TURPENTINE DRILL COLLARS – AUGUST 2012

Hole ID	Easting*	Northing*	Azimuth	Dip	Depth
Turpentine					
EHRC399	421710	7820890	270	-60	147
EHRC400	421754	7820893	270	-60	195
EHRC401	421770	7820845	270	-60	189
EHRC402	421743	7820842	270	-60	174.4
EHRC403	421735	7820792	275	-60	165
EHRC404	421686	7820889	270	-60	120
EHRC405	421771	7820562	270	-60	135

*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	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		8,035,000	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

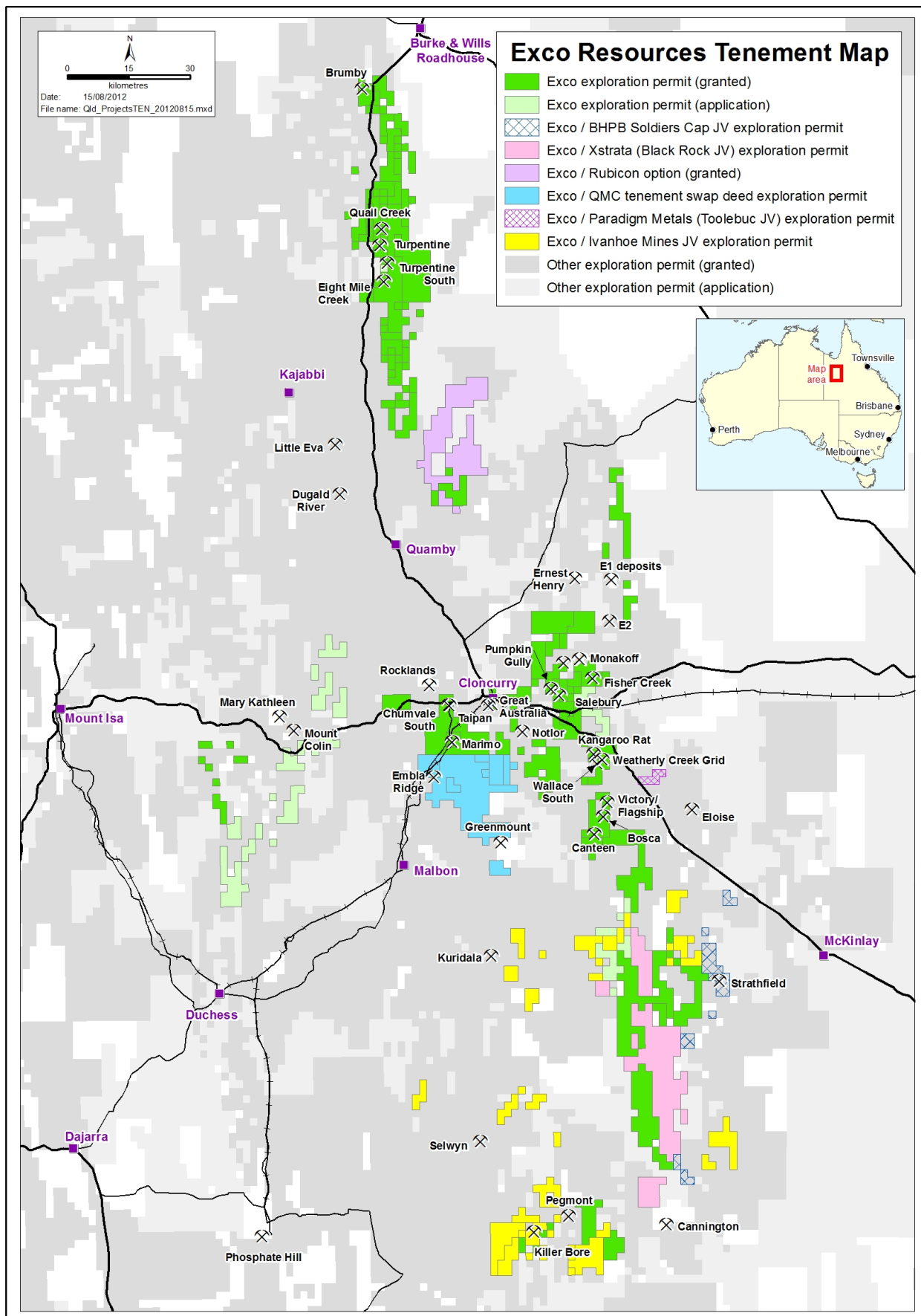


Figure 8: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

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 135,000oz 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