



1 November 2012

Market Release (via electronic lodgement)

QUEENSLAND EXPLORATION UPDATE

Drilling and Exploration Activities Continue

- Deeper drilling at Kangaroo Rat intersects **21m @ 1.95% Cu & 0.73 g/t Au** from 188m, including **11m @ 2.85% Cu & 0.99 g/t Au** from 190m in KRDD016.
- Widespread anomalous to low grade copper intersected at Weatherly Creek – Canteen area.
- Reverse Circulation (RC) holes testing new magnetic and geochemical targets have intersected visible copper mineralisation at Hazel Creek.
- 4 drill rigs currently operating.

Exco Resources Ltd (**ASX Code: EXS**) is continuing its exploration activities within its Northwest Queensland package (see **Figure 5**). This calendar year a total of 216 RC holes for 15,969m, 49 Diamond Drill (**DD**) holes for 9,575m, 450 line kms of ground magnetics, 3,135 gravity stations and 11,756 soil sample sites have been completed. There are currently four drill rigs operating in the Cloncurry and Hazel Creek Project areas.

CLONCURRY PROJECT

A total of 43 DD holes (8,796m), 125 RC holes (10,547m), 8,484 soil sites, 3,135 gravity stations and 266 line km of ground magnetics have been completed this calendar year in the Cloncurry Project area.

Kangaroo Rat Open Pit Project

Following the successful infill and extensional drilling at Kangaroo Rat, Exco recently completed a programme targeting high grade down-dip extensions. Three holes were drilled beneath the current inferred resource with copper-gold mineralisation intersected in all three of the holes.

The best intersection was obtained from KRDD016 with **21m¹ @ 1.95% Cu & 0.73 g/t Au** from 188m, including **11m @ 2.85% Cu & 0.99 g/t Au** from 190m (see **Table 1** for full results and **Table 2** for drill collars). KRDD016 intersected the mineralised zone approximately 50m vertically below the previous deepest hole at Kangaroo Rat, W31 (**12m @ 2.03% Cu & 1.37 g/t Au** from

¹ True width equals ~75% of reported down-hole intervals.

124m), drilled by a previous operator. See **Figure 1** for cross section showing significant intersections.

Exco intends to follow up on the encouraging results with further diamond drilling. Kangaroo Rat remains open at depth and towards the west. The results from the recent drilling are being incorporated into an updated resource estimate which is expected to be completed in November.

A fixed loop electromagnetic survey was completed over the Kangaroo Rat and Wallace south prospects. Survey results over Kangaroo Rat have defined a strong conductor coincident with the mineralisation. Results have also shown conductive surfaces located further to the north of the known mineralisation where there has been no previous drilling. This conductor will be drill tested during the December quarter.

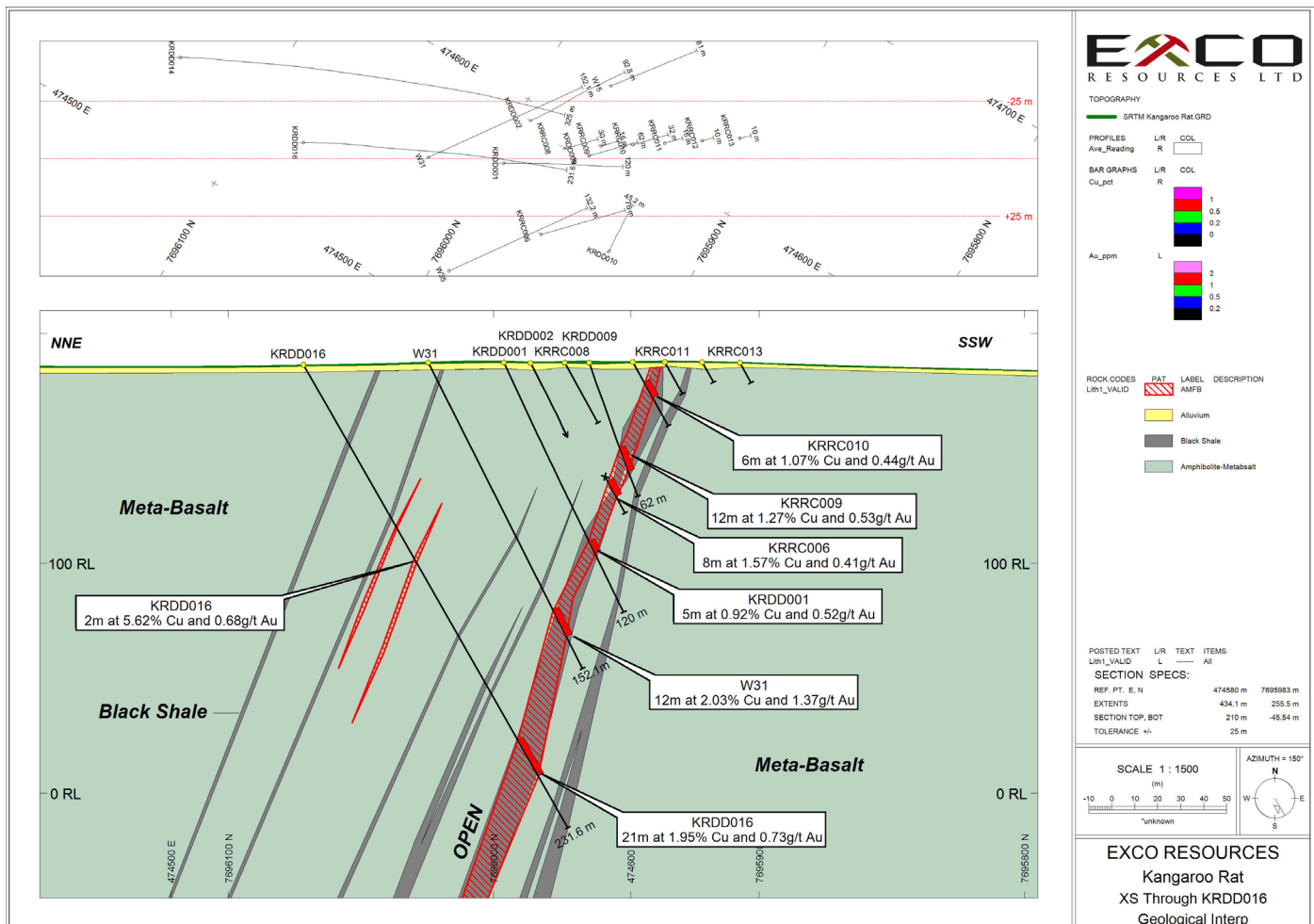


Figure 1: Kangaroo Rat Cross Section showing significant intersections.

Mt Colin Underground Project

Exco previously reported results from four infill and extensional holes at Mount Colin. Exco has since completed additional infill drilling and a further three holes targeting down-dip extensions below EMCDD052 (**22m @ 2.27% Cu** from 366m – see ASX release 07 September 2012). All holes completed to date have intersected the target zone and associated copper-gold mineralisation. Assay results are pending and will be announced once they have been received.

Drilling is continuing and Mount Colin remains open at depth.

Salebury

Several holes have been drilled at Salebury post the maiden resource announcement (October 2012) to confirm structural interpretation of one of the ore zones. Mineralisation has been intersected, however laboratory analysis has not yet been completed. The results are expected to confirm the resource estimate parameters.

Elder Creek

Initial drilling of the magnetic and gravity anomaly at Elder Creek has produced mixed results with portions of the magnetic anomaly being explained by magnetite bearing amphibolite. Hole ECRC683, drilled to test a gravity anomaly associated with the magnetic anomaly, has returned **18m @ 0.33% Cu** and follow-up drilling is in progress.

Wallace South

Two diamond drill holes for 626.5m were completed at the Wallace South prospect during September. The holes were drilled to test the down dip extension of mineralisation intersected within a broad, oxidised zone of strongly brecciated and ferruginous vuggy silica, in WSDD002 (**40m @ 2.93 g/t Au** from 150m, including **17m @ 5.95 g/t Au**). The objective was to test for either primary and/or secondary copper sulphides near the base of oxidation, which no previous drilling has tested at this prospect. Hole WSDD005 intersected a 25m zone of oxidised and vuggy silica 75m down dip from WSDD002 (200m below surface) but the only significant intersection returned **was 3m @ 10.7 g/t Au** from 212m.

No sulphides were recognised so a further hole was drilled to intersect the structure a further 150m down dip (>300m below natural surface). WSDD006 intersected more than 150m of vuggy ferruginous silica within weakly carbonaceous shales before intersecting the target structural zone that comprised variably oxidised massive carbonate (probably ankerite) with localised and discontinuous occurrences of chalcocite and native copper. Assays are anticipated in early November.

A DHEM survey was completed on WSDD006 and preliminary processing of the data indicated there is a conductor situated beneath the end of hole.

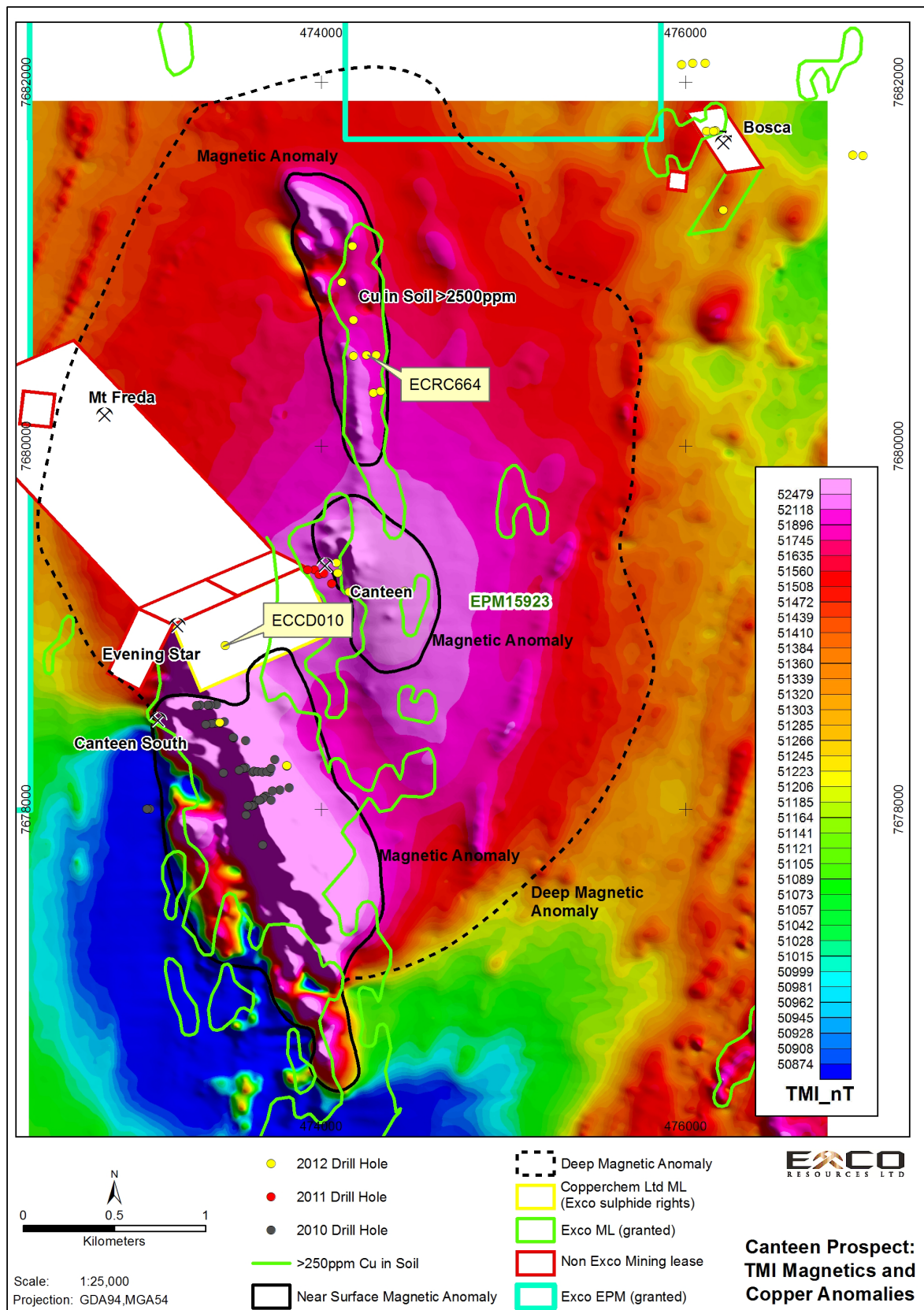
Canteen – Weatherly Creek

Initial drilling on a range of targets generated from recent geophysical and geochemical surveys in the area have returned wide zones of anomalous to low grade copper mineralisation in RC and DD holes (See **Figure 2**) as follows:

ECRC664	34m @ 0.20% Cu from surface
ECCD010	72m @ 0.15% Cu from 30m.

Laboratory assays are still not complete for a number of holes.

Once all assays are complete a revised exploration model will incorporate all relevant information to vector towards the centre of this large Iron Oxide/Copper/Gold system.



Ducat

Rock chip sampling along a trend of historical workings at Ducat has confirmed the trend of a 2.1km long lead-silver anomaly in regional soils north of the Evening Star, Canteen and Mt Freda mineralisation (see **Figure 3** for Ducat area location map). Rock chip results substantiate an early stage exploration target with individual assays up to 74 g/t Ag. The significance of these results will be tested by systematic first phase RC drilling.

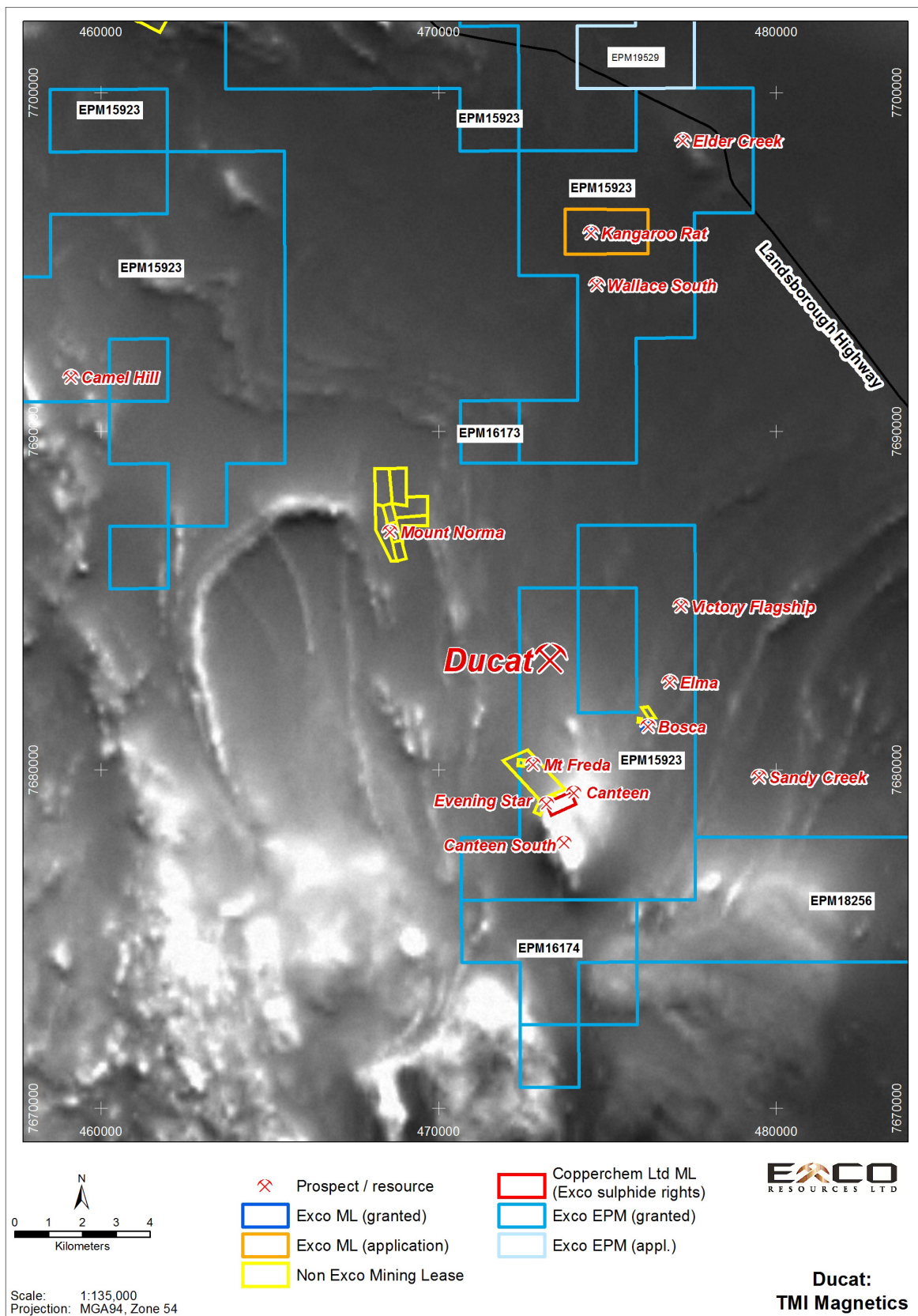


Figure 3: Ducat Prospect location map over an image of TMI magnetics.

Regional Soil Sampling

8,484 soil samples were collected within the Cloncurry Project on regularly spaced grids. This regional programme has generated numerous coherent and large anomalies that will form the basis of drill testing over the next 6-12 months. Initial drilling on several of these anomalies has been completed and has revealed bedrock mineralisation.

HAZEL CREEK PROJECT

A total of 6 DD holes (779m), 91 RC holes (5,422m), 3,272 soil sites and 184 line km of ground magnetics have been completed this calendar year in the Hazel Creek Project area.

Drilling has been on-going in the region and new untested targets have taken priority. The regional soil geochemistry and new detailed magnetic surveys have provided first phase targets. RC drilling has revealed several new areas where visual copper has been noted. Laboratory assays are awaited.

The initial drilling results indicate the validity of the targets generated by Exco's regional approach. The initial holes do not test the entire anomaly and follow-up drilling has commenced.

Rose Green

Drill testing of discrete magnetic anomalies highlighted by Exco's recent Sub Audio Magnetics (**SAM**) surveys has revealed magnetite and chalcopyrite in drill chips (See **Figure 4** for drill hole locations over SAM magnetics). Assays are awaited.

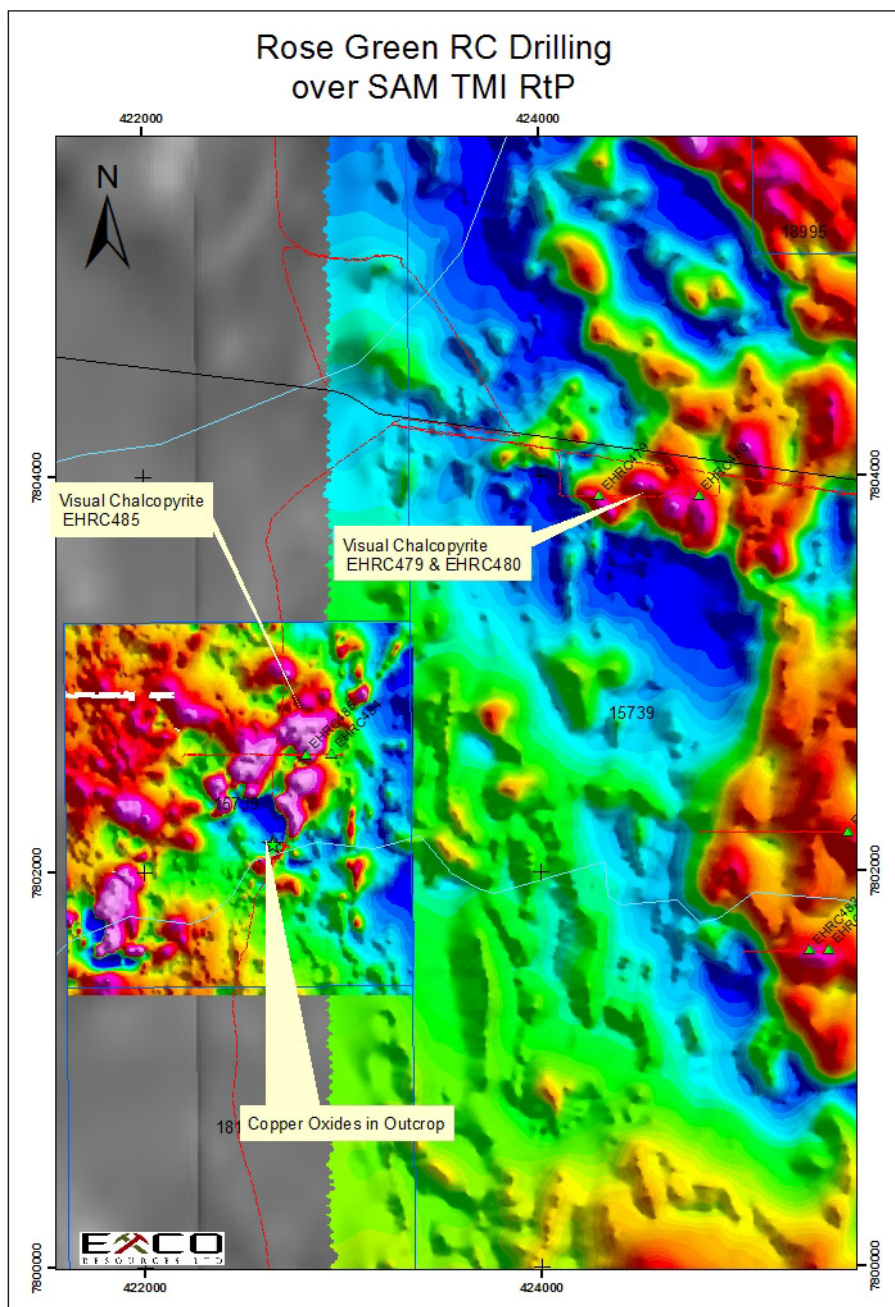


Figure 4: Rose Green area recent drilling over an image of SAM TMI magnetics.

Katey's Creek

Reconnaissance drilling has commenced over the main copper in soil anomalies (see **Figure 5**) and visual copper oxides have been noted in several holes.

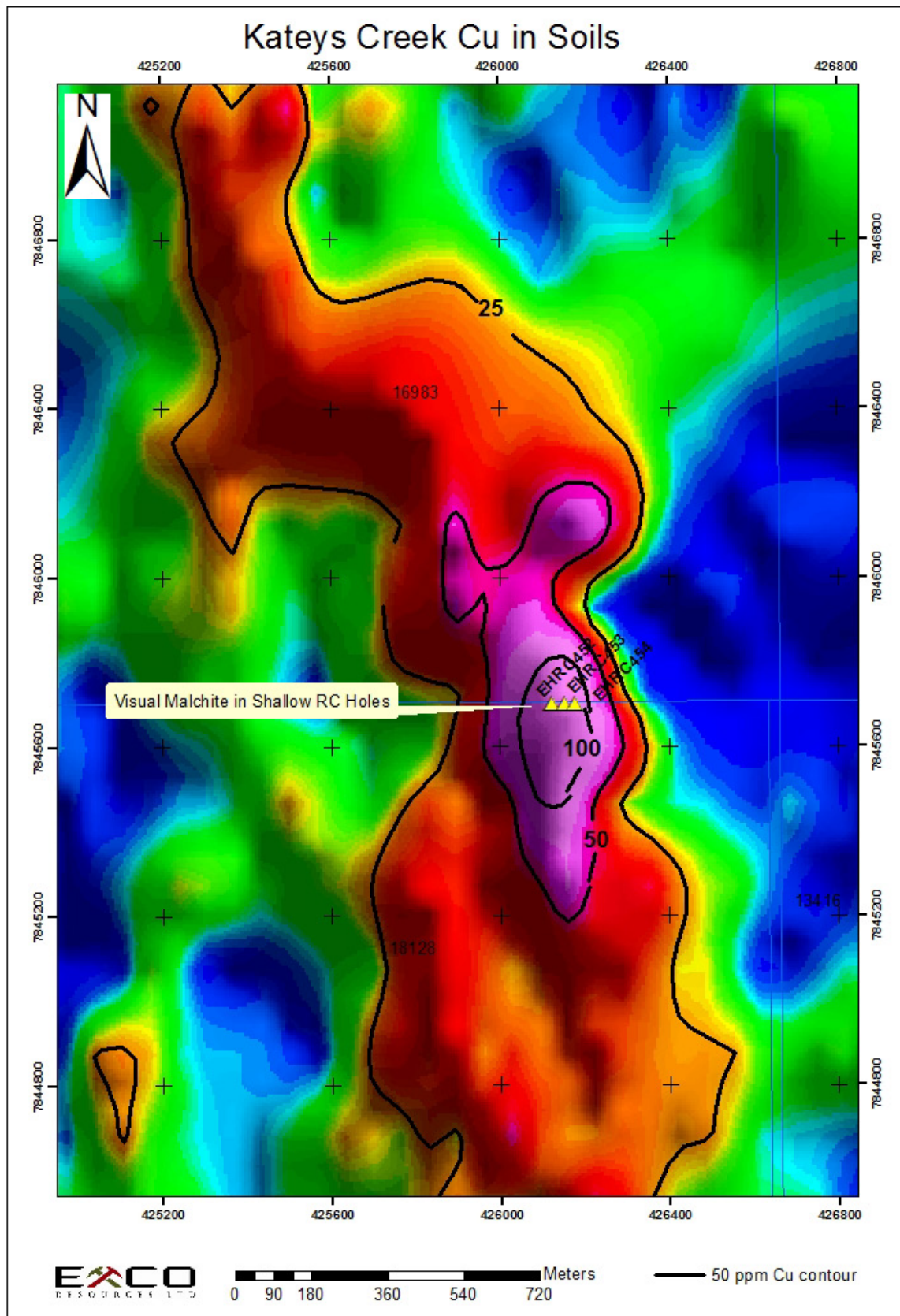


Figure 5: Katey's Creek drilling over an image of Copper in soils.

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**).

Exco would like to remind shareholders that the recommended takeover offer by WHSP is scheduled to close at 7pm (Sydney time) this Friday 2 November 2012 (unless otherwise extended). The drilling results detailed in this release are in line with Exco management expectations and do not change the Exco Directors' 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.

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FORWARD LOOKING STATEMENTS & 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 1: RESULTS					
Hole ID	From (m)	To (m)	Width (m)	Cu %	Au g/t
Kangaroo Rat					
KRDD014	255	261	6	1.56	1.43
KRDD015	216	225	9	0.18	0.06
KRDD016	81	82	1	4.90	0.12
And	97	99	2	5.62	0.68
And	188	209	21	1.95	0.73
Including	190	201	11	2.85	0.99
Canteen – Weatherly Creek					
ECCD010	30	102	72	0.15	-
ECRC664	0	34	34	0.20	-
ECRC683	36	54	18	0.33	
Wallace South					
WSDD005	212	215	3	-	10.7
WSDD006	Awaiting Assays				

TABLE 2: DRILL COLLARS					
Hole ID	Easting*	Northing*	Azimuth	Dip	Depth
Kangaroo Rat					
KRDD014	474540	7696140	150	- 60	325.0
KRDD015	474602	7696115	150	- 60	228.6
KRDD016	474534	7696075	150	- 60	231.6
Canteen – Weatherly Creek					
ECCD010	473473	7678901	70	- 55	348.4
ECRC664	474249	7680501	90	- 60	124
ECRC683	477216	7698350	90	- 60	82
Wallace South					
WSDD005	474679	7694477	240.5	- 80	247.1
WSDD006	474680	7694478	65	- 80	379.4
Rose Green and Katey's Creek					
EHRC452	426120	7847000	270	- 60	20
EHRC453	426151	7847000	270	- 60	20
EHRC454	426176	7847000	270	- 60	20
EHRC479	424300	7803900	270	- 60	80
EHRC480	424800	7803900	270	- 60	81
EHRC485	422821	7802595	270	- 60	81

*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 ⁽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

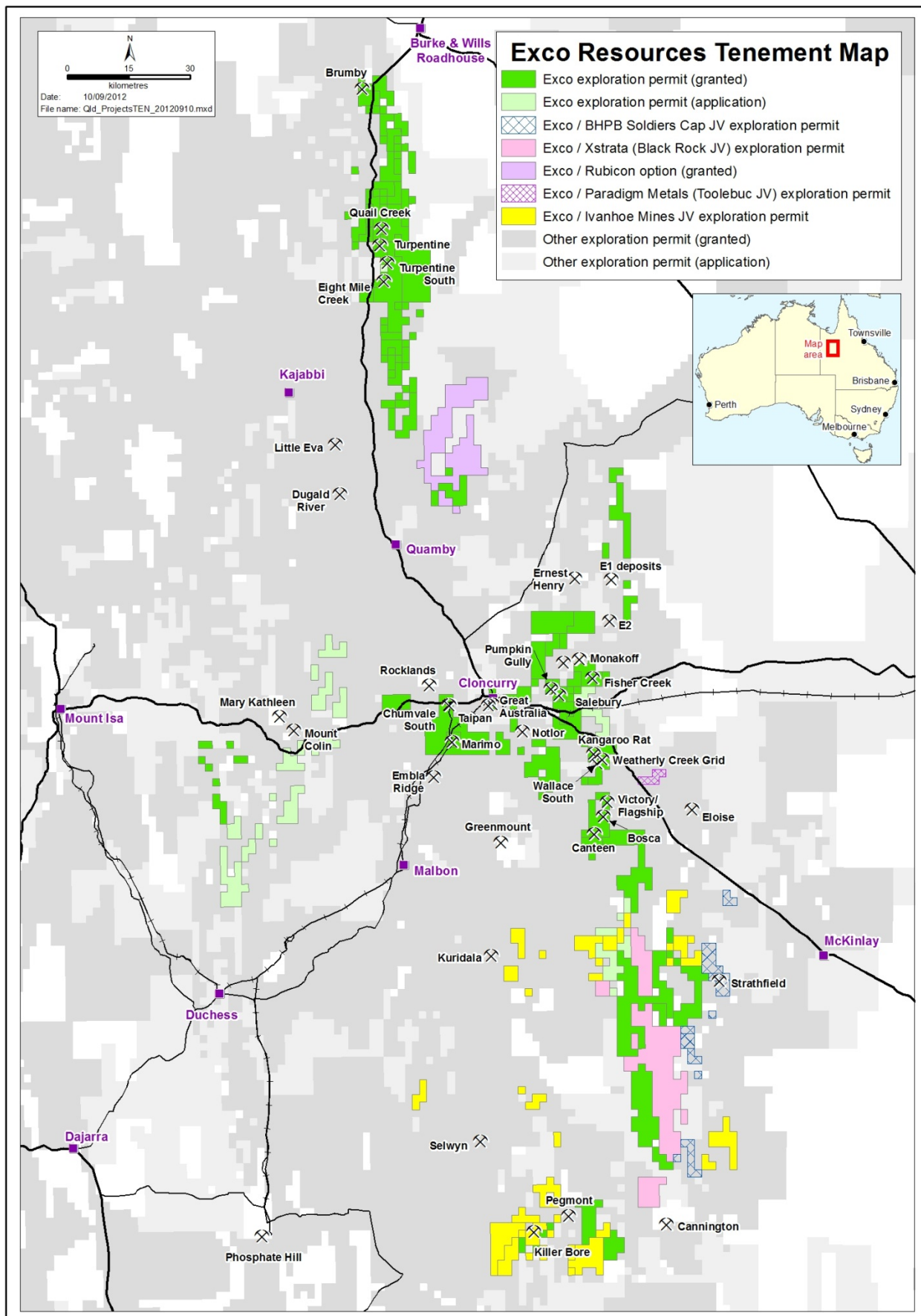


Figure 6: NW Queensland Tenement Map highlighting Exco's ground position & the location of key deposits & prospects.

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 1,900km² 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 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 1,100km²) 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