



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

MARCH 31, 2005

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

	<u>March 31, 2005</u>	<u>Dec. 31, 2004</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,670,846	\$ 2,458,873
Accounts receivable and prepaid expenses	108,764	20,255
Goods and services tax recoverable	13,870	16,124
Share subscription receivable	-	22,680
	<u>1,793,480</u>	<u>2,517,932</u>
Property, plant and equipment	126,719	139,003
Mineral properties and deferred costs (Note 2)	4,679,780	3,812,340
	<u>\$ 6,599,979</u>	<u>\$ 6,469,275</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 225,566	\$ 89,167
Due to related parties	75,390	133,187
	<u>300,956</u>	<u>222,354</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 3)	14,293,789	14,078,259
Share subscription advances	135,000	-
Contributed surplus	395,476	378,003
Deficit	(8,525,242)	(8,209,341)
	<u>6,299,023</u>	<u>6,246,921</u>
	<u>\$ 6,599,979</u>	<u>\$ 6,469,275</u>

Nature of business and continued operations (Note 1)
Subsequent events (Note 6)

On Behalf of the Board

"Yale Simpson"
Director

"Douglas Scheving"
Director

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

EXETER RESOURCE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(unaudited - prepared by Management)

	Three Months ended March 31,	
	2005	2004
Administration Costs		
Accounting and audit	\$ 3,090	\$ 7,697
Amortization	6,266	2,436
Bank charges	1,791	1,113
Consulting	21,564	46,975
Investor relations	78,427	6,293
Legal fees	30,446	18,999
Loss on write-off of mineral properties	-	77,796
Management fees	24,000	26,250
Office and miscellaneous	5,727	2,005
Property examination costs	25,188	34,969
Rent	10,619	488
Stock-based compensation (Note 3)	51,933	93,379
Stock exchange listing and filing fees	4,800	32,004
Telecommunications	1,720	1,048
Transfer agent	1,825	4,049
Travel and promotion	56,141	22,859
	<u>323,537</u>	<u>378,360</u>
Interest Income	<u>(7,989)</u>	<u>(12,287)</u>
Loss before other items	315,548	366,073
Other items		
Loss on conversion of foreign currencies	<u>353</u>	<u>15,440</u>
Net loss for the period	<u>315,901</u>	<u>381,513</u>
Deficit at beginning of period	<u>8,209,341</u>	<u>6,940,870</u>
Deficit at end of period	<u>\$ 8,525,242</u>	<u>\$ 7,322,383</u>
Basic & diluted loss per common share	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>
Weighted average number of common shares outstanding	<u>15,572,887</u>	<u>12,917,420</u>

The accompanying notes are an integral part of these financial statements

EXETER RESOURCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited - Prepared by Management)

	Three Months Ended March 31,	
	2005	2004
OPERATING ACTIVITIES		
Net loss for the period	\$ (315,901)	\$ (381,513)
Adjustments:		
Amortization	6,266	2,436
Loss on write-off of mineral properties	-	77,796
Stock-based compensation	51,933	93,379
Loss on conversion of foreign currencies	353	15,440
	<u>(257,349)</u>	<u>(192,462)</u>
Changes in non-cash working capital		
Accounts receivable and prepaid expenses	(88,509)	(6,459)
Goods and services tax recoverable	2,254	(40,061)
Accounts payable and accrued liabilities	136,399	10,259
Due to related parties	(57,797)	(9,140)
	<u>(265,002)</u>	<u>(237,863)</u>
FINANCING ACTIVITIES		
Issue of share capital for cash	206,616	1,185,945
Share issue costs	(25,546)	(236,083)
Share subscription receivable	22,680	-
Share subscription received in advance	135,000	-
	<u>338,750</u>	<u>949,862</u>
INVESTING ACTIVITIES		
Acquisition costs of property, plant and equipment	(2,986)	(61,563)
Acquisition costs of mineral properties	-	(109,934)
Deferred exploration costs, net of amortization and property examination costs	(858,436)	(388,127)
	<u>(861,422)</u>	<u>(559,624)</u>
Loss on conversion of foreign currencies	(353)	(15,440)
INCREASE (DECREASE) IN CASH	<u>(788,027)</u>	136,935
CASH AT BEGINNING OF PERIOD	<u>2,458,873</u>	3,485,036
CASH AT END OF PERIOD	<u>\$ 1,670,846</u>	<u>\$ 3,621,971</u>

The accompanying notes are an integral part of these financial statements

EXETER RESOURCE CORPORATION

CONSOLIDATED STATEMENTS OF DEFERRED EXPLORATION COSTS

(unaudited - prepared by Management)

	La Cabeza Project	CVSA Properties	Other	Three Months Ended March 31,	
				2005	2004
Assays	\$ 55,537	\$ 78,056	\$ 349	\$ 133,942	\$ 2,840
Consultants & contractors	7,080	8,345	5,580	21,005	66,900
Drilling	121,959	137,826	-	259,785	82,674
Engineering	20,045	-	-	20,045	-
Field Camp	48,745	18,548	2,823	70,116	88,394
Geological	90,119	46,487	10,611	147,217	37,241
Geophysical	-	4,537	-	4,537	-
Hydrology	8,609	-	-	8,609	-
IVA tax	20,583	31,363	-	51,946	-
Legal and title	3,610	8,692	1,047	13,349	906
Mendoza operations	13,648	14,508	551	28,707	37,705
Metallurgical	15,946	-	-	15,946	-
Travel	19,129	29,030	16,041	64,200	57,447
Wages and Benefits	35,609	16,890	725	53,224	51,278
	460,619	394,282	37,727	892,628	425,385
Property examination costs			(25,188)	(25,188)	(34,969)
TOTAL COSTS INCURRED DURING THE PERIOD	460,619	394,282	12,539	867,440	390,416
BALANCE OF COSTS, BEGINNING OF PERIOD	1,953,231	975,008	97,629	3,025,868	357,811
	2,413,850	1,369,290	110,168	3,893,308	748,227
Write-off of costs					(77,796)
BALANCE OF COSTS, END OF PERIOD	\$ 2,413,850	\$ 1,369,290	\$ 110,168	\$ 3,893,308	\$ 670,431

The accompanying notes are an integral part of these financial statements

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2005

(unaudited – prepared by Management)

1. NATURE OF BUSINESS AND CONTINUED OPERATIONS

Exeter Resource Corporation (the “Company”) is an exploration stage company incorporated under the laws of British Columbia, Canada and together with its subsidiaries, is engaged in the acquisition, exploration and development of mineral properties located in Argentina.

These financial statements have been prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business, rather than through a process of forced liquidation.

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 are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of such reserves, and upon future profitable production or disposition of such reserves.

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 Company’s consolidated financial statements for the year ended December 31, 2004, without the note disclosures required for audited financial statements. The interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements.

2. MINERAL PROPERTIES

	Acquisition Costs	Deferred Exploration Costs	March 31, 2005 Total	December 31, 2004 Total
La Cabeza Project	\$ 406,752	\$ 2,413,850	\$ 2,820,602	\$ 2,359,983
Estelar Properties	238,648	109,709	348,357	335,818
MRP Properties	12,500	459	12,959	12,959
CVSA Properties	128,572	1,369,290	1,497,862	1,103,580
	<u>\$ 786,472</u>	<u>\$3,893,308</u>	<u>\$ 4,679,780</u>	<u>\$ 3,812,340</u>

3. 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:

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**THREE MONTHS ENDED MARCH 31, 2005**

(unaudited – prepared by Management)

	<u>March 31, 2005</u>		<u>December 31, 2004</u>	
	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>
Balance, beginning of period/year	15,356,387	\$14,078,259	8,512,837	\$ 8,351,774
Issued during the period/year for:				
Cash	501,125	206,616	3,949,770	3,184,057
Share subscription advances	-	-	2,876,980	2,876,980
Share subscription receivable	-	-	16,800	22,680
Contributed surplus allocated	-	34,460	-	10,366
Share Issue Costs	-	(25,546)	-	(367,598)
Balance, end of period/year	15,857,512	\$14,293,789	15,356,387	\$ 14,078,259

**Transactions for the Issue of Share Capital
During the Three Months ended March 31, 2005**

- a) The Company issued 149,750 shares at a price of \$0.76 per share for a total consideration of \$113,810 pursuant to the exercise of stock options.
- b) The Company issued 15,625 shares at a price of \$0.85 per share for a total consideration of \$13,281 pursuant to the exercise of stock options.
- c) the Company issued 5,750 shares at a price of \$0.90 per share for a total consideration of \$5,175 pursuant to the exercise of stock options.

In addition, an amount totaling \$34,460 representing stock-based compensation recognized on vesting of the above stock options was allocated to share capital.

- d) The Company issued 175,000 shares pursuant to the exercise of 175,000 share purchase warrants at a price of \$0.23 per share for a total consideration of \$40,250.
- e) The Company issued 155,000 shares pursuant to the exercise of 155,000 share purchase warrants at a price of \$0.22 per share for a total consideration of \$34,100.

Stock Option Plan:

The Company has adopted an incentive stock option plan (the “Plan”), the essential elements of which are as follows: The aggregate number of shares issuable pursuant to options granted under the plan may not exceed 3,067,917. 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.

A summary of the status of options granted under the Plan as of March 31, 2005 and December 31, 2004, and changes during the period/year then ended, is as follows:

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**THREE MONTHS ENDED MARCH 31, 2005**

(unaudited – prepared by Management)

	March 31, 2005		December 31, 2004	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding, Beginning of period/year	2,714,750	\$ 0.93	816,750	\$ 0.43
Forfeited/cancelled	(305,625)	1.34	(80,000)	1.08
Granted	325,000	1.20	2,013,000	1.12
Exercised	(171,125)	0.77	(35,000)	0.41
Options outstanding, End of period/year	2,563,000	\$ 0.93	2,714,750	\$ 0.93

At March 31, 2005, the Company had outstanding stock options to acquire 2,563,000 shares as follows:

Number of Shares	Exercise Price	Expiry Date
100,000	\$1.200	May 1, 2006
75,000	\$1.000	October 8, 2006
100,000	\$1.300	December 30, 2006
167,000	\$0.220	March 20, 2008
465,000	\$0.405	August 15, 2008
1,183,000	\$1.080	January 21, 2009
10,000	\$1.410	April 7, 2009
34,250	\$0.900	June 14, 2009
3,750	\$0.850	June 21, 2009
100,000	\$1.000	October 8, 2009
325,000	\$1.200	March 22, 2010
2,563,000		

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 three months ended March 31, 2005 was estimated at the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected volatility	30.16%
Risk-free interest rate	3.61%
Expected life	2.44 years
Expected dividend yield	0%

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2005

(unaudited – prepared by Management)

Stock-based compensation recognized, on the vesting of stock options granted, in the quarter totalling \$51,933 was allocated to contributed surplus.

Warrants:

At March 31, 2005, the Company had outstanding share purchase warrants exercisable to acquire 4,824,150 shares as follows:

Number	Exercise Price	Expiry Date
2,079,150 ⁽¹⁾	\$1.35	April 12, 2005
1,345,000	\$0.75	October 30, 2005
1,400,000	\$1.35	October 22, 2006
<u>4,824,150</u>		

⁽¹⁾subsequently expired

4. RELATED PARTY TRANSACTIONS

- a) Exploration and development fees totalling \$41,250 (2004 - \$24,645) were paid or accrued to a corporation of which the President and CEO of the Company is a principal.
- b) Legal fees of \$53,296 (2004 – \$20,208) were paid to a corporation controlled by a director of the Company of which the Secretary of the Company is an employee.
- c) Exploration and development fees of \$45,928 (2004 – \$28,403) were paid or accrued to a corporation of which the Vice-President, Exploration is a consultant.
- d) Management fees of \$24,000 (2004 – \$18,000) were paid to a corporation controlled by the Chairman of the Company.
- e) Rent and office expenses of \$8,986 (2004 – Nil) were paid to a corporation related by a common director.
- f) Financial administration fees of \$10,900 (2004 – Nil) were paid or accrued to a corporation controlled by the former 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.

5. 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 assets and liabilities by geographical segment:

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**THREE MONTHS ENDED MARCH 31, 2005**

(unaudited – prepared by Management)

	Canada	Argentina	Total
March 31, 2005			
Cash and cash equivalents	\$ 1,606,961	\$ 63,885	\$ 1,670,846
Other current assets	96,552	26,053	122,605
Property plant and equipment	55,506	71,213	126,719
Mineral properties, including deferred costs	-	4,679,780	4,679,780
	1,759,049	4,840,931	6,599,829
Current Liabilities	(147,060)	(157,246)	(304,306)
	<u>\$ 1,611,989</u>	<u>\$ 4,683,685</u>	<u>\$ 6,295,523</u>

	Canada	Argentina	Total
December 31, 2004			
Cash and cash equivalents	\$ 2,370,947	\$ 88,376	\$ 2,458,873
Other current assets	47,782	11,187	59,059
Property, plant and equipment	61,283	77,720	139,003
Mineral properties, including deferred costs	-	3,812,340	3,812,340
	2,479,652	3,989,623	6,469,275
Current Liabilities	(197,447)	(24,907)	(222,354)
	<u>\$ 2,282,205</u>	<u>\$ 3,964,716</u>	<u>\$ 6,246,921</u>

6. SUBSEQUENT EVENTS

On April 12, 2005, the Company closed a non-brokered private placement of 1,907,667 units, at a price of \$1.20 per unit, for gross proceeds of \$2,289,200. Each unit comprised one common share and one-half of a share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share at a price of \$1.35 per share, for one year. \$135,000 relating to the private placement was received prior to March 31, 2005.