



19 July 2012

Market Release (*via electronic lodgement*)

GREAT AUSTRALIA ROYALTY

Exco Resources Limited (**ASX:EXS**, “**Exco**”, “**Company**”) has a right to a royalty entitlement over the sulphide ores under the Great Australia mining lease in Cloncurry, Qld, which is being mined by CopperChem Limited (“**CopperChem**”) (a subsidiary of Washington H. Soul Pattinson and Company Limited) pursuant to the terms of the Exco-CopperChem Alliance Agreement entered into in December 2004 and varied in September 2009 (“**Alliance Agreement**”). CopperChem commenced the mining of sulphide ores from the open pit during the six months to 31 December 2011 and a royalty in the amount of \$925,211 was agreed in March 2012 as receivable in relation to this production. An invoice was raised on 23 March for this amount (plus appropriate GST); the payment terms were varied from the normal 30 days to 90 days.

The invoice raised on 23 March has not been paid.

CopperChem has now disputed the Company's entitlement to the royalty under the Alliance Agreement.

Exco has previously informed the market of its rights under the Alliance Agreement. Due to the uncertainty of future events including future LME copper prices and future quantities of qualifying ore being mined, it is not practicable to reliably estimate the potential future amount of royalty to be received from CopperChem.

The Company further advised that, indicatively, based on the then prevailing LME copper price of US\$3.70/lb and the estimated 1.7 million tonnes of sulphide ore at Great Australia being qualifying ore, it was calculated that the royalty may generate gross cash to Exco of around A\$25 million over the expected life of the project.

Exco intends to initiate discussions with CopperChem with a view to resolving the matter as soon as possible. No formal dispute resolution procedures have commenced. However, if the anticipated discussions do not lead to an outcome that is acceptable to Exco, Exco reserves its rights to trigger the relevant dispute resolution processes under the terms of the Alliance Agreement.

On behalf of Exco Resources Ltd

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