

January 9, 2008

TO EXETER SHAREHOLDERS

Exeter achieved a great deal in 2007 – our fifth year of mineral exploration in South America. We could not have predicted last January that discoveries on our second and third priority projects would become the drivers for growth during the year. Those discoveries created considerable investor interest in the Company which was sustained to year end. With four drill rigs operating at the time of writing this letter, we are well positioned to further our successes through 2008.

Through 2007, Exeter announced a series of high grade to bonanza grade gold-silver discoveries at **Cerro Moro** (100% Exeter) in Santa Cruz Province, Argentina, a province noted for its flourishing mining industry. Initially, our drilling focused on the Escondida vein where drilling returned high grade to bonanza grade (in excess of one ounce gold per ton with silver grades exceeding 10 ounces per ton) intersections. The discovery was particularly noteworthy for the mining district given the very high silver grades present in sections of the vein.

By November, Exeter had three drills operating at Cerro Moro with two drills extending the Escondida vein zone to 1.4 kilometers (0.9 miles) in length, and the third testing other veins indicated by prospecting and/or geophysical survey methods. In excess of twenty new targets have been defined and on December 18, 2007 three new discoveries were announced. Drilling is scheduled to continue through 2008 on the 170 square kilometer (66 square mile) property, with the objective of defining a high grade deposit amenable to open pit mine development.

In the Maricunga district of Chile, Exeter drilled thirteen holes on the **Caspiche Project**, in which the Company has the right to acquire a 100% interest (from Anglo American Chile Limitada and Mantos Blancos S.A). As announced on May 24, 2007, the final hole drilled in the program tested a gold porphyry body, returning 304 meters (1,000 feet) of mineralization averaging 0.9 grams per tonne ("g/t") gold (0.26 oz/ton gold) with significant copper credits. This long drill intersection was a very positive result and confirmed the potential of the porphyry to host a multi-million ounce gold deposit.

The prospectivity of the Maricunga district was established some years ago with the development of the Refugio Mine (6 million ounces gold) north of Caspiche, and the Cerro Casale discovery (25 million ounces gold) south of Caspiche. In December, Exeter commenced a diamond drilling program on the gold porphyry target at Caspiche. A second drill rig is scheduled to arrive on site later this month.

On August 2, 2007, Exeter announced a new resources estimate on its 100% controlled **Don Sixto** (La Cabeza) epithermal gold project in Mendoza Province, Argentina. The resources are 925,000 ounces of gold (*20.5 million metric tons at a grade of 1.4 g/t) in the measured plus

indicated categories and a further 334,000 ounces of gold (9.3 million metric tons at a grade of 1.1 g/t) in the inferred resource category, all estimated at a cut-off grade of 0.5 g/t gold.

The Company received a setback in June when the outgoing Mendoza government narrowly enacted legislation banning the use, in mining, of certain essential chemicals in the province. As a result, Exeter ceased all new activity at Don Sixto, including engineering and environmental studies, pending amendment to the legislation in light of the October election of a new administration. The mining industry and Exeter are hopeful that discussions with the new government will result in positive legislative change by mid 2008. In the meantime Exeter and other mining companies have launched court actions seeking to have the legislation declared unconstitutional.

Exeter has strategic agreements with Cerro Vangaurdia S.A. (an AngloGold Ashanti subsidiary) and Rio Tinto Mining and Exploration Limited, over properties and exploration targets throughout the Patagonia region of southern Chile and Argentina. These agreements have led to other gold and/or silver discoveries that are being prioritized for drilling in 2008. An epithermal gold-silver discovery in southern Chile is being prepared for initial drill testing in the first guarter of 2008.

The American Stock Exchange (AMEX) listing is proving to be very beneficial for investors. US trading volumes have increased to the point where over 70% of our trading volume is now facilitated through the AMEX.

In last year's letter to shareholders, we stated that Exeter planned to take its lead property through to mining at the earliest opportunity, and to have a second project at the feasibility stage. To achieve that goal, we are giving the Cerro Moro property our highest priority as it is proving to be a high grade, and potentially a very low cost, gold-silver producer. We are optimistic that the Caspiche, Don Sixto and other properties held under option from our strategic partners will provide further growth in 2008.

We thank our very committed exploration team for their tireless efforts in 2007 and our shareholders for their continued confidence.

Yale Simpson

Chairman

Bryce Roxburgh President and CEO

You are invited to view a recent live Power Point Presentation by Exeter's Chairman, Yale Simpson, on our web site at: www.exeterresource.com

*The resources are 400,000 ounces of gold (8.2 million tonnes at a grade of 1.5 g/t) in the measured category and 525,000 ounces of gold (12.3 million tonnes at a grade of 1.3 g/t) in the indicated category, all estimated at a cut-off grade of 0.5 g/t gold.

Bryce Roxburgh, Exeter's President and CEO, and a "Qualified Person" within the definition of that term in National Instrument 43-101 - Standards of Disclosure for Mineral Projects, is responsible for the technical information contained in this letter. News releases referred to in this letter are available on www.sedar.com.

Safe Harbour Statement - This news release contains "forward-looking statements", within the meaning of the United States Private Securities Litigation Reform Act of 1995, including comments relating to the possible amendment of anti-mining legislation in Mendoza Province, Argentina, exploration and possible development of a mine at Don Sixto and the results of exploration on the Cerro Moro and Caspiche gold properties.

These statements reflect our current belief and are based upon currently available information. Actual results could differ materially from those described in this news release as a result of numerous factors, some of which are outside of the control of Exeter.

The United States Securities and Exchange Commission ("SEC") permits mining companies in their filings with the SEC to disclose only those mineral deposits that a company can economically and legally extract or produce. We use certain terms, such as "inferred resource", that the SEC guidelines strictly prohibit us from including in our filing with the SEC. U.S. investors are urged to consider closely the disclosure contained in our Form 20-F Registration Statement, File No. 000-51016.

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