



MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2004

The following discussion and analysis of the Company's financial condition and results of operations therein should be read in conjunction with the annual audited consolidated financial statements of the Company (the "statements") and the accompanying notes that form part of the statements. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All figures are expressed in Canadian dollars unless otherwise noted.

Additional information on the Company can be found on its website at www.exeterresource.com or on SEDAR in the Company Profiles section at www.sedar.com.

OVERVIEW

Description of business

Exeter Resource Corporation (the "Company"), formerly Golden Glacier Resources Inc., is a mineral exploration company engaged in the acquisition, exploration and development of resource properties in South America.

The Company's current primary activity is the exploration of mineral properties in Argentina, where the Company owns outright, or has the right to acquire through option agreements, interests in exploration properties. The Company's properties at present contain no defined economic reserves of recoverable minerals. There is no operating income. Should the Company successfully identify through its exploration efforts commercially mineable reserves on any of its mineral properties, it will seek to develop the opportunity by either bringing the property into commercial production itself, through a contract mining arrangement, or by way of a joint venture.

On October 10, 2002, the share capital of the Company was consolidated on the basis of a ten old shares for one new share, the authorized post-consolidation share capital was increased to 100,000,000 common shares, and the name of the company was changed to "Exeter Resource Corporation". The Company is incorporated under the laws of British Columbia and is listed on the Frankfurt Stock Exchange under the trading symbol "EXB" and on the TSX Venture Exchange (the "Exchange") under the trading symbol, "XRC".

Since its restructuring, the Company has predominantly been involved in the examination and acquisition of mineral exploration opportunities and securing capital for the implementation of its exploration programs. Corporate operations of the Company are directed from Vancouver and Argentina, by management and directors who have professional expertise and extensive industry experience.

Forward-looking Statements

Except for statements of fact relating to the Company together with its subsidiaries (collectively referred to as the "Company"), certain information contained in this document constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other ecological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties related to the availability of and costs of financing needed in the future and other factors described in this discussion under the heading "Outlook". The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

Critical Accounting Estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the annual consolidated financial statements for the year ended December 31, 2003. Significant estimates used in the preparation of these consolidated financial statements include, amongst other things, the recoverability of accounts receivable, the estimated realizable value of inventories, the expected economic lives of and the estimated future operating results and net cash flows from mineral properties, plant and equipment, and the anticipated costs of asset retirement obligations.

Stock-based Compensation

Stock-based compensation in the amount of \$55,439 was recorded in the quarter. Stock-based compensation is recognized over the vesting period of the stock options to which it relates and will fluctuate in accordance with the vesting patterns of the underlying options. In addition, option pricing models require the input of highly subjective assumptions regarding the expected volatility of the Company's share price. Changes in assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options at the date of the grant or thereafter.

Operations Highlights

Changes to Management and Board of Directors

- In October, Michael McPhie, MSc, of Vancouver was appointed to the Company's board of directors. Mr. McPhie is President and CEO of the Mining Association of British Columbia.
- The Company also announced the resignation from the board of directors of Andrew Gourlay. The Company extends its thanks to Mr. Gourlay for his strong support and contributions during his 8 years as a director.
- In October 2004, the Company entered into an investor relations contract with Robert Grey of Vancouver, B.C. Mr. Grey will provide full time investor relations services targeted at the retail audience.

Properties:

- *Rosarita* - The 76 square kilometre Rosarita Project is located immediately south of Intrepid Minerals' Casposo gold project in San Juan Province, Argentina and is subject to an option agreement with Intrepid whereby that company may earn a 50% interest by drilling 5,000 metres. Intrepid conducted geological and geophysical surveys during the quarter at Rosarita, and commenced a drilling program in October.
- *Cerro Moro* - The Company completed a 2,066 metre drilling program on the Cerro Moro gold project which was optioned during the first quarter from Cerro Vanguardia SA ("CVSA"). Assay results were announced from the drilling and all results are listed on the company's website. Trial Induced Polarisation surveys were conducted, and on the basis of positive results, a comprehensive resistivity survey has commenced on the project.
- *La Cabeza* - A pre-feasibility study is proceeding on the La Cabeza gold project. As part of the study, metallurgical testwork, baseline environmental studies and geotechnical programs were conducted. As part of the study, a total of 4,609 metres of drilling and 1,828 metres of surface channel cutting have been completed on the project for the purpose of bringing the classification of mineralization to an "indicated resources" category. It is expected that a new resource calculation using this year's drill results will be calculated during the fourth quarter of 2004.
- *Cerro Puntudo* - Field work was curtailed during the Argentinean winter months; however, induced polarization surveys were contracted for the fourth quarter of 2004, in conjunction with geological and further geochemical surveys. Drilling has also been contracted and is planned to commence in the fourth quarter.

REVIEW OF OPERATIONS

During 2003, the Company acquired the rights to five groups of gold properties in Argentina, including its principal and most advanced property, La Cabeza. Descriptions and acquisition terms are listed in the table below:

SUMMARY OF MINERAL PROJECTS

Major properties	Rights acquired	Company name	Land area (sq km)	Payment on acquisition	Future cash commitments
La Cabeza - 7 concessions	100% Exeter subsidiary	Cognito Limited ("Cognito")	100	1,600,000 shares and \$25,000	- exploration of US\$3,000,000 - US\$525,000 to Dec 15, 2014 - 3.5% NSR
Rosarita, Quispe, Llanos Ricos/ El Salado and Dolores - 20 concessions	100% Exeter subsidiary	Estelar Resources Limited ("Estelar")	385	1,000,000 shares and \$2,820	2% NSR
Agua Nueva Rosarita South La Ramada - 45 concessions	Option for 100%	Minera Rio de la Plata ("MRP")	312	\$5,000	- US\$440,000 - 2% NSR
Cerro Moro Santa Cruz Chubut Rio Negro - 39 concessions	Option for 100%	Cerro Vanguardia Sociedad Anonima ("CVSA")	1,047	\$US100,000	- US\$3,000,000 to Dec. 30, 2008 - 2% NSR
Papagallos - 5 concessions	Option for 100%	Papagallos	21,657 ha	Nil	Property rights relinquished 2004

SUMMARY OF JOINT VENTURE PROJECTS

Major properties	Rights farmed out	Company name	Land area (sq km)	Payment	Future cash/exploration commitments
Rosarita - 2 concessions	50% property rights to Intrepid	Estelar Resources Limited ("Estelar")	76	Nil	- exploration of US\$250,000 - drilling of 5,000 metres by Intrepid

LA CABEZA GOLD PROJECT

Property Description

La Cabeza is located 370 km south of Mendoza, in central western Argentina, and consists of seven core concessions covering approximately 100 sq km. La Cabeza is a partially-explored, epithermal, low-sulphidation gold deposit situated at an elevation of 1,100 metres. The central concessions are surrounded by a new, 100 sq km, exploration permit application by the Company, and adjacent to the 266 sq km Agua Nueva project.

The La Cabeza project was discovered in 1997 by Argentina Mineral Development (AMD), which spent US \$3.34 million on exploration work that outlined ore grade gold mineralization within epithermal quartz veins, stockworks and silicified volcanic rocks. Drilling by AMD included 16,000 meters of core and reverse circulation drilling in 126 drill holes. Exploration partially delineated multiple zones of gold mineralization within a four sq km area and led to resource calculations and a scoping study that calculated an inferred resource containing 718,000 ounces of gold based on 12.0 million tonnes grading 1.83 g/t at a cut-off of 0.5 g/t. A technical review of the scoping study can be found at www.sedar.com, in the company profiles section.

Exploration

A pre-feasibility study commenced on La Cabeza in January 2004. The study was designed by Sandercock and Associates Pty. Ltd. ("Sandercock") of Australia and included 4,609 metres of drilling, 1,828 metres of surface channel cutting and a comprehensive program of metallurgical, geological interpretation, geotechnical analysis, hydrological engineering, environmental studies and financial modelling. Positive results from the study will provide a basis for proceeding with a bankable feasibility study and commercial production.

Drilling:

In February 2004, and upon the completion of a \$4 million financing, the pre-feasibility stage drilling program commenced. The program has two objectives: (i) to bring the previously defined inferred resource into the "indicated resource" category and (ii) to establish the limits of existing mineralized zones along strike and laterally from previous drill holes.

The drilling program was been completed and the Company has announced results from drill holes as they are received. The drill results to date appear to substantiate results obtained by AMD from drilling previously conducted on La Cabeza. High grade to bonanza grade drill intersections have been returned from the Ojo, Luna and Cuello zones and will be reflected in the pre-feasibility study. Details of assay results can be found on the Company's website.

Drilling by Exeter at La Cabeza in 2004 totaled 4,609 metres in 64 drill holes comprising 31 diamond drill holes (2,598 metres including 569 metres of percussion precollar drilling) and 2,011 metres in 31 reverse circulation drill holes.

Samples were prepared at the ALS Chemex preparation facility in Mendoza and assayed by fire assay (50 gm charge) at the ALS Chemex laboratory in Chile.

Channel Sampling:

Seven channels were cut across the Luna zone (815 metres), nine across the Ojo zone (790 metres), four across Cuello zone (80 metres) and four across Mandibula zone (143 metres). These were sawn using a rock saw, and test the distribution and the continuity of the gold mineralization at surface, allowing detailed surface mapping to be conducted. The program continued into the third quarter and results will be announced.

Geological Modeling

Modeling and interpretation of the various zones on the basis of the new detailed drilling and geologic mapping were undertaken during the quarter.

Engineering Studies:

The independent expert, Vector Engineering commenced a geotechnical program with the assessment of data collected by Exeter through the drilling program. Hydrological contractors are being finalized as part of the pre-feasibility program and work is continuing.

Metallurgical testwork demonstrated gold recoveries ranging from 85% at -150 micron grind, to 92.5% at an industry standard grind of -75 microns, with low cyanide (<0.6 kg/t) and lime (<0. kg/t) consumptions. The results indicate that the La Cabeza mineralization is amenable to conventional cyanide leach extraction methods. More detailed studies are continuing.

Topographic surveying of 2,455 points including all drillholes, channels, and topographic control points was conducted. Downhole camera surveying continued on all open drillholes.

Environmental and Social Program:

Exeter escalated its social and environmental program during the quarter. Mendoza Mines Director, Juan Fallet, made a site visit, and Exploration Manager, Jorge Giudici gave a presentation to Subsecretary Rodriguez of the Mendoza Ministry of Economics. All meetings have been very positive.

The Zottola Group was contracted for baseline environmental studies, and work commenced. The Company employed engineer Dante Cramero to communicate and co-ordinate with local and regional groups.

ESTELAR PROPERTIES

Property Descriptions and Exploration

The Estelar projects cover approximately 385 sq km in central western Argentina and consist of the Quispe, Rosarita, Dolores and El Salado/Llanos Ricos projects. There are no exploration commitments on the projects and the Company will seek exploration joint venture partners so that it may maintain its focus on gold silver exploration in southern Argentina.

Rosarita Project

The Rosarita project has potential for a low sulphidation epithermal gold system. The property is 76 sq km in area and is located in San Juan Province of Argentina.

In June, the Company entered into an option agreement on the Rosarita project with Intrepid Minerals Corporation ("Intrepid"). At the time, Intrepid had recently completed a scoping study and is commencing pre-feasibility studies on its Casposo epithermal gold project located immediately north of Rosarita. In order to earn a 50% equity in the Rosarita project, Intrepid must spend a minimum of US\$250,000 by December 2005, including US\$50,000 prior to December 2004. The option also requires Intrepid to drill a minimum of 5,000 metres on Rosarita by December 2006 and provide for expeditious progress of exploration to development.

Intrepid's Casposo project hosts the Kamila Zone, which occurs within a 3.5 km long northwest trending structure referred to as the Rocío de Oro corridor which extends onto the Rosarita property. Intrepid commenced geophysical exploration along this corridor during the quarter. This work assisted in targeting for drilling which Intrepid commenced in September. Four reverse circulation drill holes tested the extension of the Rocío de Oro corridor into Exeter's Rosarita property and other targets with similar structural and alteration characteristics. Intrepid has not yet released the results of this drilling.

Quispe Project

The Quispe Project is located in southwestern Catamarca Province in northwest Argentina and is 80 sq km in area. The project was identified through assessment of satellite colour anomalies and shows potential for a porphyry copper-gold deposit and/or high sulphidation epithermal gold systems. Previous exploration conducted by AMD defined a number of drill-ready copper and gold targets on the main Quispe prospect. There are no exploration commitments on the project.

Uspallata Project

The Uspallata Project comprises the El Salado, Llanos Ricos and Dolores mineral properties which cover large scale magnetic anomalies representing copper-gold porphyry targets. The prospects are located 200 km north of San Juan City in San Juan Province, Argentina.

The Llanos Ricos-El Salado projects cover 132 sq km and are located at the north end of the Uspallata Graben, a regional structure 350 km long x 50 km wide. Previous AMD exploration and drilling of 30 holes on the El Salado property revealed low grade copper-gold mineralization and an environment conducive for the discovery of additional porphyry systems.

The Dolores property is a grass-roots prospect located 75 km south of Llanos Ricos. The Dolores area was identified by AMD as a porphyry target.

MINERO RIO DE LA PLATA (MRP) PROPERTIES

In November 2003, the Company agreed to acquire a 100% interest in three gold properties, Agua Nueva, La Ramada and Rosarita South, from Minera Rio de la Plata ("MRP"), a private arm's length Argentine company.

The **Agua Nueva** property covers 266 sq km that adjoin the Company's La Cabeza gold property to the east, west and north. Agua Nueva also covers a set of fault structures that are similar to the mineralized structures at La Cabeza. Exeter plans to define targets for drilling on these structures and to test possible extensions of the La Cabeza mineralization.

The **La Ramada** property, located in La Rioja Province, comprises exploration titles over a 2.4 sq km area. The Company will undertake mapping and geochemical sampling to define targets for drilling and will likely acquire additional lands in the area. Early exploration by a previous operator defined a number of exploration targets that the Company plans to follow up with mapping and geochemical sampling to identify drill targets.

The **Rosarita South** property, located immediately south of Rosarita, is 42.79 sq km in area and hosts occurrences of alteration similar to those at the Rosarita property. Sampling testwork has revealed further support for possible subsurface gold mineralization on the property. Rosarita South will be assessed in conjunction with the Intrepid exploration program at Rosarita.

CERRO VANGUARDIA SA (CVSA) PROPERTIES

Acquisition Terms

In March 2004, the Company acquired an option from Cerro Vanguardia Sociedad Anonima ("CVSA") to acquire all of CVSA's exploration projects (39 properties in total), except those surrounding its Cerro Vanguardia gold mine in Patagonia, Argentina. CVSA is owned by AngloGold Ltd. (92.5%) and by Fomicruz S.A..(7.5%).

Under the agreement, Exeter can earn a 100% interest in the CVSA land package by spending US\$3 million within five years and completing 10,000 metres of drilling on any of the four major projects. CVSA has the right to back into a 60% interest by paying the Company 2.5 times expenditures and paying for Exeter's costs to the completion of a bankable feasibility study. CVSA can increase its interest to 70% by financing Exeter's share of mine development costs. Should CVSA not elect to back into a project, its interest will revert to a 2% net smelter royalty on that project.

With the completion of its due diligence in March 2004, Exeter paid CVSA a signing fee of US\$75,000 (CAN \$109,934) and paid a final US\$25,000 in September 2004. The agreement does not require the Company to make any other payment to CVSA.

Property Description and Exploration

The 39 CVSA properties are grouped into four projects. The Cerro Moro project is the most advanced with 13 properties; Chubut has 14 properties; Rio Negro has 7 properties and Santa Cruz has 5 properties. All of the projects have favourable geological settings, significant alteration features and/or anomalous gold geochemistry.

Many of the properties under the agreement were located by CVSA using satellite imagery, suggesting large alteration systems. The amount of subsequent exploration on these properties varies, but in many cases anomalous gold mineralization has been identified. Geophysical surveys are not known to have been conducted and drilling did not extend into covered areas. The Company intends to re-examine all of these systems with a view to identifying gold and/or silver targets at a size threshold lower than that used by CVSA.

Cerro Moro Project

The 157 sq km Cerro Moro epithermal gold project is located in northeastern Santa Cruz Province, approximately 70 km southwest of Puerto Deseado, a city that provides necessary supplies and infrastructure.

Previous Exploration:

Previous discoveries at Cerro Moro included 16 vein structures and 6 areas of possible vein stockworks or disseminated style mineralization. Most of the discoveries are within a 10 km by 6 km area. Low-sulphidation style gold and silver mineralization is primarily associated with quartz veins 240 to 1,250 metres long. Individual veins range in thickness between 0.2 and 4.5 metres. Some veins have silver credits in excess of 500 g/t.

A total of 2,582 metres of drilling in 34 shallow diamond and/or reverse circulation percussion drill holes, distributed over 11 of the 22 Cerro Moro targets, was completed by CVSA. Drill hole spacings were approximately 250 metres. To date, the property has an average drill intersection depth of only 30 metres, and management believes that it has the potential to contain significant mineralization.

A camp and field office were set up to provide accommodation for crew, and compensation agreements were negotiated with local landowners.

Exeter Drilling:

The Company completed an initial reverse circulation (“RC”) percussion drilling program at Cerro Moro in the third quarter of 2004. The drilling was designed to increase density over some of the veins previously drilled, consisting of 40 RC holes totaling 2,069 meters.

Assay results released by Exeter during the quarter confirmed gold silver grades in mineralized vein structures previously delineated by Cerro Vanguardia SA. Multiple high grade intersections and a positive orientation geophysical survey will lead to follow up drilling in the fourth quarter.

Geophysics:

Quantec Limited, an independent contractor, conducted trial gradient array and pole-dipole induced polarization surveys over a number of the known vein systems. The survey readily demonstrated a correlation between resistivity anomalies and known veins. Accordingly, Exeter contracted a consultant to conduct a comprehensive resistivity survey as a means of identifying new vein systems beneath soil cover. The survey commenced early in the second quarter and continued into the November with positive results.

The **Rio Negro Project** comprises a number of concessions located in Rio Negro Province (El Futuro, Domo, La Divina, La Rubia, Cerro Negro and Luna Teresita), which generally feature low level gold mineralization. Landowner access negotiation and reconnaissance prospecting to delineate drill targets has commenced on these properties, and will continue throughout the year.

The **Santa Cruz Project** comprises a number of earlier stage exploration properties throughout Santa Cruz Province.

Cerro Puntudo Property

This gold project is located 250 km west of Cerro Moro. Gold/silver mineralization at Cerro Puntudo is concentrated within a 4-6 km long hydrothermal breccia zone believed to be located on the periphery of a rhyolitic flow dome. Mineralization within this zone is marked by quartz veining, silicification and brecciation.

Previous Exploration:

CVSA conducted rock chip and rock chip channel sampling with assay results that included 21 metres at 3.4 g/t gold at Zona Rica, and 26 metres at 1.4 g/t gold at La Quebrada.

Exeter Exploration:

No fieldwork was conducted on Cerro Puntudo during the quarter; however, induced polarization surveys commenced in October. Geological and further geochemical surveys will be conducted concurrently. A reverse circulation drill program on Cerro Puntudo is planned for the fourth quarter of 2004.

The **La Calandria Property** has gold mineralization associated with tectonic and carapace breccias in a 12 sq km rhyolite flow dome setting. Work completed by CVSA included reconnaissance geological mapping and rock chip sampling. No field work was conducted during the quarter.

On the **Verde 2/12 Property**, gold mineralization relates to at least 30 structures with epithermal quartz veining in association with a rhyolite dome. Strike lengths of veins range from 100 to 700 metres and widths from 0.7 to 3.0 metres. Work by CVSA included geological mapping and extensive rock chip sampling which gave anomalous gold values. Reconnaissance work was carried by Exeter and will resume in fourth quarter of 2004, in the southern summer.

Qualified Person

Robert Harley, B.Sc., Exeter's Vice President, Exploration, a “qualified person” within the definition of that term in National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, has supervised the preparation of the technical information contained in this report.

SUMMARY OF FINANCIAL RESULTS

Background

General Activities in 2003

Since its reorganization in 2002, the Company was predominantly involved in the examination and acquisition of mineral exploration opportunities and securing capital for the implementation of its exploration programs.

For the first part of 2003, the Company's resources were applied to travel, supplies and services for the purpose of evaluating historical exploration information to determine the potential of property acquisitions. Through mid-year an office was established in Mendoza, Argentina and both exploration and administrative staff were engaged to carry out the Company's exploration programs. By the end of 2003, field work including evaluation of historic geological and geophysical information, and drill targeting had commenced on several properties. During 2003, the Company acquired the rights to five groups of gold properties in Argentina. Efforts to identify additional exploration opportunities continued.

General Activities in 2004

In January 2004 the company completed a private placement financing of 4 million units consisting of one common share and one half of a share purchase warrant, for gross proceeds of \$4 million. Exploration activities accelerated in all its exploration properties in Argentina, particularly La Cabeza, Cerro Morro, Cerro Puntudo in Santa Cruz. Comparisons of quarterly and annual results between the two years inevitably reflect this fundamental shift from evaluation to exploration and drilling.

Quarterly Results

Summary of Quarterly Results	2004			2003			2002	
	3 rd Quarter	2 nd Quarter	1 st Quarter	4 th Quarter	3 rd Quarter	2 nd Quarter	1 st Quarter	4 th Quarter
Total revenues	\$13,199	\$13,110	\$12,287	\$1,309	\$579	\$417	\$57	\$90
Net loss from operations	\$240,496	\$230,686	\$346,544	\$256,671	\$44,706	\$36,351	\$47,518	\$269,653
Exploration and development	\$675,135	\$622,974	\$705,400	\$175,684	\$182,127	-	-	-
Property examination costs	\$30,612	\$(7,776)	-	\$49,661	-	-	-	\$1,500
Stock-based compensation	\$55,439	\$69,131	\$93,379	\$95,555	-	-	-	-
Loss on marketable securities	-	-	-	-	-	-	-	\$203,644
General & administration	\$161,664	\$185,036	\$172,216	\$95,012	\$42,513	\$19,004	\$47,575	\$64,207
Net loss / share (basic)	\$0.02	\$0.02	\$0.03	\$0.03	\$0.01	\$0.01	\$0.02	-
Net loss / share (fully diluted)	\$0.01	\$0.01	\$0.02	\$0.02	\$0.00	\$0.00	\$0.01	-

A significant component of expenses is stock-based compensation, which, pursuant to the Company's accounting policy, is recorded as an expense at fair value, calculated using the Black-Scholes model.

Comparison of 3rd to 2nd Quarter Results

Net loss from operations increased by \$10,000 over the previous quarter. Exploration and Development and Property Examination costs were \$90,548 higher than the previous quarter due to increased exploration activities in the La Cabeza and Cerro Morro properties and other Property Examination Costs. Administration costs were \$23,000 lower for the period. Variances in Financial and Administration Services, Investor Relations, Management Fees, Shareholder Information, and Travel largely reflect a second quarter realignment of expenses. Lower Accounting and Audit costs are a seasonal issue. Increased Amortization charges reflect catch up entries in the amortization of newly purchased vehicles and field equipment in Argentina. Low travel costs reflect a combination of a timing issue related to incoming expenses, and expense reallocation

Comparison of 3rd Quarter 2004 to same period 2003

As detailed earlier, the Company was essentially engaged in two different phases of development in the two years so any comparison of the financial information re-iterates that point.

Year to Date Results

Summary of Year to Date Results	Year to Date	
	2004	2003
Total revenues	\$38,563	\$1,053
Net loss from operations	\$854,625	\$128,575
Exploration and development	\$2,129,699	\$182,127
Property examination costs	\$57,805	-
Stock-based compensation	\$217,949	-
General & administration	\$520,273	\$97,188
Net loss / share (basic)	\$0.06	\$0.02

Year to Date September 30, 2004

Results from the first three quarters of the year were similar. Revenue from bank interest averaged \$13,000 per quarter, Exploration and Development averaged \$668,000 per quarter and General and Administrative expenses averaged \$173,000 per quarter. The first quarter's General and Administration expenses were slightly higher than the other quarters, reflecting costs associated with the completion of financing activities which were offset by rising Investor Relations costs in the other periods. The results are consistent with the Company's 2004 plan for expenditures on exploration activities.

Comparison of Year to Date 2004 and 2003

The shift in focus and activities of the Company is clear in this comparison. Exploration and Development costs increased by \$1,950,000 from 2003. Net loss from operations mirrored this increase, rising \$725,000 for the same year-to-date period. All aspects of the business reflect higher costs relating to the exploration activity.

Liquidity

To September 30, 2004, the Company had raised \$4.2 million in equity financings and conversions of warrants and options. At September 30, 2004, \$1.9 million remained in cash.

The functional currency of the Company is the Canadian Dollar. Included in cash at September 30 is \$290,182 denominated in Argentine pesos, which are subject to foreign currency rate fluctuations.

The Accounts Receivable of \$25,000 relates to travel advances to Argentine employees, and were subsequently converted to expenses. Value Added Tax – Argentina (I.V.A.) concerns taxes paid on exploration expenses primarily at the La Cabeza property. Legislation was passed in February 2004, enabling the recovery of these funds on an annual basis. The process occurs one year after the expense. The first application for tax paid up-to and including December 31, 2004 would be made January 2006.

Subsequent to September 30, 2004, additional \$1.4 million was raised through equity financing to fund the Company through the completion of a pre-feasibility study of the La Cabeza project. Additional financing will be required by that time to continue operations at the current rate.

Compared to prior years, accounts payable to suppliers rose, reflecting increased exploration activity. This was offset by lower liabilities to Related Parties. The latter is a timing issue.

Other external factors and circumstances regarding the financial condition of the Company, which were provided in the discussion and analysis in the two prior quarterly reports, are substantially unchanged.

Share Capital

The Company began the year with 8,512,837 shares outstanding and as at September 30, 2004, had 13,667,837 issued and outstanding common shares. Pursuant to a private placement financing and on exercises of warrants and options, in the nine months ending September 30, the Company received total gross proceeds of \$4,294,175 and issued a total of 5,155,000 common shares. Note 4 of the consolidated financial statements of the Company provides further details of these transactions.

In the current quarter, the Company received net proceeds of \$183,750 and issued 735,000 shares pursuant to the exercise of warrants.

Subsequent Share Transactions

On November 18, 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 private placement 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. The Company paid cash finder's fees of \$60,000. The securities are subject to a four-month trading hold period expiring 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.

Option Plan

In January 2004, subject to shareholder and Exchange approvals, the Company decided to adopt a 20% new fixed ceiling stock option plan (the "Plan") to replace the previous 10% "rolling" stock option plan. On June 16, 2004, the Company's shareholders approved the Plan, including options previously granted. There are 2,576,567 shares reserved for issuance under the Plan.

Pursuant to the Plan, during the year the Company granted the following stock options to directors, officers, employees and consultants of the Company: a total of 1,278,000 options exercisable at a total of 135,000 options exercisable at a price of \$1.41 per share and expiring on April 7, 2009; a total of 100,000 options exercisable at a price of \$1.20 per share and expiring on May 1, 2006; 40,000 options exercisable at a price of \$0.90 per share and expiring on June 14, 2009; and a total of 35,000 options exercisable at a price of \$0.85 per share expiring on June 21, 2009. Any shares issued on the exercise of the above options are subject to a four-month trading hold period from the date of grant and to the vesting provisions of the Plan.

Subsequent options transactions

On October 8, 2004, the Company granted stock options at an exercise price of \$1.00 to directors and consultants of the Company as follows: 100,000 options expiring on October 8, 2009; and 75,000 options expiring on October 8, 2006. The options grants are subject to TSX Venture Exchange (the "Exchange") approval, and are subject to a four-month trading hold period expiring on February 8, 2005.

As at November 24, 2004, a total of 15,067,837 common shares are issued and outstanding. In addition, the following is a summary of convertible securities currently outstanding:

<u>Warrants Outstanding</u>		
Quantity of Warrant Shares	Exercise Price	Expiry Date
2,367,700	\$1.35	January 12, 2005
175,000	\$0.23	March 6, 2005
155,000	\$0.22	March 31, 2005
1,345,000	\$0.75	October 30, 2005
1,400,000	\$1.35	November 18, 2006
<hr/> 5,442,700 <hr/>		

Options Outstanding

Quantity of Option 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
75,000	\$1.00	October 8, 2006
167,000	\$ 0.22	March 20, 2008
465,000	\$ 0.405	August 15, 2008
1,198,000	\$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
100,000	\$1.00	October 8, 2009
<hr/>		
2,614,750		

Related Party transactions

Up to and including November 24, 2004, the following related party transactions were recorded:

- Exploration and development administration fees totaling \$88,650 (2003 - Nil) were paid or accrued to a corporation of which the President and CEO of the Company is a principle.
- Management fees of \$20,250 (2003 – \$9,000) and rent of \$488 (2003 - \$1,463) were paid or accrued to a corporation controlled by the former Secretary of the Company.
- Legal fees of \$44,763 (2003 – Nil) were paid or accrued to a corporation controlled by a Director of the Company.
- Exploration and development consulting fees of \$100,833 (2003 – Nil) were paid or accrued to a corporation of which the Vice-President, Exploration is a consultant.
- Management fees of \$42,000 (2003 – Nil), exploration and development fees of \$3,000 (2003-nil) and share issue costs of \$3,000 (2003-nil) were paid to the Chairman of the Company or a corporation controlled by him.
- Financial administration fees of \$14,969 (2003 – N/A) were paid to a corporation controlled by the CFO of the Company.
- Rent and general office expenses of \$15,027 (2003 – Nil) were paid to a corporation related by a common director.

Management and Board

On October 8, the Company announced that Michael McPhie, MSc, of Vancouver was appointed to its board of directors.

Mr. McPhie is the President and CEO of the Mining Association of British Columbia. Previously, he worked with the Minerals and Metals Sector of Natural Resources Canada, acting in the capacity of Senior Policy Advisor for Western Canada through an Interchange Agreement. Prior to that he served as

manager for the Mining, Environment and Sustainability group of Knight Piésold Engineers & Environmental Consultants, and as the director of regulatory affairs and the environment, Project Development Group, with Royal Oak Mines Inc. On October 8, 2004, Exeter also announced that Andrew Gourlay resigned from the Board of directors. Mr. Gourlay served as a director of the Company for 8 years,

In October, the Company entered into an investor relations contract with Robert Grey of Vancouver, B.C. Mr. Grey will provide full time investor relations services. His service contract has an initial term of four months and is subject to Exchange approval. After the initial term, service may continue should both parties agree.

OUTLOOK

In summary, the Company plans to:

- Prepare a new resource calculation for the La Cabeza project.
- Complete the La Cabeza pre-feasibility study.
- Identify targets that may represent additional gold zones on the La Cabeza project.
- Drill gold targets at Cerro Puntudo.
- Drill geophysical targets to identify new gold-silver veins at Cerro Moro, Patagonia.
- Establish joint ventures with interested parties on Exeter's porphyry properties.
- Evaluate new exploration opportunities in Argentina.

Reconnaissance work and evaluation of results will be performed on its present portfolio of properties. The pre-feasibility study at La Cabeza will continue with a view to advancing the project to a production decision in 2005.

Funding for its operations will be provided through equity financings and security conversions. Should any of its properties reach the mine development stage, debt financing or a combination of debt and equity financing will be considered.

RISKS

The Company operates in the mineral exploration sector and has no current production of minerals. All of the Company's properties are currently at the exploration stage. There is no assurance that an economic and commercially viable deposit exists on any of the Company's properties, and substantial additional work will be required in order to determine if any economic and legally feasible deposits occur on the Company's properties. Operations are not seasonal as the Company can conduct exploration on most of its properties, including La Cabeza year-round. However, exploration on some of the Patagonia properties is difficult during the winter months of June to October.

The mineral exploration operations of the Company are subject to regulation of government agencies at the Federal, State and local levels. Management believes it is in compliance with all current requirements and does not anticipate any significant changes to these regulations which will have a material effect on the Company's operations.

The Company is engaged in the exploration for and development of mineral deposits. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, eliminate. The commercial viability of any mineral deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit.

Dated November 24, 2004

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Paul MacNeill, LL B
Michael McPhie, M Sc
Douglas Scheving

Officers Bryce Roxburgh, *President and Chief Executive Officer*
Yale Simpson, *Chairman*
David Simpson, *Chief Financial Officer*
Nancy La Couvée, *Corporate Secretary*
Robert Harley, *Vice President, Exploration*

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Share Capital Authorized: 100,000,000 common shares
Issued and outstanding: 15,067,837
Fully diluted: 21,725,287

Shares Listed TSX Venture Exchange (TSX-V)
Symbol: **XRC**

Frankfurt Stock Exchange:
Symbol: **EXB** (WKN: 893955)

