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Market Release (via electronic lodgement)

MAIDEN SALEBURY COPPER-GOLD RESOURCE

Exco continues to deliver with a combined Indicated and Inferred resource of 1.34Mt for 12,000t contained copper & 23,500oz gold

HIGHLIGHTS

- Maiden mineral resource for the Salebury Deposit of **1.3Mt @ 0.90% Cu & 0.54 g/t Au** containing **12,000t** of copper and **23,500oz** of gold.
- Includes an Indicated mineral resource of **1.1Mt @ 0.93% Cu & 0.56 g/t Au.**
- The resource still remains open at depth within the prospective region.

Exco Resources Ltd (**ASX: EXS**) has completed a maiden JORC compliant (combined Indicated and Inferred) resource for the Salebury copper-gold deposit. The resource has added a further **1.3Mt @ 0.9%** Copper to the company's North-West Queensland resource base (See **Table 5**). The deposit remains open at depth and has limited drilling along strike.

Full details of the mineral resource estimate are provided in **Table 1** below.

TABLE 1: SALEBURY RESOURCE

Resource Estimate 0.5% Cu Cut-off

Resource Category	Tonnes	Grade		Metal	
		Cu (%)	Au (g/t)	Cu (t)	Au (oz)
Indicated	1,122,100	0.93	0.56	10,400	20,300
Inferred	219,300	0.75	0.46	1,600	3,200
Total	**1,341,400**	**0.90**	**0.54**	**12,000**	**23,500**

NB: Figures rounded to nearest 100

SALEBURY OVERVIEW

The Salebury deposit is located approximately 15km east of Cloncurry in Northwest Queensland and forms part of the Cloncurry Project (see **Figure 4** for regional map showing deposit location).

The deposit occurs on the southern limb of the Pumpkin Gully syncline (see **Figure 1**). Geologically, the area consists of intercalated black shales and meta-basalts/dolerites of the Toole Creek Formation (see **Figure 2**). Mineralisation is predominantly hosted within black shale and forms a number of sub-parallel E-W trending lodes.

Geophysics, surface mapping and anomalous results in drill holes indicate a strong structural control to mineralisation. The deposit occurs over a combined strike length of approximately 900m.

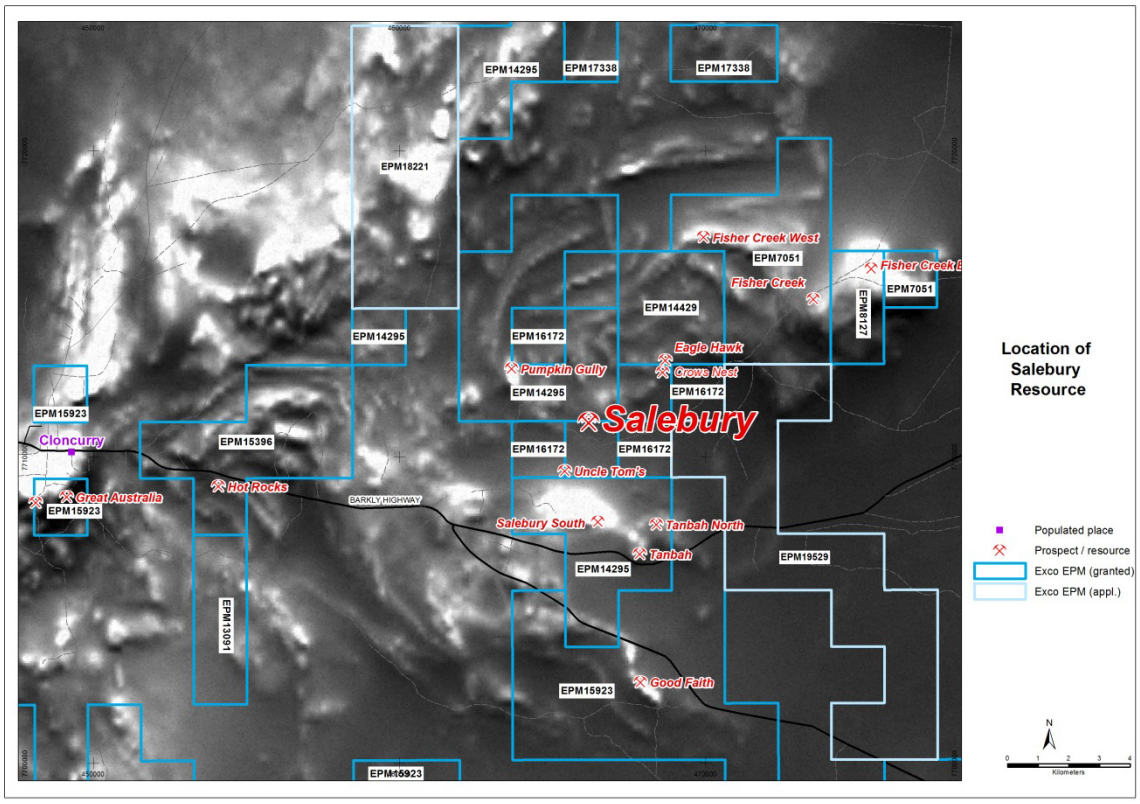

Figure 1: *Location of the Salebury prospect and Exco tenure over an image of total magnetic intensity.*

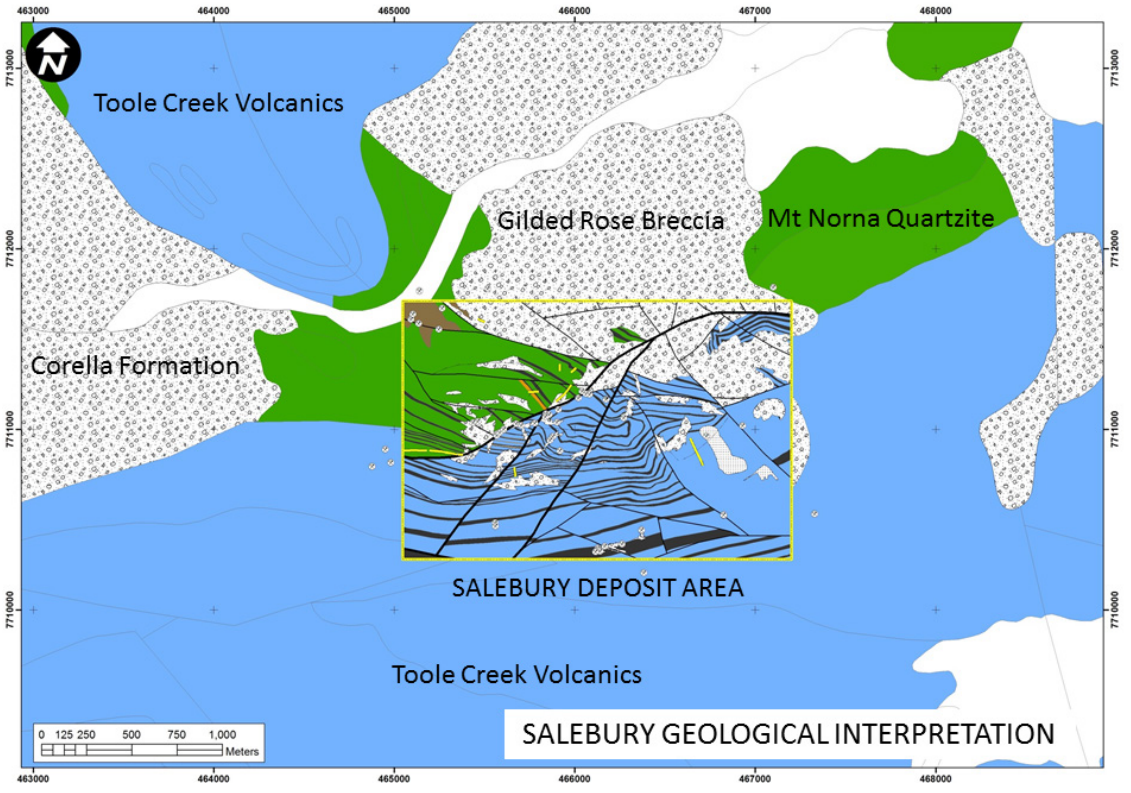

Figure 2*: Salebury geological interpretation*

SALEBURY JORC RESOURCE

The completion of a maiden resource (see **Table 2**) is based on extensive drilling undertaken on the project since its discovery in 2007. An accelerated drill programme undertaken this year with 69 holes for 5691 metres (see **Table 3** for assay results and **Table 4** for drill collar information for holes not previously reported) has allowed the conversion to a JORC compliant (predominantly) Indicated resource. This brings the total amount of drilling in the Salebury Resource to 317 holes for 14,126 metres. The mineralisation is irregularly distributed and therefore the substantial amount of drilling was required to define its extent.

TABLE 2: SALEBURY RESOURCE ESTIMATE SHOWING MATERIAL TYPE & RESOURCE CATEGORY

Resource Estimate 0.5% Cu Cut-off

Type	Resource Category	Tonnes	Grade		Metal	
			Cu (%)	Au (g/t)	Cu (t)	Au (oz)
Oxide	Indicated	32,400	0.82	0.45	300	500
	Inferred	12,200	0.87	0.40	100	200
Sub Total - Oxide		**44,500**	**0.83**	**0.44**	**400**	**700**
Transitional	Indicated	121,700	0.92	0.54	1,100	2,100
	Inferred	54,400	0.82	0.60	400	1,100
Sub Total - Transitional		**176,100**	**0.89**	**0.56**	**1,500**	**3,200**
Fresh	Indicated	968,000	0.93	0.57	9,000	17,600
	Inferred	152,700	0.71	0.41	1,100	2,000
Sub Total - Fresh		**1,120,700**	**0.90**	**0.55**	**10,100**	**19,600**
Total		**1,341,400**	**0.90**	**0.54**	**12,000**	**23,500**

NB: Figures rounded to nearest 100

Recent geophysics, surface geochemical surveys and drilling has effectively mapped the mineralising structures and host lithological units, providing a strong geological model. Recent drilling has confirmed the continuity of the mineralisation between sections by infilling to a 50x50 metre grid (see **Figure 3**). Drilling has shown the mineralisation to be extensive and relatively continuous; however there appears to be numerous lodes, some of which will require further infill drilling.

Details of the resource classification and estimation methodologies are given in **Appendix 1.**

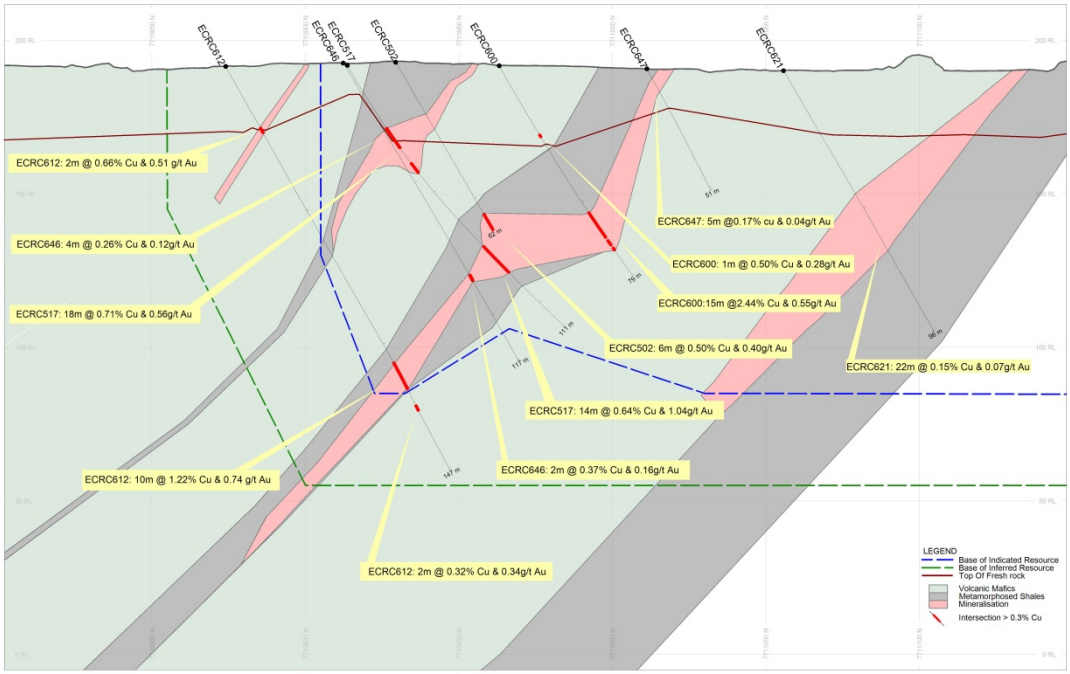

Figure 3: *Cross Section 465875 (+/-25m)*

WHSP TAKEOVER OFFER

All Exco shareholders should now have received all documentation relating to the recommended takeover offer by Washington H. Soul Pattinson & Company Limited (**WHSP**).

This new resource, together with other recent updates and ongoing work in the region is in line with Exco management expectations and does not change the Exco Director's recommendation in respect of the Revised Offer.

Exco Directors continue to unanimously recommend that Exco shareholders ACCEPT WHSP'S Revised Offer by immediately lodging acceptance instructions into the Acceptance Facility.

Exco shareholders should refer to the Target's Statement released to the ASX on 2 October 2012 which outlines the reasons for your Exco Directors recommendation and the information you need to assess this recommendation and make a decision about the future ownership of your Exco shares.

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COMPETENT PERSONS STATEMENT

The information in this report relating to Mineral Resources was compiled by Ms Christine Shore who is a Member of the Australasian Institute of Mining and Metallurgy. Ms Shore is a full-time employee of Exco Resources Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Ms Shore consents to the inclusion of this information in the form and context in which it appears.

The information in this report that relates to Exploration Results was compiled by Mr Stephen Konecny who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Konecny is a full-time employee of Exco Resources Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Konecny consents to the inclusion of this information in the form and context in which it appears.

TABLE 3: SALEBURY RESULTS

Hole ID	From (m)	To (m)	Width (m)	Cu %	Au g/t
Salebury					
ECRC641	61	62	2	0.79	0.16
ECRC642	37	39	2	0.5	0.27
ECRC643	29	37	8	0.56	0.40
ECRC646	29	32	3	0.32	0.15
and	78	80	2	0.54	0.38
ECRC648	0	6	6	0.57	0.61

**Holes not reported contain no significant intersections.*

TABLE 4: SALEBURY DRILL COLLARS					
Hole ID	**Easting***	**Northing***	**Azimuth**	**Dip**	**Depth**
Salebury					
ECRC641	466324	7711133	0	-60	85
ECRC642	465418	7710840	0	-60	50
ECRC643	465617	7710752	0	-60	51
ECRC644	465620	7710683	0	-60	51
ECRC645	465786	7710958	0	-60	75
ECRC646	465866	7710910	0	-60	117
ECRC647	465874	7711008	0	-60	51
ECRC648	466075	7711188	0	-60	51

**GDA94, Zone 54*

TABLE 5: EXCO RESOURCES – NORTHWEST QUEENSLAND RESOURCE SUMMARY						
			Grade		Metal	
Deposit	**Class**	**Tonnes**	**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 [2]	*Indicated*	1,042,200	3.04	0.42	31,600	14,200
	Inferred	879,800	2.09	0.41	18,300	11,600
TOTAL		**1,922,000**	**2.59**	**0.42**	**49,900**	**25,800**
Salebury	*Indicated*	1,122,100	0.93	0.56	10,400	20,300
	Inferred	219,300	0.75	0.46	1,600	3,200
TOTAL		**1,341,400**	**0.90**	**0.54**	**12,000**	**23,500**
Kangaroo Rat	*Inferred*	1,257,100	1.29	0.63	16,200	25,700
Taipan	*Inferred*	1,460,000	0.80	0.10	12,000	5,000
Wallace South [3]	*Inferred*	1,000,000	-	1.60	-	53,000
Victory-Flagship	*Inferred*	196,000	1.20	1.40	2,000	9,000
Sub-Total Cloncurry Project		**9,376,500**	**1.50**	**0.49**	**125,100**	**151,000**
Hazel Creek Project						
Turpentine [4]	*Indicated*	3,830,600	0.92	0.19	35,300	23,500
	Inferred	1,818,600	0.98	0.22	17,800	12,900
Sub-Total Hazel Creek		**5,649,200**	**0.94**	**0.20**	**53,100**	**36,400**
North West Queensland Total		**15,025,700**	**1.29**	**0.38**	**178,200**	**187,400**

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
[2] Mt Colin resource cut-off = 1.25% Cu.
[3] Wallace South resource cut-off = 0.5g/t Au
[4] Turpentine resource cut-off = 0.3% Cu

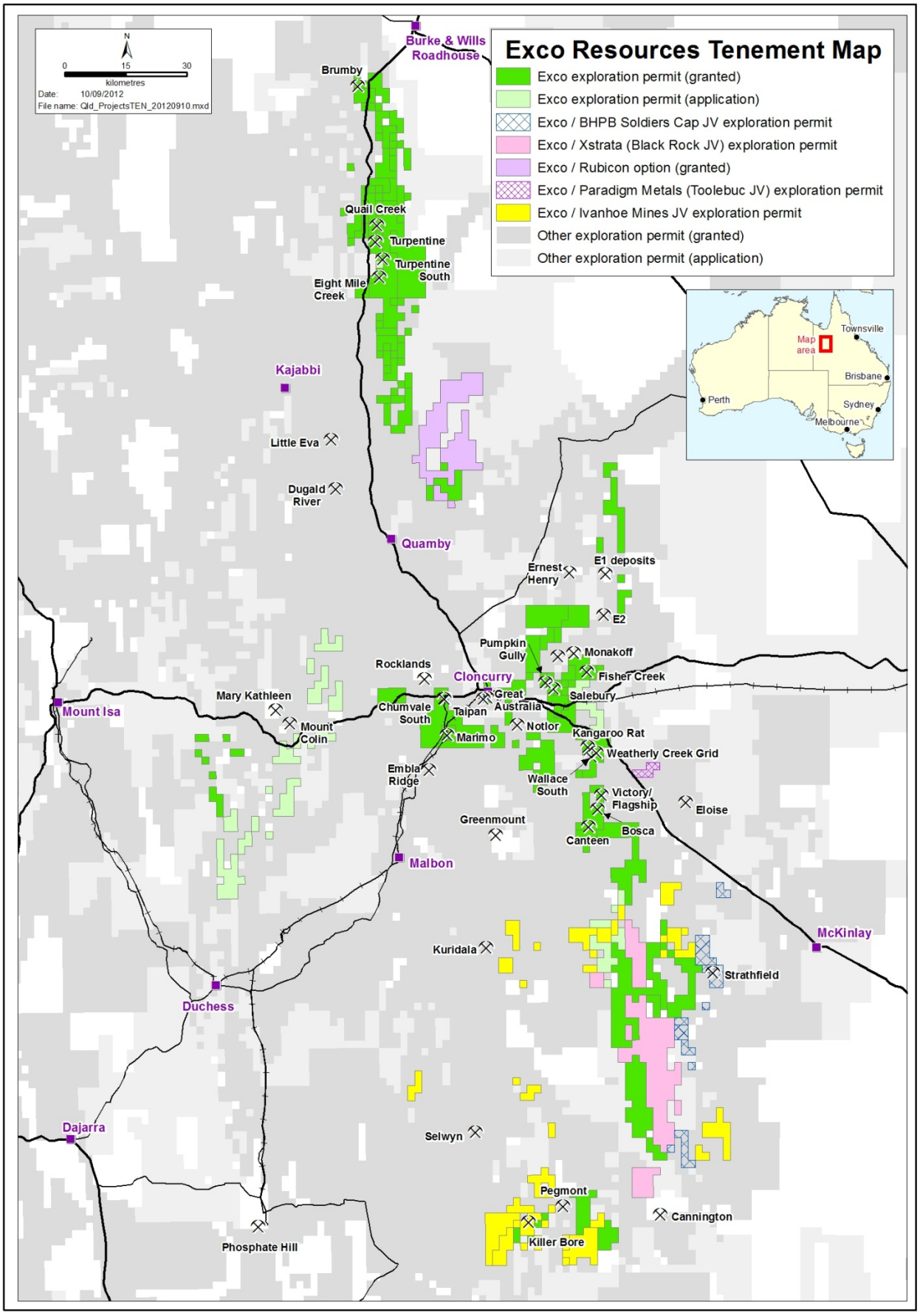

Figure 4: *NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.*

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^2 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^2 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 a 50% interest in the White Dam & Drew Hill Joint Venture with its joint venture partner and manager, Polymetals Mining Ltd. Since pouring first gold in April 2010, production rates and margins from White Dam have been well above expectations. To date the project has produced in excess of 137,000 ounces of gold. Mining of the Vertigo deposit was completed in early May. Production will continue until the December quarter.

Exco also has a number of exploration joint ventures in Queensland (covering over 1,100km^2) 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

Appendix 1: Assessment and Reporting Criteria Tables

The following table provides a summary of important criteria related to the assessment and reporting of the Salebury Mineral Resources as presented in **Table 1** of the Australian code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004).

Criteria	Explanation
Sampling Techniques and Data	
Drilling Techniques	• 7 Diamond (NQ2) standard tube drillholes for 1,477.52m, 192 reverse circulation (RC) for 10,919m and 117 rotary air blast (RAB) for 1,390m were used for geological interpretation.
Drill sample Recovery	• Diamond core recovery within the ore averaged 92%, with 88% of samples having a sample recovery greater than 80% and 12% of samples having a recovery less than 80%. • RC sample recovery was good with no issues encountered.
Logging	• Diamond core and RC chips were logged into a validated Excel spread sheet logging system. • All core was photographed. • All core is stored at Exco's Cloncurry yard.
Sub-sampling techniques and sample preparation	• Core is oriented along the bottom of the hole. All samples were taken as half core using a diamond core saw. • RC chips were sampled using a spear to create a 2-3kg, 6m composite. All composites with a copper grade greater than 0.1% were resplit. • Prior to 2011 resplitting was carried out with a riffle splitter. • From 2011, 1m samples were collected from the cyclone of the rig and stored for later sample submission. Wet samples were sub-sampled with a scoop and air dried on site prior to dispatch to the laboratory.
Quality of assay data and laboratory tests	• Quality control for all drilling was carried out involving certified reference standards (1:36), field duplicates (1:26) and blank samples (1:46) to monitor the accuracy and precision of the laboratory data. • Copper grades were determined using Aqua Regia digest ICP Atomic Emission Spectrometry by ALS Townsville. • Gold grades were determined by 50g Fire Assay with AAS finish by ALS Townsville.
Verification of sampling and assaying	• No umpire assay completed.
Location of Data Points	• All diamond drillholes have been located by DGPS with a horizontal accuracy of +/-0.5m and a vertical accuracy of +/-1m. • All RC holes, except those drilled in 2010 have been located by DGPS with a horizontal accuracy of +/-0.5m and a vertical accuracy of +/-1m. The RC holes drilled in 2010 were located by a handheld GPS and the RL was determined by draping the collar coordinates over a surface DTM in Surpac. • All RAB holes have been located by handheld GPS and the RL was determined by draping the collar coordinates over a surface DTM in Surpac. • All Diamond holes drilled and 96 RC holes have had magnetic downhole surveys taken at approximately 30m intervals. An azimuth adjustment of +6.5° was applied for the conversion to MGA Zone 54 (GDA94) for all magnetic surveys.
Data Spacing and distribution	• Drilling has been completed on nominal north-south sections with 50m spacing. • A total of 6 Diamond holes and 87 RC holes intersect the mineralisation.

Criteria	Explanation
Data Spacing and distribution	• 37% of drilling was drilled at approximately 55° to 60° to the north. • 3% of drilling was drilled at approximately 55° to 60° to the south. • 1% of drilling was drilled at approximately 55° to 60° to the north-east. • 59% of drilling was drilled vertically, including all of the RAB drilling.
Estimating and Reporting of Mineral Resources	
Estimation and modelling techniques	• Ordinary Kriging to the parent block size was used to estimate Cu, Au and Co. Three estimation passes were used for all three elements. The first pass had a limit of 65m, maximum of 20 samples and minimum of 6 samples of which no more than 4 were from any one hole. The second pass had a limit of 130m, maximum of 20 samples and minimum of 6 samples of which no more than 4 were from any one hole. The third pass had a limit of 1000m, maximum of 20 samples and minimum of 4 samples of which no more than 3 were from any one hole. For all estimations a discretisation matrix of 3x3x3 was used.
Moisture	• Tonnes have been estimated on a dry basis.
Cut-off parameters	• Copper Mineral Resources have been reported inside the mineralisation wireframe that was constructed at a 0.3% Cu cut-off and then further constrained to 0.5% cu during estimation.
Mining factors or assumptions	• No mining assumptions have been built into the resource.
Metallurgical factors or assumptions	• No metallurgical assumptions have been built into the resource.
Bulk density	• 102 core samples have been measured for density. • The method used the air dried half core sample weighed in air and then in water, the results of which were used to estimate the density. • 96 samples were from the fresh zone beneath the Base of Oxidation surface. These samples were averaged and the value was applied to all the fresh mineralised material in the block model. • 6 samples from the oxide zone were averaged and the value was applied to all mineralised oxide material in the block model.
Classification	• Mineral Resources have been classified on the basis of confidence in the geological and grade continuity using the drilling density, geological model and pass in which the copper was estimated. • Indicated Mineral Resources have been defined generally in areas of 40m by 40m drill spacing and in Pass 1. • Inferred Mineral Resources have been defined generally in areas greater than 40m by 40m drill spacing and in Pass 2.
Block Model Verification	• Inverse Distance Squared estimation was run as a further check to the Ordinary Kriged model. The comparison was good. • Swath plots were generated along east-west and north-south sections (depending on the orientation of the domain) and the block grade compared well with the composite grade. Swath plots were also created for the RL and the block grade again compared well with the composite grade.
Audits or reviews	• A high level audit of the interpretation, compositing, top cuts, estimations, modelling parameters and classifications was carried out by Cube Consulting in September this year. No matters were noted that would impair the validity of the Mineral Resource Estimate.