



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE SIX MONTHS ENDED
JUNE 30, 2004**

(UNAUDITED - PREPARED BY MANAGEMENT)

The attached financial statements have been prepared by management of Exeter Resource Corporation and not been reviewed by the auditors of the Company.

EXETER RESOURCE CORPORATION
CONSOLIDATED BALANCE SHEETS
(unaudited – prepared by Management)

	June 30, 2004	December 31, 2003
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,801,111	\$ 608,056
Cash in trust	-	2,876,980
Accounts receivable	17,743	4,478
Goods and services tax recoverable	102,385	6,210
Prepaid Expenses	5,000	-
Deferred share issue costs	-	29,969
	<u>\$ 2,926,239</u>	<u>\$ 3,522,693</u>
Property, Plant and Equipment (Note 2)	144,291	27,386
Mineral Properties, including deferred costs (Note 3)	2,051,417	971,389
	<u>\$ 5,121,942</u>	<u>\$ 4,521,468</u>

LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 127,951	\$ 35,759
Due to related parties	92,081	104,073
	<u>\$ 220,032</u>	<u>\$ 139,832</u>

SHAREHOLDERS' EQUITY		
Share Capital (Note 4)	\$ 12,206,028	\$ 8,354,399
Share Subscription Advances	-	2,876,980
Contributed Surplus	248,881	91,127
Deficit	(7,552,999)	(6,940,870)
	<u>4,901,910</u>	<u>4,381,636</u>
	<u>\$ 5,121,942</u>	<u>\$ 4,521,468</u>

Nature of business and continued operations (Note 1)
Subsequent events (Note 8)

On Behalf of the Board:

“Bryce Roxburgh”
Director

“Yale Simpson”
Director

The accompanying notes are an integral part of these financial statements.

EXETER RESOURCE CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
(unaudited – prepared by Management)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
ADMINISTRATION COSTS:				
Accounting and audit	\$ 7,274	\$ 1,143	\$ 14,971	\$ 1,443
Amortization	2,838	248	5,274	495
Bank charges	838	(254)	1,951	217
Financial and administrative services	57,726	9,000	104,701	27,000
Investor relations	61,034	2,177	67,327	2,177
Legal fees	14,501	(2,296)	33,500	84
Management fees	(8,250)	-	18,000	-
Office and miscellaneous	2,711	120	4,716	269
Rent	5,646	1,462	6,134	6,225
Stock exchange listing and filing fees	8,016	5,414	40,020	12,547
Telecommunications	2,189	803	3,237	1,175
Transfer agent	4,101	2,352	8,150	2,748
Travel and promotion	27,769	335	50,628	335
	185,036	19,004	358,632	66,579
Interest income	(13,110)	(417)	(25,397)	(474)
LOSS BEFORE OTHER ITEMS	171,926	20,087	331,855	54,241
OTHER ITEMS:				
Loss on write-off of mineral properties	10,868	17,764	88,664	17,764
Stock-based compensation (Note 4)	69,131	-	162,510	-
Loss on conversion of foreign currencies	(13,632)	-	1,907	-
Property examination costs	(7,776)	(1,500)	27,193	11,864
NET LOSS FOR THE PERIOD	230,686	36,351	612,199	83,869
DEFICIT AT BEGINNING OF PERIOD	\$7,322,383	6,600,517	\$6,940,870	6,552,999
DEFICIT AT END OF PERIOD	\$7,552,999	\$ 6,636,868	\$7,552,999	\$ 6,636,868
Loss per share	\$ (.02)	\$ (.01)	\$ (.04)	\$ (0.03)

The accompanying notes are an integral part of these financial statements.

EXETER RESOURCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited – prepared by Management)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
OPERATING ACTIVITIES:				
Net loss for the period	\$ (230,686)	\$ (36,351)	\$ (612,199)	\$ (83,869)
Adjustments:				
Amortization	2,838	248	5,274	495
Loss on write-off of mineral properties	(10,868)	-	88,664	41,329
Stock-based compensation	69,131	-	162,510	-
Loss on conversion of foreign currencies	(13,632)	-	1,907	-
	(183,217)	(36,103)	(353,844)	(42,045)
Changes in non-cash working capital items:				
Accounts receivable	(11,806)	-	(18,265)	-
Goods and services tax recoverable	(56,114)	(1,667)	(96,175)	(1,229)
Accounts payable and accrued liabilities	81,933	45,646	92,192	-
Due to related parties	(2,852)	60,994	(11,992)	61,557
	(172,056)	104,973	(388,084)	60,328
FINANCING ACTIVITIES:				
Issue of share capital for cash	47,500	25,576	1,233,445	78,076
Share issue costs	-	-	(236,083)	-
Share Subscription Advances	-	303,750	-	277,518
	47,500	329,326	997,362	355,594
INVESTING ACTIVITIES:				
Proceeds on sale of marketable securities	-	-	-	34,800
Acquisition costs of property, plant and equipment	(67,695)	-	(129,258)	-
Acquisition costs of mineral properties	-	(109,168)	(109,934)	(118,891)
Deferred exploration and development costs, net of amortization and property examination costs	(642,241)	-	(1,055,918)	-
	(709,936)	(109,168)	(1,295,110)	(118,891)
Loss on conversion of foreign currencies	13,632	-	(1,907)	-
INCREASE IN CASH	(820,860)	289,028	(683,925)	289,786
CASH AT BEGINNING OF PERIOD	3,621,971	22,147	3,485,035	21,389
CASH AT END OF PERIOD	\$ 2,801,111	\$ 311,175	\$ 2,801,111	\$ 311,175

SUPPLEMENTAL CASH FLOW INFORMATION (Note 6)

The accompanying notes are an integral part of these financial statements.

EXETER RESOURCE CORPORATION
CONSOLIDATED SCHEDULES OF DEFERRED EXPLORATION AND DEVELOPMENT COSTS
FOR THE SIX MONTHS ENDED JUNE 30, 2004
(unaudited – prepared by Management)

	<i>La Cabeza</i> Cognito Properties	<i>Rosarita, Quispe, Dolores</i> Estelar Properties	MRP Properties	<i>Patagonia Projects</i> CVSA Properties	<i>Papagallos</i> Property	<i>Generative</i> Other	TOTAL June 30 2004	TOTAL June 30 2003
EXPLORATION AND DEVELOPMENT COSTS:								
Accommodations and meals	\$ 28,211	\$ 10	\$ -	\$ 38,199	\$ 3,001	\$ 6,554	\$ 75,975	\$ -
Admin and professional	36,061	516	-	14,520	1,981	1,241	54,318	12,948
Amortization	-	-	-	-	-	-	-	-
Assays	47,294	239	-	2,093	6,675	657	56,958	-
Consultants and contractors	150,290	2374	-	97,643	17,138	9,972	277,417	-
Drilling	266,289	-	-	-	-	-	266,289	-
Field equipment and supplies	63,157	-	-	18,727	11,458	-	93,341	-
Field office and miscellaneous	55,357	400	-	14,782	2,374	1,592	74,505	-
Geological surveying, mapping	-	-	-	-	-	-	-	11,640
Geophysical surveying	4,902	468	-	8,811	32,643	98	46,923	-
Recording fees	-	-	-	4,966	-	-	4,966	-
Travel	9,769	3	-	19,043	419	6174	35,408	16,497
Vehicle rental, fuel and repairs	-	-	-	-	-	-	-	-
Wages and benefits	44,543	1559	-	39,513	12,975	905	99,495	-
	\$ 705,874	\$ 5,569	-	\$ 258,652	\$ 88,664	\$ 27,193	1,085,952	41,085
Property examination costs	-	-	-	-	-	(27,193)	(27,193)	-
TOTAL COSTS INCURRED DURING THE PERIOD	\$ 705,874	\$ 5,569	\$ -	\$ 258,652	\$ 88,664	\$ -	\$ 1,058,759	\$ 41,085
BALANCE OF COSTS, BEGINNING OF PERIOD	232,869	83,955	5,459	35,528	-	-	357,811	-
	\$ 938,743	\$ 89,524	\$ 5,459	\$ 294,180	\$ -	\$ -	\$ 1,416,570	\$ 41,085
Write-off of costs	-	-	-	-	(88,664)	-	(88,664)	-
BALANCE OF COSTS, END OF PERIOD	\$ 938,743	\$ 89,524	\$ 5,459	\$ 294,180	\$ -	\$ -	\$ 1,327,906	\$ 41,085

The accompanying notes are an integral part of these financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2004
(unaudited – prepared by Management)

1. NATURE OF BUSINESS AND CONTINUED OPERATIONS

Exeter Resource Corporation (the “Company”) is incorporated under the laws of British Columbia, Canada and is primarily engaged in the acquisition, exploration and development of mineral properties located in Argentina.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

The interim consolidated financial statements of the Company have been prepared in accordance with the same accounting policies and methods of their application as the most recent audited consolidated financial statements for the year ended December 31, 2003, except that they do not include all note disclosures required for annual audited consolidated financial statements. It is suggested that the interim consolidated financial statements be read in conjunction with the annual audited consolidated financial statements.

2. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value	
			June 30, 2004	December 31, 2003
Office Equipment – Argentina	\$ 947	\$ 68	\$ 879	\$ -
Office Equipment – Canada	5,528	276	5,252	-
Website	25,898	6,596	19,302	14,792
Computer equipment – Canada	10,667	2,960	7,707	9,067
Equipment & vehicles – Argentina	113,161	8,484	104,677	2,833
Computer equipment – Argentina	5,968	183	5,785	511
Computer software	688	-	688	183
	<u>\$ 162,857</u>	<u>\$ 18,566</u>	<u>\$ 144,291</u>	<u>\$ 27,386</u>

3. MINERAL PROPERTIES

	June 30, 2004			
	Acquisition Costs	Deferred Exploration and Development Costs	Write-down of Capitalized Costs	2004 Total
Cognito Properties	\$ 375,758	\$ 938,743	\$ -	\$ 1,314,501
Estelar Properties	237,820	89,524	-	327,344
MRP Properties	-	5,459	-	5,459
CVSA Properties	109,934	294,180	-	404,114
Papagallos Properties	-	88,664	(88,664)	-
	<u>\$ 723,512</u>	<u>\$ 1,416,650</u>	<u>\$ (88,664)</u>	<u>\$ 2,051,517</u>

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2004
(unaudited – prepared by Management)

3. MINERAL PROPERTIES (CONT'D)

	December 31, 2003			2003 Total
	Acquisition Costs	Deferred Exploration and Development Costs	Write-down of Capitalized Costs	
Cognito Properties	\$ 375,758	\$ 232,869	\$ -	\$ 608,627
Estelar Properties	237,820	83,955	-	321,775
MRP Properties	-	5,459	-	5,459
CVSA Properties	-	35,528	-	35,528
Papagallos Properties	-	40,835	(40,835)	-
	\$ 613,578	\$ 398,646	\$ (40,835)	\$ 971,389

4. SHARE CAPITAL

The authorized share capital of the Company is 100,000,000 shares without par value.

The Company has issued shares of its capital stock as follows:

	June 30, 2004		December 31, 2003	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period/year	8,512,837	\$ 8,354,399	1,200,994	\$ 6,439,547
Issued during the period/year for:				
Cash:				
Warrants exercised	385,000	96,250	345,000	77,500
Options exercised	35,000	14,175	60,000	13,200
Private placement	1,123,020	859,968	2,965,120	1,046,225
Share subscription advances	2,876,980	2,876,980	174,880	26,232
Acquisition of subsidiaries	-	-	2,600,000	555,000
Debt	-	-	1,149,343	189,642
Finder's fee	-	-	17,500	2,625
Contributed surplus allocated	-	4,756	-	4,428
Balance, end of period/year	12,932,837	\$ 12, 206,028	8,512,837	\$ 8,354,399

**Transactions for the Issue of Share Capital
During the Six Months Ended June 30, 2004:**

- a) The Company completed a private placement financing consisting of 4,000,000 units at a price of \$1.00 per unit for a net consideration of \$3,736,948, of which \$2,876,980 was received prior to December 31, 2003, after payment of share issue costs totalling \$263,052. Each unit consists of one share and one-half of a share purchase warrant. Each whole share purchase warrant is exercisable to acquire one additional share at a price of \$1.35 per share on or before January 12, 2005, except that in the event the closing price of the Company's share reaches or exceeds \$1.75 for a period of ten consecutive trading days, the warrant holders have thirty days to exercise their warrants, or the warrants expire.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2004
(unaudited – prepared by Management)

4. SHARE CAPITAL (CONT'D)

In addition, the Company issued 367,700 warrants as finders' fees on this transaction. Each warrant is exercisable to acquire one share at a price of \$1.35 per share on or before January 21, 2005, except that in the event the closing price of the Company's share reaches or exceeds \$1.75 for a period of ten consecutive trading days, the warrant holders have thirty days to exercise their warrants, or the warrants expire.

- b) The Company issued 35,000 shares at a price of \$0.405 per share for a total consideration of \$14,175 pursuant to the exercise of options.

In addition, an amount totalling \$4,756 representing stock-based compensation recognized on vesting of the above stock options was allocated to share capital.

- c) The Company issued 385,000 shares pursuant to the exercise of 385,000 share purchase warrants at a price of \$0.25 per share for a total consideration of \$96,250.

Stock Option Plan:

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the plan may not exceed 2,576,567. Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the grant date, less the maximum discount permitted by TSX Venture Exchange Policy), or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange. Stock options granted under the Plan are subject to vesting restrictions such that one-quarter of the option shall vest on the award date, and one-eighth shall vest every three months thereafter such that the entire option shall have vested eighteen months after the award date.

A summary of the status of the Company's stock option plan as of June 30, 2004 and December 31, 2003, and changes during the period/year then ended is as follows:

	2004		2003	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding, beginning of period/year	816,750	\$ 0.43	-	\$ -
Forfeited/cancelled	-	-	-	-
Granted	1,738,000	1.13	876,750	0.42
Exercised	(35,000)	(0.405)	(60,000)	(0.22)
Options outstanding, end of period/year	2,519,750	\$0.91	816,750	\$ 0.43

4. SHARE CAPITAL (CONT'D)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2004
(unaudited – prepared by Management)

At June 30, 2004, the Company had outstanding stock options to acquire 2,519,750 shares as follows:

Number of Shares	Exercise Price	Expiry Date
149,750	\$ 0.76	October 23, 2004
75,000	\$1.20	April 7, 2006
75,000	\$1.50	April 7, 2006
100,000	\$1.20	May 1, 2006
167,000	\$ 0.22	March 20, 2008
465,000	\$ 0.405	August 15, 2008
1,278,000	\$ 1.08	January 21, 2009
135,000	\$1.41	April 7, 2009
40,000	\$0.90	June 14, 2009
35,000	\$0.85	June 21, 2009
<u>2,519,750</u>		

Stock-based compensation:

Effective January 1, 2003, the Company adopted the fair value method of accounting for stock-based compensation awards, to be applied on a prospective basis. The fair values of options vested during the six months ended June 30, 2004 was estimated at the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected volatility	27.81%
Risk-free interest rate	3.63%
Expected life	2.45 years
Expected dividend yield	0%

Warrants:

At June 30, 2004, the Company had outstanding share purchase warrants exercisable to acquire 4,777,700 shares as follows:

Number	Exercise Price	Expiry Date
175,000	\$ 0.23	March 6, 2005
735,000 ⁽¹⁾	\$ 0.25	July 22, 2004
155,000	\$ 0.22	March 31, 2005
1,345,000	\$ 0.75	October 30, 2005
<u>2,367,700</u> ⁽²⁾	\$ 1.35	January 12, 2005
<u>4,777,700</u>		

⁽¹⁾ 735,000 warrants subsequently exercised.

⁽²⁾ In the event the closing price of the Company's share reaches or exceeds \$1.75 for a period of ten consecutive trading days, the warrants must be exercised within thirty days or they expire.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2004
(unaudited – prepared by Management)

5. RELATED PARTY TRANSACTIONS

- a) Exploration and development fees totalling \$48,650 (2003 - Nil) were paid or accrued to a corporation of which the President and CEO of the Company is a principle.
- b) Management fees of \$20,250 (2003 – 18,000) and rent of \$488 (2003- \$1,925) were paid or accrued to a corporation controlled by the Secretary of the Company.
- c) Legal fees of \$33,379 (2003 – Nil) and share issue costs of \$12,560 (2003 – Nil) were paid or accrued to a corporation controlled by a Director of the Company.
- d) Exploration and development fees of \$61,483 (2003 – Nil) were paid or accrued to a corporation of which the Vice-President, Exploration is a consultant.
- e) Exploration and development fees of \$3,000 (2003 – Nil), share issue costs of \$3,000 (2003 – Nil) and management fees of \$30,000 (2003 – Nil) were paid to the Chairman of the Company or a corporation controlled by him.
- f) Rent and office expenses of \$5,638 (2003 – Nil) to a company related by a common director.
- g) Financial administration fees of \$2,469 (2003 – Nil) were paid or accrued to a corporation controlled by an Officer of the Company.

All of the above transactions were in the normal course of operations and, in management’s opinion, undertaken with the same terms and conditions as transactions with unrelated parties.

6. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred non-cash financing and investing activities during the periods ended June 30, 2004 and 2003 as follows:

	2004	2003
Non-cash financing activities:		
Issue of share capital for:		
Acquisition of subsidiaries	\$ -	\$ 120,000
Contributed surplus allocated	4,756	-
Share subscription advances	2,876,980	26,232
Share subscription advances	(2,876,980)	(26,232)
	\$ 4,756	\$ 120,000
Non-cash investing activities:		
Acquisition costs of mineral properties	\$ -	\$ (120,000)

7. SEGMENTED INFORMATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2004
(unaudited – prepared by Management)

The Company's activities are all in the one industry segment of mineral property acquisition, exploration and development.

Following is a summary of property, plant and equipment by geographical segments:

	Canada	Argentina	Total
June 30, 2004			
Property, plant and equipment	\$ 32,584	\$ 111,707	\$ 144,291
Mineral properties, including deferred costs	-	2,051,417	2,051,417
	<u>\$ 32,584</u>	<u>\$ 2,163,124</u>	<u>\$ 2,195,708</u>
December 31, 2003			
Property, plant and equipment	\$ 23,859	\$ 3,527	\$ 27,386
Mineral properties, including deferred costs	-	971,389	971,389
	<u>\$ 23,859</u>	<u>\$ 974,916</u>	<u>\$ 998,775</u>

8. SUBSEQUENT EVENTS

- a) The Company issued 735,000 shares pursuant to the exercise of 735,000 share purchase warrants at a price of \$0.25 per share for a total consideration of \$183,750.
- b) In July, the Company entered into an option agreement with Intrepid Minerals Corporation ("Intrepid") through which Intrepid may earn a 50% interest in the Company's Rosarita Project. To earn its interest, Intrepid must spend a minimum of US\$250,000 by December 2005 and drill a minimum of 5,000 metres on the Rosarita property by December 2006.