



7 September 2012

Market Release (via electronic lodgement)

## MOUNT COLIN DRILLING UPDATE

New drilling intersects higher grade and thicker zones of copper in deepest holes.

### HIGHLIGHTS

- Results for two extensional and three infill diamond drill holes received:
  - EMCDD051: 9m @ 1.67% Cu & 0.18 g/t Au from 372m (5.6m true width)**
  - EMCDD052: 22m @ 2.27% Cu & 0.25 g/t Au from 366m (15.5m true width)**
  - EMCDD053: 8m @ 2.04% Cu & 0.27 g/t Au from 246m (5.9m true width)**  
**6m @ 1.08% Cu & 0.18 g/t Au from 257m (4.4m true width)**
  - EMCDD054: 14m @ 2.50% Cu & 0.18 g/t Au from 261m (9.7m true width)**
  - EMCDD056: 15m @ 5.78% Cu & 0.53 g/t Au from 308m (9.0m true width)**  
**Including 6m @ 11.29% Cu & 0.79 g/t Au from 310m (3.6 true width)**
- Mount Colin deposit remains open at depth – further down dip drilling is in progress.

Exco Resources Ltd (**ASX Code: EXS**) has received results from five diamond drill holes recently completed at its 100% owned Mount Colin copper-gold deposit in Northwest Queensland. All five holes intersected primary copper-gold mineralisation (chalcopyrite) in the target zone (see **Figure 1** for collar location plan and **Tables 1** and **2** for results and drill collar information).

**EMCDD056** intersected 6 metres of massive and semi-massive sulphide mineralisation averaging **11.29% Cu and 0.79 g/t Au** within a broader zone of **15m @ 5.78% Cu and 0.53 g/t Au** (see **Figure 2** for long section showing intersection pierce points into the mineralised zone). The mineralisation is dominated by chalcopyrite (Cu Fe S<sub>2</sub>) and assays confirm visual estimates of 50-60% chalcopyrite within the massive zone (see **Figures 3 and 4**). **Figure 5** indicates the grade over the core interval.

The deepest hole, **EMCDD052**, returned a thicker than expected intersection of **22m @ 2.27% Cu and 0.25 g/t Au** from 366m including **7m @ 2.94% Cu** from 380m. Significantly, the true horizontal width of the intersection is estimated to be around 15.5m which is substantially wider than expected (See **Figure 2**).

Exco commenced the current programme of infill and extensional diamond drilling in June 2012. Two holes were planned to target down-dip extensions to the current Resource (**EMCDD051 and 52**), with a further five holes planned to obtain sufficient drill spacing that may allow for conversion of Inferred Resources to Indicated status. Of these five infill holes, three are complete and results are included in this announcement (**EMCDD053, 54 and 56**). A further infill hole is in progress and the other planned hole will be drilled shortly (see **Figure 2**).

Mount Colin remains open at depth and in light of these positive results, Exco has planned an additional two down dip extensional drill holes with one hole already in progress (see **Figure 2**).

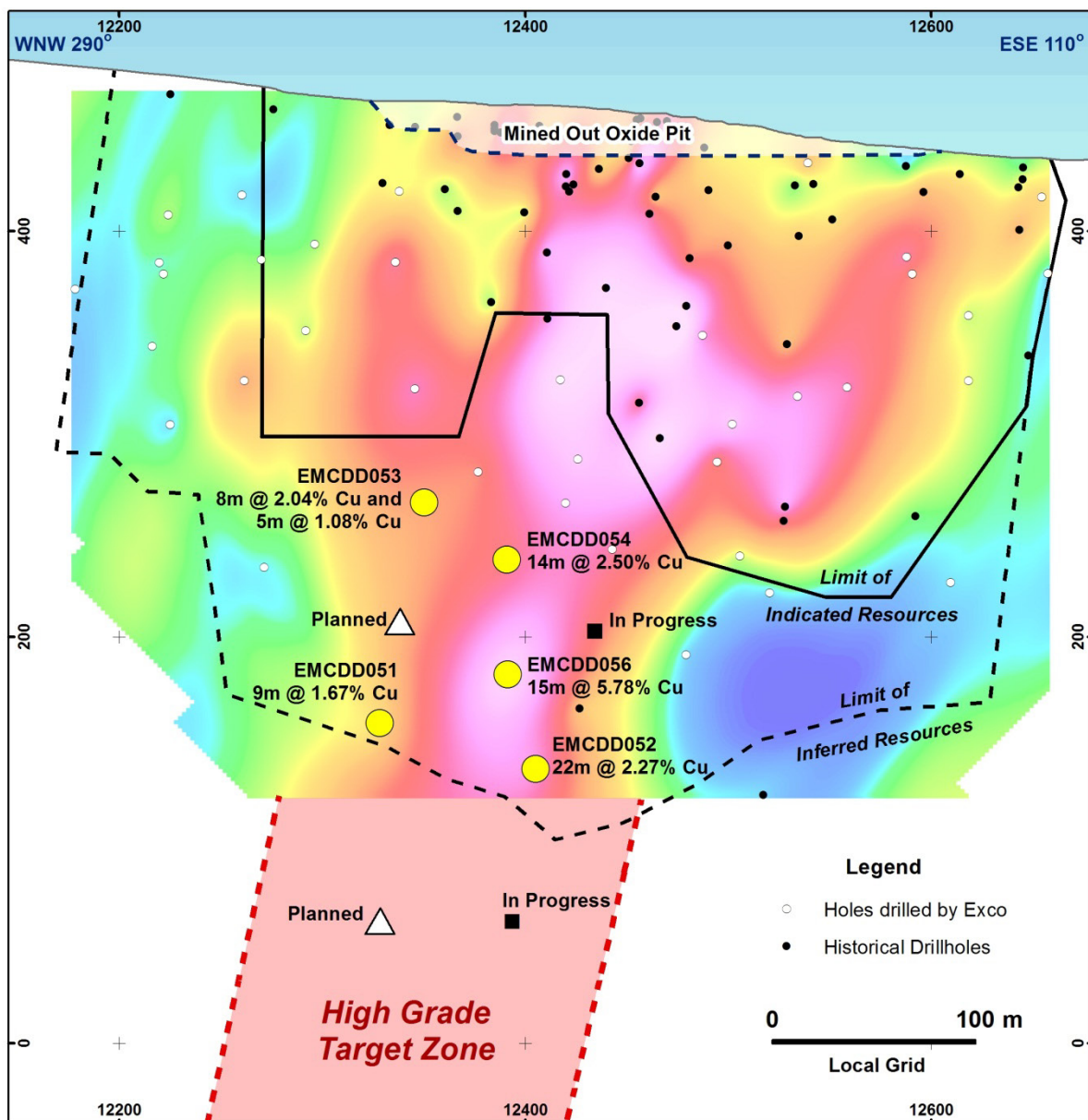
Results are now being incorporated into resource evaluation and project development studies, which are currently in progress.

Hole ID	From (m)	To (m)	Downhole Width (m)	Estimated True Width of Ore Zone (m)	Cu (%)	Au (g/t)
EMCDD051	372	381	9	5.6	1.67	0.18
<b>EMCDD052</b>	<b>366</b>	<b>388</b>	<b>22</b>	<b>15.5</b>	<b>2.27</b>	<b>0.25</b>
including	<b>380</b>	<b>387</b>	<b>7</b>	<b>4.9</b>	<b>2.94</b>	<b>0.19</b>
EMCDD053	246	254	8	5.9	2.04	0.27
and	257	263	6	4.4	1.08	0.18
<b>EMCDD054</b>	<b>261</b>	<b>275</b>	<b>14</b>	<b>9.7</b>	<b>2.50</b>	<b>0.18</b>
<b>EMCDD056</b>	<b>308</b>	<b>323</b>	<b>15</b>	<b>9.0</b>	<b>5.78</b>	<b>0.53</b>
including	<b>310</b>	<b>316</b>	<b>6</b>	<b>3.6</b>	<b>11.29</b>	<b>0.79</b>

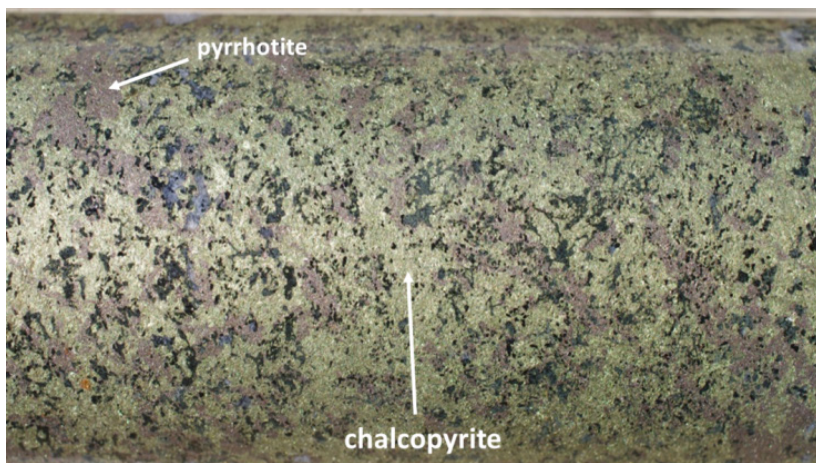
*Reported at a 1% Cu cut-off with 4m maximum internal waste*



**Figure 1: Location plan highlighting new drill hole collars**

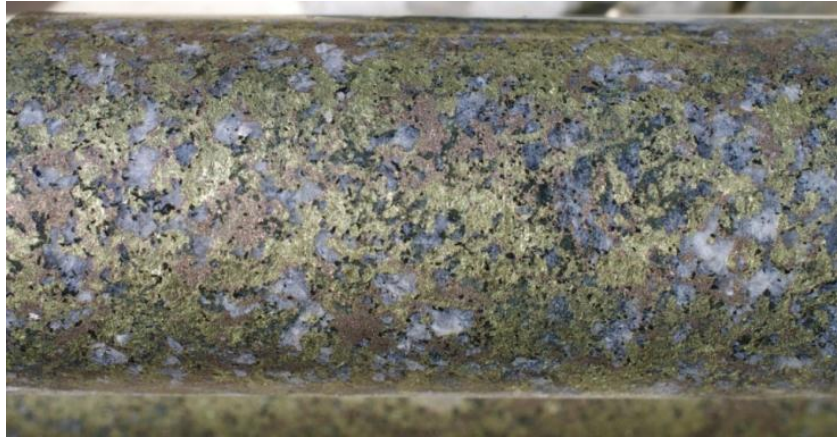


**Figure 2:** Schematic long-section showing colour contouring (grade multiplied by true thickness) and pierce points of new and planned holes into mineralised zone.

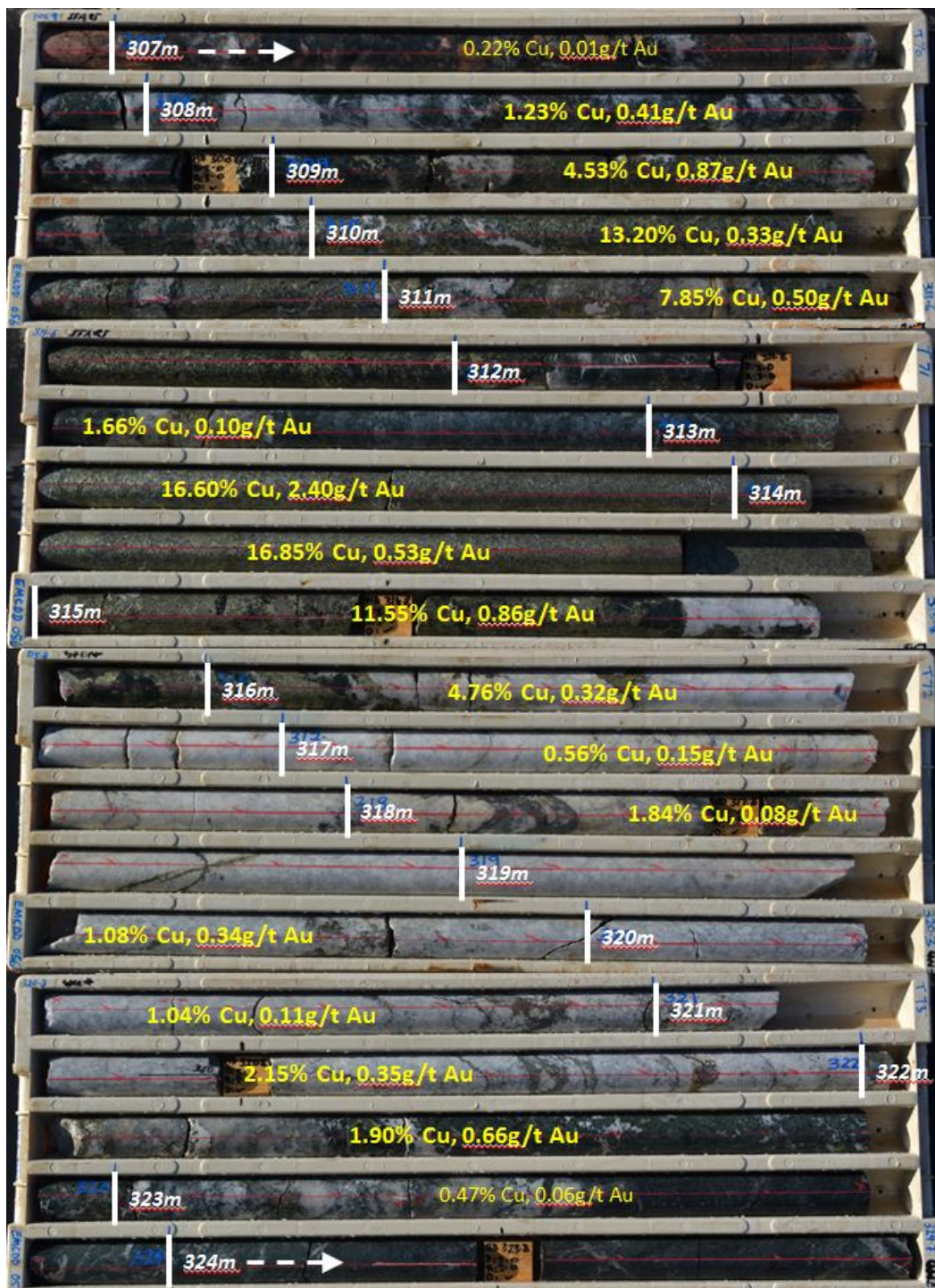


**Figure 3:** Close-up of massive sulphides (chalcopyrite and pyrrhotite) intersected in diamond drill hole **EMCDD056**





**Figure 4:** Close-up of semi-massive sulphides intersected in diamond drill hole **EMCDD056**.



**Figure 5:** Assays overlaid on drill core photos for high grade sulphide intersection in drillhole **EMCDD056** at Mt Colin.

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**COMPETENT PERSONS STATEMENT**

Information in this report 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 2: MOUNT COLIN DRILL COLLARS – AUGUST 2012**

Hole ID	Easting*	Northing*	MGA Azimuth	Setup Dip	Depth (m)
EMCDD051	400705	7702599	227	-58	392.4
EMCDD052	400707	7702599	213	-63	419.3
EMCDD053	400646	7702551	221	-57	282.8
EMCDD054	400657	7702527	214.5	-64.5	315.28
EMCDD055	400659	7702527	194.5	-70	In Progress
EMCDD056	400655	7702527	214.5	-71	338.8
EMCDD057	400709	7702600	214.5	-73	In Progress

\*GDA94, Zone 54

**TABLE 3: EXCO RESOURCES – NORTHWEST QUEENSLAND RESOURCE SUMMARY**

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Deposit	Class	Tonnes	Grade		Metal	
			Cu%	Au g/t	Cu T	Au Oz
Cloncurry Project						
Great Australia <sup>(1)</sup>	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 <sup>(1)</sup>	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.

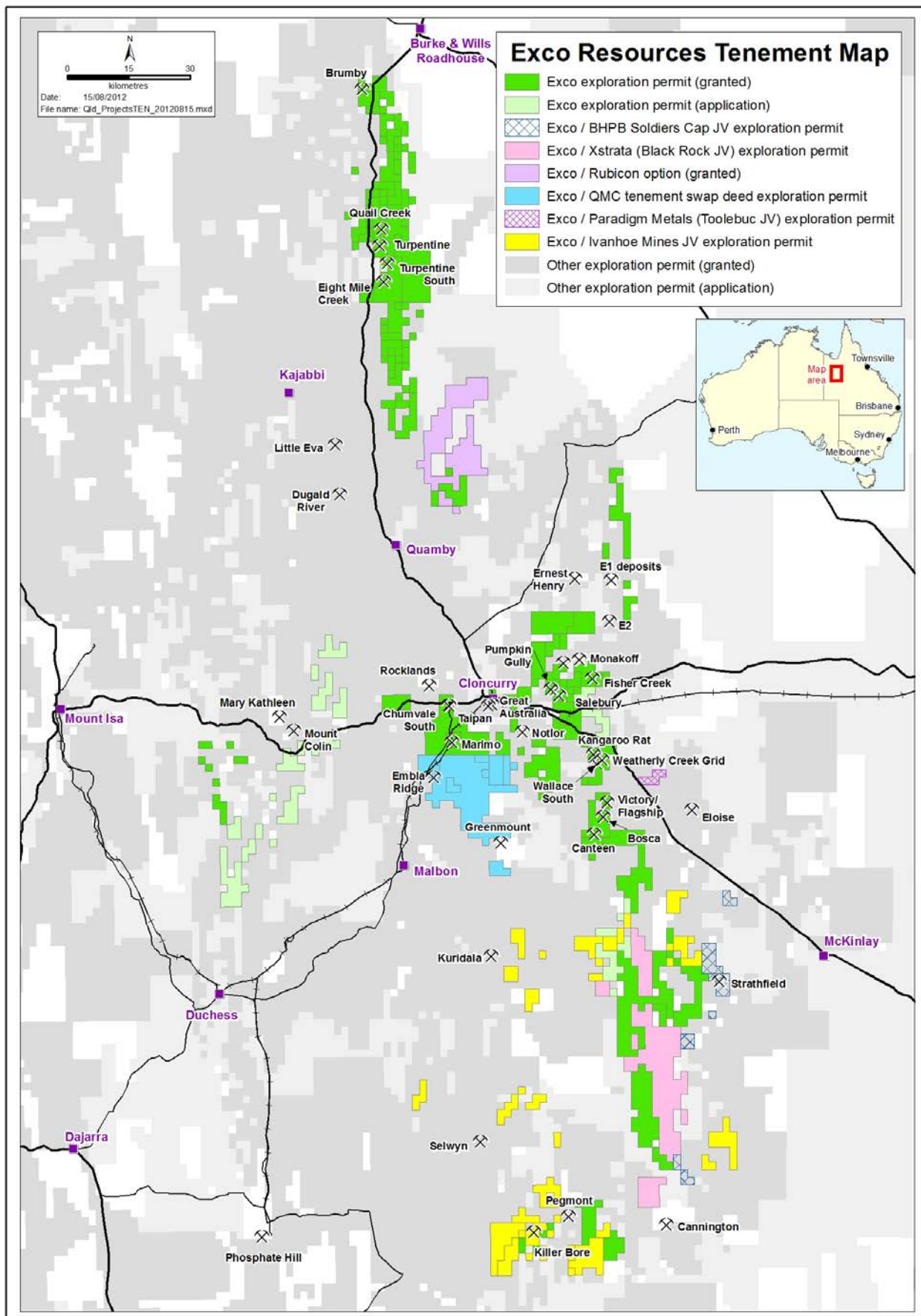
Unless otherwise stated the above resources are reported at a 0.5% Cu cut-off.

<sup>(1)</sup> 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 Au





**Figure 6:** 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 1,900km<sup>2</sup> 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 1,000km<sup>2</sup> 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 1,100km<sup>2</sup>) 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](http://www.excoresources.com.au)