



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE NINE MONTHS ENDED
SEPTEMBER 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)

	September 30, 2004	December 31, 2003
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,877,963	\$ 608,056
Cash in trust	-	2,876,980
Accounts receivable	25,193	4,478
Taxes Receivable	-	-
Goods and Services Tax - Canada	21,624	6,210
Value Added Tax – Argentina	156,703	-
Prepaid Expenses	-	-
Deferred share issue costs	-	29,969
	<u>\$ 2,081,483</u>	<u>\$ 3,522,693</u>
Property, Plant and Equipment (Note 2)	124,326	27,386
Mineral Properties, including deferred costs (Note 3)	2,797,370	971,389
	<u>\$ 5,003,179</u>	<u>\$ 4,521,468</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 78,571	\$ 35,759
Due to related parties	26,175	104,073
	<u>\$ 104,076</u>	<u>\$ 139,832</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 4)	\$ 12,390,278	\$ 8,354,399
Share Subscription Advances	-	2,876,980
Contributed Surplus	304,320	91,127
Deficit	(7,795,495)	(6,940,870)
	<u>4,899,103</u>	<u>4,381,636</u>
	<u>\$ 5,003,179</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 September 30,		Nine Months Ended September,	
	2004	2003	2004	2003
ADMINISTRATION COSTS:				
Accounting and audit	\$ 2,000	\$ 724	\$ 16,971	\$ 2,167
Amortization	26,782	246	32,056	741
Bank charges	1,640	527	3,591	744
Financial and administrative services	31,847	8031	136,548	35,031
Finders Fees	-	21,250	-	21,250
Investor relations	52,197	119	117,061	2,296
Legal fees	14,705	3,218	48,205	3,302
Management fees	12,000	-	30,000	-
Office and miscellaneous	3,408	221	8,124	490
Rent	6,969	1,430	13,103	7,655
Shareholder Information	12,660	-	15,123	-
Stock exchange listing and filing fees	252	4,726	40,272	17,273
Telecommunications	2,395	392	5,632	1,567
Transfer agent	1,412	1,589	9,562	4,337
Travel and promotion	(6,603)	-	44,025	335
	\$ 161,664	\$ 42,443	\$ 520,273	\$ 97,188
Interest income	(13,166)	(579)	(38,563)	(1,053)
LOSS BEFORE OTHER ITEMS	\$ 148,498	\$ 41,894	\$ 481,710	\$ 96,135
OTHER ITEMS:				
Loss on write-off of mineral properties	-	-	88,664	17,764
Stock-based compensation (Note 4)	55,439	-	217,949	
Loss on conversion of foreign currencies	6,590	2,772	8,497	2,772
Property examination costs	30,612	40	57,805	11,904
NET LOSS FOR THE PERIOD	242,496	44,706	\$ 854,625	128,575
DEFICIT AT BEGINNING OF PERIOD	\$7,552,999	\$6,636,868	\$ 6,940,870	\$6,552,999
DEFICIT AT END OF PERIOD	\$7,795,495	\$6,681,574	\$7,795,495	\$6,681,574
Loss per share	\$ (.02)	\$ (.01)	\$ (.06)	\$ (0.02)

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 September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
OPERATING ACTIVITIES:				
Net loss for the period	\$ (242,426)	\$ (44,706)	\$ (854,625)	\$(128,575)
Adjustments:				
Amortization	26,782	1,447	32,056	1,942
Loss on write-off of mineral properties		-	88,664	
Stock-based compensation	55,439	-	217,949	-
Loss on conversion of foreign currencies	6,590	-	8,497	-
	(153,615)	(43,259)	(507,459)	(126,633)
Changes in non-cash working capital items:				
Accounts receivable	(2,450)	-	(20,715)	-
Goods and services tax recoverable	(75,942)	(2,448)	(172,117)	(3,667)
Accounts payable and accrued liabilities	(49,380)	(15,212)	42,812	26,117
Due to related parties	(65,906)	(15,207)	(77,898)	46,350
	(193,678)	(64,816)	(735,377)	(57,833)
FINANCING ACTIVITIES:				
Issue of share capital for cash	156,781	335,699	1,390,226	413,775
Share issue costs	-	-	(236,083)	-
Share Subscription Advances	-	(303,750)	-	(26,232)
	156,781	31,949	418,766	329,710
INVESTING ACTIVITIES:				
Proceeds on sale of marketable securities	-	-	-	34,800
Acquisition costs of property, plant and equipment	262	(11,217)	(128,996)	(11,217)
Acquisition costs of mineral properties	(32,823)	(178,714)	(142,757)	(297,605)
Deferred exploration and development costs, net of amortization and property examination costs	(675,135)	-	(1,731,053)	-
	(707,696)	(189,931)	(1,584,040)	
Loss on conversion of foreign currencies	(6,590)	-	(8,497)	-
INCREASE IN CASH	(923,148)	(234,108)	(1,592,537)	55,678
CASH AT BEGINNING OF PERIOD	2,801,111	311,175	3,485,036	21,389
CASH AT END OF PERIOD	\$ 1,877,963	\$ 77,067	\$ 1,877,963	\$ 77,067

**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 NINE MONTHS ENDED September 30, 2004
(unaudited - prepared by Management)

EXPLORATION AND DEVELOPMENT COSTS BY PROPERTY:	Cognito Limited	Estelar Resources	Minero Rio de La Plata	CVSA Option	MIM Argentina Option	Generative	TOTAL Sept 30 2004	TOTAL Sept 30 2003
	La Cabeza	Dolores El Salado Llanos Ricos Quispe Rosarita	Agua Nueva La Ramada Rosarita South	Cerro Morro Chubut Rio Negro Santa Cruz	Papagallos			
Accommodations and meals	\$ 33,242	\$12		44,110	3,001	8,139	\$ 89,504	\$
Assays	81,402	231		31,236	6,675		119,544	3,889
Consultants and contractors	158,072	2,974		119,953	17,138	22,425	320,562	58,835
Drilling	425,064			134,924			559,988	
Engineering	23,071			1,446			24,517	
Field equipment, repair and supplies	172,647	355		43,465	11,458	828	228,752	(7,670)
Field office and miscellaneous	48,290	335		21,269	4,355	8,277	82,526	18,462
Geological surveying, mapping	68,483	725		22,606	32,643	3,651	128,108	7,647
Legal and title	5,032	1,395		46,304			52,731	8,534
Travel	15,789	19		16,942	419	11,739	45,205	33,012
Wages and Benefits	73,328	1,499		29,504	12,975	2,746	120,052	33,581
Vehicle rental, fuel and repairs							-	
Wages and benefits								
	1,103,419	7,544		572,261	88,664	57,805	1,829,693	182,127
Property examination costs						(57,805)	(57,805)	-
TOTAL COSTS INCURRED DURING THE PERIOD							\$ 1,771,888	\$ 182,127
BALANCE OF COSTS, BEGINNING OF PERIOD	232,869	83,955	5,459	35,528	-	-	357,811	-
	\$1,336,288	\$ 91,499	\$ 5,459	\$ 607,789	\$ -	\$ -	\$ 2,129,699	\$ 182,127
Write-off of costs	-	-	-	-	(88,664)	-	(88,664)	-
BALANCE OF COSTS, END OF PERIOD	\$1,336,288	\$ 91,499	\$ 5,459	\$ 607,789	\$ -	\$ -	\$ 2,041,035	\$ 182,127

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 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	
			September 30, 2004	December 31, 2003
Office Equipment – Argentina	\$ 938	\$ 204	\$ 731	\$ -
Office Equipment – Canada	5,178	346	4,832	-
Website	25,898	8,414	17,484	14,792
Computer equipment – Canada	14,613	3,788	10,825	9,067
Equipment & vehicles – Argentina	109,490	23,741	85,749	2,833
Computer equipment – Argentina	5,790	1,623	4,167	511
Computer software	688	453	235	183
	<u>\$ 162,595</u>	<u>\$ 38,269</u>	<u>\$ 124,026</u>	<u>\$ 27,386</u>

3. MINERAL PROPERTIES

	September 30, 2004			
	Acquisition Costs	Deferred Exploration and Development Costs	Write-down of Capitalized Costs	2004 Total
Cognito Properties	\$ 375,758	\$ 1,336,288	\$ -	\$ 1,712,046
Estelar Properties	237,820	91,499	-	329,319
MRP Properties	-	5,459	-	5,459
CVSA Properties	142,757	607,789	-	750,546
Papagallos Properties	-	88,664	(88,664)	-
	<u>\$ 756,335</u>	<u>\$ 2,129,699</u>	<u>\$ (88,664)</u>	<u>\$ 2,797,370</u>

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2004
(unaudited - prepared by Management)

3. MINERAL PROPERTIES (CONT'D)

	December 31, 2003			
	Acquisition Costs	Deferred Exploration and Development Costs	Write-down of Capitalized Costs	2003 Total
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:

	September 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	1,120,000	280,000	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	13,667,837	\$ 12,390,278	8,512,837	\$ 8,354,399

**Transactions for the Issue of Share Capital
During the Nine Months Ended September 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
NINE MONTHS ENDED SEPTEMBER 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 1,120,000 shares pursuant to the exercise of 1,120,000 share purchase warrants at a price of \$0.25 per share for a total consideration of \$280,000.

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 September 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	-	\$1.08	-	-
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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2004
(unaudited - prepared by Management)

4. SHARE CAPITAL (CONT'D)

At September 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 nine months ended September 30, 2004 was estimated at the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected volatility	30.72%
Risk-free interest rate	3.62%
Expected life	2.45 years
Expected dividend yield	0%

Warrants:

At September 30, 2004, the Company had outstanding share purchase warrants exercisable to acquire 4,402,700 shares as follows:

Number	Exercise Price	Expiry Date
175,000	\$ 0.23	March 6, 2005
155,000	\$ 0.22	March 31, 2005
1,345,000	\$ 0.75	October 30, 2005
2,367,700 ⁽²⁾	\$ 1.35	January 12, 2005
<u>360,000 ⁽²⁾</u>	<u>\$ 1.35</u>	<u>November 8, 2006</u>
<u>4,402,700</u>		

⁽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
NINE MONTHS ENDED SEPTEMBER 30, 2004
(unaudited - prepared by Management)

5. RELATED PARTY TRANSACTIONS

- a) Exploration and development fees totalling \$72,650 (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 former Secretary of the Company.
- c) Legal fees of \$44,763 (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 \$90,537 (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 \$10,600 (2003 – Nil) to a corporation related by a common director.
- g) Financial administration fees of \$9,969 (2003 – Nil) were paid or accrued to a corporation controlled by the Chief Financial 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 September 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)
	<u>\$ 4,756</u>	<u>\$ 120,000</u>
Non-cash investing activities:		
Acquisition costs of mineral properties	\$ -	\$ (120,000)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2004
(unaudited - prepared by Management)

7. SEGMENTED INFORMATION

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
September 30, 2004			
Property, plant and equipment	\$ 33,679	\$ 90,647	\$ 124,326
Mineral properties, including deferred costs	-	2,797,370	2,797,370
	<u>\$ 33,679</u>	<u>\$ 2,888,017</u>	<u>\$ 2,921,696</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) Subject to regulatory and TSX Venture Exchange approvals, the Company granted to directors and consultants 175,000 incentive options at an exercise price of \$1.00. The options will expire on October 8, 2006 and are subject to a four-month trading hold period expiring February 8, 2005.
- b) On November 8, 2004, the Company closed a non-brokered private placement of 1,400,000 units at a price of \$1.00 per unit for gross proceeds of \$1,400,000. Each unit consists of one common share and one warrant to purchase one additional share at a price of \$1.35 for two years. A portion of this sale was funded by the proceeds of an arranged sale of 1,150,000 shares at a price of \$1.05 per share through the facilities of the TSX Venture Exchange, by sellers that included certain Directors of the Company. Cash finders fees of \$60,000 were paid by the Company. The securities represented by this placement are subject to a four month trading hold period that will expire on March 19, 2005. The net proceeds of this financing will be used to fund the exploration and development of the Company's properties in Argentina and for working capital.