



29 October, 2008

Letter to Shareholders

This letter arises from our disappointment and frustration with the serious decline in Exeter's share price brought about by the global credit crisis. The fact that the entire resource sector has similarly suffered provides little solace. As these market conditions are likely to persist well into the New Year, we consider it timely to outline our intended path forward. That path is based on two principles:

- **Gold will remain Exeter's commodity focus.** We believe gold's role as a financial safe haven will be re-established as the economy moves from its current deflationary phase into an inflationary cycle, brought about by the massive inflow of capital required to avoid a deep recession.
- **Careful management of Exeter's treasury must be a priority.** We are cognisant that there is likely to be a shortage of exploration risk capital well into 2009. We will only risk our treasury where we see compelling potential for a significant multiplier of shareholder value, and we will modify our programs as circumstances demand.

The following points should be noted:

- Our current cash reserves (September 2008) are C\$23 million.
- Exeter plans to manage costs such that a year from now, we will have a minimum of C\$10 million in treasury.
- At **Caspiche in Chile**, we have reduced our proposed drilling program to 9,300 metres (30,500 feet). The objective of the current program is to produce, at minimum cost, a NI 43-101 compliant resources estimate sufficient to demonstrate that Caspiche is one of only a few recent major gold discoveries to have been made in a mining-friendly country. Our plan is to drill and release results to increase our share price, and make us less vulnerable to an opportunistic take-over bid. **The project has attracted the attention of a number of major mining companies and, subject to market conditions; we intend to continue to aggressively pursue alternatives for maximising shareholder value during 2009.**
- At **Cerro Moro in Argentina** we have reduced activity from three drill rigs double shift, to one rig single shift. Importantly, we will now focus on the very high grade Escondida vein with the objective, beyond the current credit crisis, of **developing a long life, moderate scale, very high grade mining operation.**

Clearly this crisis is extraordinary in its intensity and pervasiveness. **However world class ore deposits are extremely rare and bring extraordinary returns for investors.**

We trust that this letter demonstrates our commitment to maximising value to you, our shareholders. Thank you for your ongoing support.

A handwritten signature in black ink, appearing to read "Bryce", written over a horizontal line.

Bryce Roxburgh
President & CEO

A handwritten signature in black ink, appearing to read "Yale", written over a horizontal line.

Yale Simpson
Chairman

1995, including statements regarding exploration programs and budgets, cash flow and working capital, exploration results, the establishment of a resources estimate for Caspiche, the potential sale of our Caspiche project, and our plans to develop a mining operation at Cerro Moro. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Exeter to vary from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from the forward-looking statements include, among others, risks associated with project development; the need for additional financing; operational risks associated with mining and mineral processing; fluctuations in metal prices; title matters; uncertainties and risks related to carrying on business in foreign countries; environmental liability claims and insurance; reliance on key personnel; the potential for conflicts of interest among certain officers, directors or promoters of Exeter with certain other projects; the absence of dividends; currency fluctuations; competition; dilution; the volatility of Exeter's common share price and volume; and tax consequences to U.S. investors; and other risks and uncertainties, including those described in Exeter's Annual Information Report for the financial year ended December 31, 2007, dated March 28, 2008 filed with the Canadian Securities Administrators and available at www.sedar.com. Although we have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. All statements are made as of the date of this letter and we are under no obligation to update or alter any forward-looking statements except as required under applicable securities laws.