



**INTERIM REPORT
FIRST QUARTER 2005**

Conversions	
Au	Gold
Ag	Silver
g/t	grams per tonne
oz	ounce
1 tonne	1.102 tons
1 troy ounce	31.1035 grams
1 ounce/ton	34.2857 grams per tonne
km	kilometre
1 kilometre	.62 miles
1 metre	3.28 feet

EXETER RESOURCE CORPORATION
Management Discussion and Analysis
First Quarter Ended March 31, 2005

May 15, 2005

BUSINESS OVERVIEW

Exeter Resource Corporation (“the Company”) is a mineral exploration company engaged in the acquisition, exploration and development of resource properties in South America.

The Company’s current focus 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. One of the Company’s properties contains inferred resources, but, at present, none contains defined economic reserves of recoverable minerals. The Company has no operating income. Should the Company successfully delineate, through its exploration efforts, commercially mineable reserves on any of its mineral properties, it will seek to develop the opportunity by bringing the property into commercial production itself, or through a contract mining arrangement, or by way of a joint venture.

The Company is incorporated under the laws of British Columbia and is listed on the TSX Venture Exchange under the trading symbol “XRC”. It is a reporting issuer in British Columbia and Alberta and has filed for registration in the United States on Form 20F.

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

This report contains forward looking statements and information. Such forward looking statements are based on the Company’s plans and expectations and involve known and unknown risks, uncertainties and factors which may cause the actual results, performance or achievements of the Company to be materially different from any performance or achievement expressed or implied by such forward looking statements.

REPORT ON OPERATIONS

Operations

Following its reorganization in 2002, the Company focused on reviewing and acquiring mineral properties and securing capital for the exploration of those properties. Subsequently, work has comprised detailed drilling and associated engineering studies at its La Cabeza Gold Project, and exploration drilling on Patagonia gold projects acquired through the Company’s alliance with Cerro Vanguardia S.A.

In 2003, the Company acquired or secured an option to acquire the rights to five groups of gold properties in Argentina, including its principal and most advanced property, La Cabeza. These acquisitions and subsequent, successful financing efforts represent substantial milestones for Exeter. A summary of the Company’s mineral properties follows:



SUMMARY OF PROJECTS					
Vendor/Options	Rights acquired	Major properties	Land Area (sq km)	Paid to Date	Future cash commitments
Cognito Limited ("Cognito")	Option for 100%	La Cabeza - 7 concessions	100	1,600,000 shares and \$25,000	<ul style="list-style-type: none"> - exploration expenditures of US\$3,000,000 - cash payments of US \$525,000 to Dec 15, 2014 - 3.5% NSR - cash payment of \$2,500,000 or issue 2,500,000 shares
Estelar Resources Limited ("Estelar")	Option for 100%	Rosarita, Quispe, Llanos Ricos/ El Salado and Dolores - 21 concessions	385	1,000,000 shares and \$2,820	<ul style="list-style-type: none"> - 2% NSR
Minera Río de la Plata ("MRP")	Option for 100%	Agua Nueva Rosarita South La Ramada - 45 concessions	312	\$5,000	<ul style="list-style-type: none"> - cash payments of \$440,000 - 2% NSR
Cerro Vanguardia Sociedad Anónima ("CVSA")	Option for 100%	Cerro Moro Santa Cruz Chubut Río Negro - 39 concessions	1,047	\$US100,000	<ul style="list-style-type: none"> - exploration expenditures of US\$3,000,000 to Dec 30, 2007 - 2% NSR

In 2004, the Company expanded its exploration team, based in Mendoza City in central western Argentina, and rented new offices to accommodate this expansion. Four projects were advanced to the drilling stage, and one, the La Cabeza project, moved to the evaluation stage. Exploration of the CVSA property portfolio led to the drilling of the Cerro Moro and Cerro Puntudo projects. Efforts to identify additional exploration opportunities continued.

Cognito

Acquisition terms

In March 2003, the Company announced that it had acquired the option to a 50% interest in Cognito Limited (“Cognito”), a company that has the option to acquire a 100% interest in the La Cabeza gold project in Argentina, for payment of 800,000 common shares, issued to the principals of Rowen Company Limited (“Rowen”), the beneficial owners of Cognito.

The Company announced in July 2003 that it had acquired the option to the remaining 50% interest in Cognito for further payment to the principals of Rowen of \$25,000 cash and an additional 800,000 common shares of the Company. As a principal of Rowen, Bryce Roxburgh, the President and CEO and a director of the Company, received a total of 800,000 common shares of the Company and will not vote as a director on matters concerning La Cabeza where his interest in Rowen represents a potential conflict of interest.

To exercise the options to acquire 100% of Cognito, the Company is required to incur a total of US\$3.0 million in exploration and development expenditures at La Cabeza by March 2007, of which a minimum of US\$1.5 million is required to be spent by March 2006 (already spent). In addition, on the earlier of completion of these expenditures or completion of a bankable feasibility study, the Company must pay to the principals of Rowen a further CAN \$2.5 million cash or, at the Company’s option, 2.5 million common shares of the Company.

To earn its interest in the La Cabeza property (subject to a 3.5% net smelter royalty (“NSR”) in favour of the owners of the property), Cognito must pay to the owners of the property a total of US\$525,000 in staged payments to December 2014. On behalf of Cognito, the Company has made all required payments, totalling US\$40,000, to date. Cognito may terminate the staged payments upon making a development decision in respect of the project; provided that production commences within two years. Cognito has the option to purchase the NSR for US\$1,000,000.

La Cabeza

Property Description

La Cabeza is located 370 km south of the city of Mendoza, in Mendoza Province, and consists of seven gold concessions, covering approximately 100 square kilometres. An additional 266 square kilometres of concessions, comprising the Agua Nueva property, are held under option pursuant to an agreement with MRP, described below. Geologically, La Cabeza is categorized as a partially-explored, low-sulphidation, epithermal gold system. It is readily accessed by gravel roads and lies at an elevation of 1,100 metres above sea level. The area has no grid electricity or water pipeline.

The property was discovered in 1997 by Argentina Mineral Development (“AMD”), who spent US\$3.34 million on exploration to outline ore-grade gold mineralisation within epithermal quartz veins and breccias, in hydrothermally-altered, Permo-Triassic felsic volcanic rocks. Preliminary metallurgical testwork results indicated +90% gold recovery for oxidized and sulphide bearing material by conventional leaching methods. Drilling included 16,000 meters of diamond and reverse circulation testing. Exploration partially delineated multiple zones of gold mineralisation within a 2 x 2 km area and led to resource calculations and an in-house scoping study.

Exeter commissioned Ruben S. Verzosa, P. Eng. of Langley, British Columbia, a “qualified person” as described in National Instrument 43-101 (“NI 43-101”), to review the results of the AMD exploration program and in-house scoping study. Mr. Verzosa reviewed the methodology of all exploration

procedures and confirmed that resources established to that date were “Inferred Resources” as defined by the Canadian Institute of Mining, Metallurgy and Petroleum code. The stated inferred resource at a 0.5 g/t cut-off grade was 12 million tonnes at 1.8 g/t gold for 718,000 ounces of gold, and at a 1.0 g/t cut-off grade, was 6.8 million tonnes at 2.8 g/t gold for 628,000 ounces of gold.

Mr. Verzosa recommended exploration in two stages to examine the potential for open pit mining of the known mineralisation at La Cabeza. Stage 1, estimated to cost US\$150,000, comprised limited additional drilling to confirm geology, followed by metallurgical testing. Stage 2, estimated to cost US\$1.25 million, comprised infill drilling to establish indicated resources to a pre-feasibility level of confidence. Metallurgical, engineering and environmental studies were also recommended. Mr. Verzosa’s report can be viewed at www.sedar.com.

Robert Harley, Exeter’s Vice President, Exploration completed a report complying with the requirements of NI 43-101 updating all exploration to September, 2004. This report can also be viewed at www.sedar.com.

Option to Purchase Surface Rights

The Company has signed an option to purchase the surface rights overlying the La Cabeza development site. The option includes the right to purchase the 7,000 hectare property for US\$67,000, payable over three years, and the building of two new houses for the landowner. The initial payment was made in November, 2004. The landowner has the right to continue grazing on the property outside a defined mining area, and a further right to purchase the property from Exeter at a nominal cost upon the completion of mining.

Exploration

In November 2003, the Company retained Sandercock and Associates Pty. Ltd. (“Sandercock”) of Australia to update the AMD scoping study, for the purpose of guiding management on whether to proceed with a pre-feasibility study. The study was not NI 43-101 compliant and is not available to the public. Following receipt of this report, management recommended the property be advanced, and, in line with the earlier Verzosa recommendation, initiated a pre-feasibility study in January 2004.

To March 31, 2005, work on the pre-feasibility study included 67 drill holes, for 4,798 metres of drilling, and 2,050 metres of channel sampling. In addition, a program of geological modelling, metallurgical, geotechnical, engineering, hydrological and environmental work is underway. The pre-feasibility study will provide a basis for proceeding with a bankable feasibility study and commercial production.

Drilling and Channel Sampling

In March 2005, the drilling program recommended by Verzosa was completed. The exploration program had two objectives: (i) to bring a large part of the previously defined ‘inferred resource’ into the ‘indicated resource’ category; and (ii) to establish the limits of existing mineralised zones along strike, and laterally, from previous drill holes. In total, 33 diamond drill holes, for 2,069 metres, and 44 reverse circulation holes, for 2,729 metres, were completed. The bulk of the drilling was within the 0.5 g/t gold mineralised envelopes that define each of the Ojo, Luna, Cuello and Mandibula zones.

A comprehensive channel sampling program was a key element of the pre-feasibility sampling program at La Cabeza. The channel sampling provided two benefits: (i) the detailed surface assay data enabled drill hole intercepts to be interpreted, and in many cases projected to surface; and (ii) a geological model was created for the purpose of resource calculations. Overall, 2,050 metres of sawn channel samples were cut and assayed.

The exploration program led to a far more detailed picture of La Cabeza mineralisation. The most important outcome was the recognition of new areas of higher-grade gold mineralisation in the Ojo, Luna and Mandibula zones. This mineralisation, identified in both the surface channel samples and shallow drill holes, was not previously known, due to the positioning of earlier AMD drill holes at lower

elevations and down dip of the outcropping mineralisation. The use of specialty drill rigs and new roads provided access to these previously untested, upper portions of the mineralised zones.

Revised Resource Estimation

After March 31, 2005, the Company released a new estimate of the global inferred mineral resources at La Cabeza based on in-house geological modelling and independent calculations by consultants Hellman and Schofield Pty. Ltd. The following table also includes the previous resource estimation for the Cachete, Labio East, Labio South, and Labio West zones, as confirmed by the Verzosa report.

La Cabeza Project Inferred Mineral Resources							
0.5 g/t gold cut-off				1.0 g/t gold cut-off			
Zone	Tonnes	Grade	Contained	Zone	Tonnes	Grade	Contained
	Mt	gold	Gold		Mt	gold	Gold
		g/t	ounces			g/t	ounces
Cuello	3.64	2.15	251,612	Cuello	2.16	3.12	217,673
Luna	5.49	1.30	229,460	Luna	2.39	2.07	159,059
Ojo	3.27	1.62	170,315	Ojo	1.29	3.04	126,082
Mandibula	5.31	1.06	180,964	Mandibula	1.79	1.78	102,439
Cachete	0.35	3.08	34,659	Cachete	0.33	3.39	35,967
Labio East	0.10	4.44	14,275	Labio East	0.09	4.96	14,352
Labio South	0.07	2.45	5,514	Labio South	0.07	2.45	5,514
Labio West	0.08	1.67	4,295	Labio West	0.09	2.04	5,903
TOTAL	18.3	1.5	890,000	TOTAL	8.2	2.5	670,000

The inferred mineral resource estimates for the Cuello, Luna, Ojo and Mandibula zones were interpolated by the use of the Multiple Indicator Kriging method.

Exeter has engaged independent consultants to provide an estimation of the indicated and inferred mineral resources in compliance with NI 43-101. This estimation is scheduled for release to shareholders by the end of June 2005.

New Exploration Targets

The new geological model for La Cabeza has led to the identification of exploration targets representing mineralisation that may be displaced by faulting of known mineralised zones, and the discovery of “blind mineralisation” below sand areas between the zones of outcropping mineralisation. Drilling of the new exploration targets, which commenced January, 2005, was suspended in March so that drilling could be conducted on the Cerro Puntudo project, and will start up again in June 2005.

During the period ended March 31, 2005, comprehensive in-house due diligence was conducted on the Company’s geological database for La Cabeza to ensure its integrity, including check surveying of drill hole locations and down-hole deviations. Three dimensional geological modelling of the mineralised zones was completed.

Pre-feasibility Studies

Resource Estimates

The resource estimate for the pre-feasibility study is being carried out by Hellman and Schofield using new data derived from the drilling and channel sampling programs.

Pit Optimisation

Open pit design and pit optimisation was contracted to Australian Mine Design and Development, Sydney. This study will follow completion of the resource estimates and preliminary mine scheduling. The open pit design and metallurgical studies will provide the main engineering inputs to the plant design

study, which has been contracted to Ausenco Limited, Brisbane. Completion of the plant design work is scheduled for June.

Geotechnical

Vector Engineering (Chile) completed preliminary geotechnical studies, including field examinations and the assessment of all Exeter data from drill core logging. Results of the study will be used to determine the optimum pit slopes.

Mining Assessment

Preliminary mining cost estimates are being provided by a South America-based mining contractor for open pit design, pit optimisation and production scheduling.

Metallurgy

Quartered HQ drill core samples and minus 12 mm size reject material retained from drilling were selected for metallurgical test work being completed by AMMTEC Laboratories, Sydney. A comprehensive testing program on a bulk composite sample, from within each of the mineralised zones, and approximately 20 individual mineralised drill intercepts, is nearly complete. The program has been split equally between comminution characterisation test work and gold-silver extraction test work. The extraction test work has also provided the necessary data for tailings and waste water characterisation.

The metallurgical program is expected to be completed during the second quarter. Overall the data appears to fall in line with predicted metal recovery estimates for the relatively hard ore types, typical of the La Cabeza deposit.

Infrastructure

The development site has been fully surveyed and the digital data adapted for infrastructure investigations. Argentina's San Juan University hydrology group is responsible for site work at La Cabeza to locate process and potable water sources, and to determine the de-watering requirement of the planned open pits. Other infrastructure investigations to date have included cost estimates for mine access, communications, on-site power generation, workforce availability and training, and site accommodation.

Environmental and Community

Baseline environmental monitoring continued during the quarter. Cultural, social and economic impacts are being investigated by an independent group from within Mendoza University, who will also prepare the Environmental Impact Statement and community development plan.

Waste and mineralised samples were collected for sulphur analysis for preliminary acid rock drainage estimation. Waste and mineralisation bulk density determinations have been conducted on representative core samples by the Institute of Materials and Soils at San Juan University.

Estelar

Acquisition terms

In July 2003, the Company completed the acquisition of a 100% interest in Estelar Resources Limited ("Estelar"), a British Virgin Island corporation that owns the rights to four mineral projects.

The consideration paid by the Company was 1,000,000 common shares. At the time of the acquisition, the Chairman of the Company was a major shareholder (71.3% ownership) of Estelar and received 713,000 common shares of the Company in the acquisition agreement. The Estelar properties carry a 2% net smelter royalty from future production ("NSR"), payable to the previous owner, Argentina Mineral Development ("AMD").

Property Description

The Estelar projects cover approximately 385 square kilometres in central western Argentina and comprise the Rosarita, Quispe, Dolores and Llanos Ricos gold properties. They have potential for the

discovery of epithermal gold and porphyry style copper-gold mineralisation. There are no exploration commitments on the projects. Due to Exeter's priorities elsewhere, no exploration work was completed by Exeter in 2004. Rosarita was farmed out to Intrepid Minerals Corporation ("Intrepid") in 2004. In future Exeter plans to seek a joint venture partner on the Quispe, Llanos Ricos and Dolores properties. A confidentiality agreement was signed by one major mining company to review the Quispe, Dolores and Llanos Ricos project data during the quarter.

Rosarita

The Rosarita Project in San Juan Province is 125 sq km in area and lies immediately south of the Casposo gold deposit owned by Intrepid. Intrepid has advanced Casposo to the scoping study stage for a 60,000 ounce per year gold project, based primarily on open pit mining.

Previous mapping, geochemical sampling and geophysical work by AMD and Battle Mountain Gold Company defined several, low priority drill targets at Rosarita. Prospecting was conducted by Exeter in 2003, without defining high priority targets.

On June 10, 2004, Intrepid and Exeter announced an option agreement pursuant to which Intrepid may earn a 50% interest in Rosarita. In order to earn a 50% interest, Intrepid must incur minimum expenditures of US\$250,000 in 2005, and complete a total of 5,000 metres of drilling before the end of 2006. The companies would then form a joint venture to conduct further exploration on the property.

Intrepid commenced exploration in 2004, including three drill holes. No significant mineralisation was intersected. No field work was reported by Intrepid during the first quarter, 2005, but further surface sampling and geological mapping is anticipated later in the year.

Quispe

The Quispe Project covers 80 square kilometres in Catamarca province, in northwest Argentina. The project was identified through the assessment of satellite colour anomalies and has potential for porphyry copper-gold deposits and/or high sulphidation epithermal gold systems.

Previous mapping, trenching, sampling and geophysical surveys conducted by AMD defined a number of copper and gold targets on the main Quispe prospect. The property is considered to be ready for drilling.

Uspallata

The Uspallata Project comprises the El Salado, Llanos Ricos and Dolores mineral properties. The properties cover large scale magnetic anomalies that represent targets for copper-gold porphyry exploration. The prospects are located 200 km north of San Juan City, the capital of 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 kilometres long and 50 kilometres wide. Previous AMD exploration and drilling of 30 holes on the El Salado property revealed low-grade, copper-gold mineralisation 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, identified by AMD as a porphyry target. Detailed geological mapping, geochemistry and drilling to test induced polarization anomalies are required to advance the property.

MRP

Acquisition terms

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. Of particular interest is the Agua Nueva property that adjoins the La Cabeza property.

In order to maintain rights to the properties, an initial payment of \$5,000 was made to the vendor and a further payment of \$7,500, in October, 2004. Further payments, totalling \$440,000 by October 2015, are

required to maintain ownership. MRP will retain a 2% NSR, which Exeter can purchase for \$750,000. There are no minimum annual exploration expenditure commitments to MRP.

Property Description

Agua Nueva (La Cabeza North)

The Agua Nueva property covers 266 square kilometres that adjoin the La Cabeza gold property to the east, west and north. Widely-spaced soil geochemical sampling in an area six kilometres northwest of La Cabeza defined a large arsenic soil anomaly of unknown origin. Agua Nueva also covers a set of fault structures that are similar to the mineralised structures at La Cabeza. The structures will be prospected by Exeter to define targets that may represent possible extensions of the La Cabeza gold system.

La Ramada

The property, located in La Rioja Province, comprises exploration titles over a 2.4 square kilometre area. The property requires mapping and geochemical sampling to define targets for drilling.

Conceptual studies identified a section of the Argentine Precordillera in La Rioja Province as having potential for sediment hosted and replacement style gold deposits similar to occurrences in the Carlin belt of Nevada. Early exploration by a previous operator defined a number of exploration targets. No work is taking place at present.

Rosarita South

The Rosarita South property, located immediately south of Exeter's Rosarita Project in San Juan Province, is 42.79 square kilometres in area. Occurrences of alteration similar to those at Rosarita are evident. Limited prospecting has provided geochemical encouragement for possible subsurface gold mineralisation on the property.

CVSA

Acquisition terms

In January 2004, the Company announced that it had secured an option from Cerro Vanguardia Sociedad Anonima ("CVSA") to acquire all of CVSA's exploration projects, except those surrounding its Cerro Vanguardia gold mine in Patagonia, Argentina. CVSA is owned 92.5% by AngloGold Ashanti Ltd. and 7.5% by Fomicruz S.A.

Under the option agreement, Exeter can earn a 100% interest in the CVSA lands 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 Exeter 2.5 times Exeter's expenditures and paying for all project 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 at industry standard terms. Should CVSA not elect to back into a project, its interest will revert to a 2% net smelter royalty.

By March 2004, Exeter had completed a due diligence study on the CVSA properties and confirmed the legal status and technical merits of the properties. With the completion of its due diligence Exeter paid CVSA a signature fee of US\$75,000, followed by a final US\$25,000 in September 2004. The agreement does not require the Company to make any other payment to CVSA.

Property Description

The CVSA properties are grouped into four projects, listed below, of which Cerro Moro was the most advanced at the time of acquisition.

Cerro Moro	13 properties	153 sq km
Other Santa Cruz properties	5 properties	208 sq km
Chubut properties	14 properties	335 sq km
Rio Negro properties	7 properties	351 sq km

Most of the CVSA properties were acquired over 10 years ago, prior to the recent interest in Patagonia. All of the projects have favourable geological settings, significant hydrothermal alteration features and/or anomalous gold or silver geochemistry.

Many of the properties under the agreement were located by CVSA, using satellite imagery following structural studies, suggesting large alteration systems. The level of subsequent exploration varied, but in many cases anomalous gold and/or silver mineralisation was identified. No geophysical surveys were conducted and drilling did not extend into covered areas. In 2004, Exeter prospected all of the systems with a view to identifying gold and/or silver targets for follow-up exploration. Exeter conducted drilling at Cerro Moro and Cerro Puntudo during 2004.

Following our exploration program of 2004, a number of the properties were reverted to CVSA in January 2005. A total of 25 properties in 10 projects remain under the agreement, as of the end March 31, 2005.

Cerro Puntudo Project

The 235 square kilometre, Cerro Puntudo project is approximately 100 kilometres west of the Cerro Vanguardia mine, in Santa Province. The known mineralisation is considered to be epithermal and within Jurassic age, felsic volcanic rocks. Prior to drilling, Exeter completed geological, geochemical and induced polarisation geophysical surveys to better define surface mineralisation discovered by CVSA. The resistivity response to the known mineralisation was best developed at zones referred to as Rico and La Quebrada.

Exeter commenced a reverse circulation percussion program, comprising 1,300 metres, before end 2004, and reported results for the entire 2,179 metres drilled in February, 2005. Drill intercepts at depths of 30-40 metres were significantly anomalous (0.5 to 1.5 g/t gold). Results were particularly encouraging at depths of 60-70 metres in two of four deeper drill holes. CPRC24 intersected 20 metres at a grade of 3.6 g/t gold (including 4 meters at a grade of 9.2 g/t gold) in the Rico zone and CPRC27 intersected 27 meters at a grade of 3.7 g/t gold (including 8 metres at a grade of 9.6 g/t gold) in the Quebrada zone, located two kilometres south east of Rico.

A ground magnetic survey was completed during April, and was followed by a reverse circulation drilling program.

Exeter applied for an additional 200 square kilometres of mineral rights surrounding Cerro Puntudo, on behalf of Exeter/CVSA, during the first quarter of 2005.

Cerro Moro Project

The 157 square kilometre Cerro Moro epithermal gold project is located in north-eastern Santa Cruz Province, approximately 70 km southwest of Puerto Deseado.

Exploration to date has defined 16 vein sets in areas of limited outcrop. Most of the gold occurrences are within a 10 kilometre by 2.5 kilometre area. Low-sulphidation style gold and silver mineralisation 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 exceptional silver credits.

CVSA previously had drilled 34 shallow diamond, and/or reverse circulation percussion, drill holes for total of 2,582 metres, distributed over 11 of 22 targets. Drill hole spacings were in the order of 250 metres. Average drill intersection depths were only 30 metres.

In 2004, Exeter completed 40 reverse circulation drill holes, for a total of 2,066 metres. The Company also conducted prospecting and sampling of new veins and an orientation induced polarisation (resistivity) survey.

An orientation ground magnetic survey was completed in April 2005 to establish whether that method would identify the known veins. The survey was successful and led to the deferral of a planned trenching

program over geological targets until a more comprehensive magnetic survey is completed. The Company is optimistic that new veins within structures concealed under sand and gravel cover will be identified. Further drilling of Cerro Moro will follow the magnetic survey and the end of the Patagonia winter.

Other Properties of Note

The La Calandria Project in Santa Cruz Province has gold mineralisation associated with tectonic and carapace breccias in a 12 square kilometre, rhyolite flow dome setting. Work completed by CVSA included reconnaissance geological mapping and rock chip sampling. More detailed sampling and geologic mapping has been conducted by Exeter ahead of magnetic surveys planned for later in 2005, to assist mapping and delineation of prospective zones under extensive cover.

On the Verde Project, also in Santa Cruz Province, silver mineralisation relates to at least 30 structures with epithermal quartz veining and alteration zones associated with a nearby rhyolite sinter. 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 high silver values and anomalous gold values. Follow up work by Exeter has included prospecting and geochemical sampling. Silver assay results from 15 g/t to 550 g/t are widespread over an eight square kilometre area to the south of the sinter. During the second quarter, ground magnetic surveys are planned to assist in mapping prospective veins under extensive cover.

The Pilar Project, located in north eastern Chubut Province, contains veins with elevated gold, silver and base metal values, hosted by Jurassic ignimbrites. Prospecting by Exeter has revealed anomalous geochemistry occurrences over an area of 16 square kilometres. Further work has been recommended by management.

Rio Tinto – Southern Chile

In March 2005, the Company signed a binding letter agreement in which Rio Tinto Mining and Exploration Limited (“Rio Tinto”) granted it the right to Rio Tinto’s exploration data covering epithermal gold opportunities identified by Rio Tinto, within an 800 square kilometre area in southern Chile. Rio Tinto previously had not followed up on these opportunities, as its corporate focus is base metals and industrial minerals.

Until Exeter has spent US\$50,000, all new exploration data generated by Exeter will be owned by Rio Tinto; thereafter, all project data (new and existing) will be jointly owned. Rio Tinto has the right to acquire a 60% interest in any project property acquired by Exeter, by paying Exeter an amount equal to three times its exploration expenditures to that point. If Rio Tinto does not elect to exercise this option, its interest will revert to a 1% net smelter return royalty on all production.

Base maps and satellite imagery were acquired during the quarter, and an initial prospecting program following up Rio Tinto geochemical anomalies commenced in April.

No properties have been acquired under this agreement at this time.

RESULTS FROM OPERATIONS

Management Changes

In March 2005, Jerry Perkins was appointed as Vice President – Development and Operations of the Company. Mr. Perkins is a Chemical Engineer with 35 years experience in the mining industry.

Subsequent Events

On April 1, 2005, Cecil Bond was appointed as Chief Financial Officer of the Company. Mr Bond is a chartered accountant with 20 years of experience.

Share Capital

The Company began 2005 with 15,356,387 shares outstanding and ended the quarter with 15,857,512 shares outstanding. During the quarter, the Company received total net proceeds of \$206,616 from the exercise of warrants and options, and issued a total of 501,125 common shares.

	Warrants Exercised	Options Exercised	Totals
Shares Issued	330,000	171,125	501,125
Net Proceeds	\$ 74,350	\$132,266	\$206,616

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.

Following the closing of the private placement on April 12, the Company had 17,765,179 common shares outstanding. In addition, at May 15, 2005 the Company had a total of 3,698,834 warrants and 2,863,000 stock options outstanding for a fully diluted total of 24,327,013 shares. The exercise of all outstanding options and warrants would contribute \$6,910,000 to the Company's treasury.

SUMMARY OF FINANCIAL RESULTS

Selected Information

The interim consolidated financial statements (the "Interim Financial Statements") for the three month period ended March 31, 2005 have been prepared in accordance with Canadian generally accepted accounting principles and practices. Currency amounts are in Canadian dollars, except where stated otherwise. The following selected financial information is taken from the Interim Financial Statements and the Company's audited consolidated financial statements for the year ended December 31, 2004 and should be read in conjunction with those statements.

First Quarter ending March 31, 2005

The Company's exploration program in Argentina continued with \$460,619 and \$394,282 invested in the La Cabeza and CVSA properties respectively, as the Company continued to advance these projects. Expenditure on other projects totalled \$37,727 for total exploration expenditures of \$892,628 during the quarter. The quarterly loss of \$341,447 is similar to the loss for the fourth quarter of 2004 reflecting the Company's increasing level of corporate activity over its last two quarters. Significant expenditures during the quarter include \$78,427 on investor relations and \$56,141 on travel and promotion as the Company continued to develop its investor base in Europe and North America. Stock based compensation costs of \$51,933, recognizing the vesting, during the quarter, of options granted as incentives to employees and consultants were included in the loss.

First Quarter 2005 to Fourth Quarter 2004

The quarterly loss for the three months ended March 31, 2005 decreased by approximately \$75,000 from the fourth quarter 2004. The decrease in the loss is mainly attributable to higher expenditures in the fourth quarter due to bonuses of \$90,000 paid to management, higher accounting and audit fees of approximately \$15,000 due to the year end audit; higher investor relations expenditures of approximately \$86,000 due to the Company raising investor awareness in Europe and North America and foreign exchange losses of approximately \$27,000. In the first quarter of 2005 expenditures on legal fees increased by \$12,000 due to increased corporate activity, property examination fees increased by \$24,000 as the Company evaluated various new properties and management fees increased due to increases, effective January 2005, in the amount paid to management due to the significant increase in the Company's level of activity over the last 2 years. Exploration costs rose significantly as the Company increased drilling activities at its La Cabeza and Cerro Puntudo sites.

First Quarter Ended March 31	2005	2004	2003
Interest Income	\$ 7,989	\$ 12,287	\$ 57
Foreign exchange losses	\$ (353)	\$ (15,440)	\$ 0
Write off of mineral properties	\$ (0)	\$ 77,796	\$ 0
Loss	\$ 341,447	\$ 381,513	\$ 47,518
Basic and diluted loss per common share	\$ (0.02)	\$ (0.03)	\$ (0.02)
As at	31 Mar 2005	31 Dec 2004	31 Dec 2003
Working Capital	\$ 1,492,524	\$ 2,295,578	\$ 3,382,861
Total Assets	\$ 6,599,979	\$ 6,469,275	\$ 4,521,468
Total Liabilities	\$ 300,956	\$ 222,354	\$ 139,832
Share Capital	\$ 14,319,335	\$ 14,078,259	\$ 8,351,774
Deficit	\$ (8,550,788)	\$ (8,209,341)	\$ (6,938,245)

First Quarter 2005 and First Quarter 2004

The loss for the first quarter of 2005 was approximately \$40,000 lower than the first quarter of 2004, however, there are significant fluctuations in expenditures. Significant changes in expenditure are as follows: investor relations expenditures increased by \$72,000, and travel and promotion increased by \$33,000 in 2005 as the Company continued to develop its investor base in Europe and North America; legal fees increased by \$11,000 in 2005, mainly due to increased corporate activity and the provision of corporate secretarial services; stock exchange listing fees dropped by \$27,000 in the first quarter of 2005 due to the high level of expenditure in 2004 related to various financing activities; and stock based compensation dropped by \$41,000 due to lower numbers of stock options granted in 2005.

In addition, the Company wrote off the Papagallos properties in 2004 at a cost of \$78,000 and incurred foreign exchange losses of \$15,000.

Comparison to Prior Quarterly Periods

Summary of Quarterly Results	2005	2004				2003			
	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	
Total revenues- Interest	\$ 7,989	\$ 10,302	\$ 13,166	\$ 13,110	\$ 12,287	\$ 1,309	\$ 579	\$ 417	
Net loss from operations	\$ 341,447	\$ 416,471	\$ 242,496	\$ 230,686	\$ 381,513	\$ 256,671	\$ 44,706	\$ 36,351	
Exploration costs	\$ 867,440	\$ 669,548	\$ 675,135	\$ 622,974	\$ 705,400	\$ 170,684	\$ 182,127	-	
Property examination costs	\$ 25,188	\$ 1,604	\$ 30,612	\$ (7,776)	\$ 34,969	\$ 49,661	-	-	
Stock-based compensation	\$ 51,933	\$ 51,247	\$ 55,439	\$ 69,131	\$ 93,379	\$ 95,555	-	-	
Basic & diluted loss/ share	\$ 0.02	\$ 0.03	\$ 0.02	\$ 0.02	\$ 0.03	\$ 0.05	\$ 0.01	\$ 0.01	

The net loss from operations has averaged \$329,000 per quarter over the last five quarters. Stock based compensation costs have oscillated considerably over the last eight quarters, in accordance with the number of options granted to employees and consultants.

Liquidity and Capital Resources

The Company's cash and cash equivalents at March 31, 2005 totalled \$1,670,846, compared to \$2,458,873 at December 31, 2004 and \$3,485,036 at December 31, 2003. The Company continues to utilize its cash resources to fund project exploration and administrative requirements. Aside from such cash, the Company has no material liquid assets. As the Company has no significant income, cash balances, unless replenished by capital fundraising, will continue to decline as the Company utilizes these funds to conduct its operations.

The Company has no loans or bank debt and there are no restrictions on the use of its cash resources.

In April 2005, the Company raised a further \$2,289,200 through a non-brokered private placement. The funds will be used to fund planned exploration programs and for general corporate purposes. The Company will be required to raise additional financing to fund the continued exploration of existing projects, if it acquires new projects or if it exercises options to acquire projects currently under option.

Contractual obligations

There are no material changes to the Company's contractual obligations as reported in the 2004 Annual Report.

RELATED PARTY TRANSACTIONS

In the first quarter 2005, the Company made payments to directors or officers or to companies controlled by them for management consulting services, exploration services and legal fees in the amount of \$175,374 (2004 - \$97,256). In addition, rent in the amount of \$8,986 (2004 - \$Nil) was paid to a company of which the Chairman is a director.

RISKS

The exploration for, and development of mineral deposits 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 all have an impact on the economic viability of a mineral deposit.

The Company has no current production of minerals. All of the Company's properties are currently at the exploration stage. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties, and substantial additional work will be required in order to determine the presence of any such deposit.

Although the Company can conduct exploration on most of its properties year-round, exploration on some of its 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 and consequently the Company requires various approvals to conduct operations. The Company expects that it will be able to obtain the necessary permits to conduct its operations, however there is no certainty that it will be able to do so.

The Company relies on equity and debt financings to fund its activities. While it has been successful in the past, there is no guarantee that the Company will be successful in raising funds through those means in the future.

Risk factors are more fully described in the Company's Form 20-F Registration Statement, File No. 000-51016 filed with the SEC. You can review and obtain copies of our filings from the SEC's website at <http://www.sec.gov/edgar.shtml>

OUTLOOK

In 2005, Exeter will continue to advance the La Cabeza gold project towards a decision to proceed to a full feasibility study. Drilling will continue at La Cabeza in order to better define and raise the confidence level of the known resource. Drilling of extensions and targets that represent possible new discoveries on the property will also continue with a view to significantly expanding the known gold resource.

In Patagonia, the exploration focus will continue to be on the CVSA property portfolio, and, specifically, the Cerro Puntudo and Cerro Moro projects. The Company will continue to reduce the size of the CVSA property package in order to maintain its focus on “company maker” opportunities.

The recently-announced agreement with Rio Tinto Mining and Exploration Limited, in southern Chile, represents an opportunity to extend Exeter’s experience across the Argentina border into areas of similar geology and prospectivity. Like the agreement with AngloGold Ashanti in Argentina, this agreement with a major international mining company provides Exeter with a strategic opportunity to lower its discovery costs and leverage to fullest advantage its existing presence and expertise in the region.

Proposed Transactions

The Company continues to evaluate new property acquisitions. Should it enter into agreements on new properties it may be required to make cash payments and complete work expenditure commitments under those agreements.

Critical Accounting Estimates

The Company’s accounting policies are discussed in detail in the Annual Consolidated Financial Statements; however, accounting policies require the application of management’s judgement in respect of the following relevant matters:

- (i) mineral property valuations - management uses its best estimate in recording any mineral property value based on the results of any exploration conducted, prevailing market conditions, similar transactions and factors such as stability of the country in which the asset is located; and
- (ii) contingent liabilities – management evaluates any claims against the Company and provides for those claims, where necessary, based on information available to it, including in some instances, legal advice.

Changes in Accounting Policies

There have been no changes in accounting policies during the three month period ended March 31, 2005.

Management’s Responsibility and Oversight

The disclosures and information contained in this report have been prepared by the management of the Company. Management has implemented and maintained a system of controls and procedures to ensure the timeliness and accuracy of information disclosed herein.

Cautionary Note to U.S. Investors

The United States Securities and Exchange Commission (“SEC”) permits mining companies in their filings with the SEC to disclose only those mineral deposits that a company can economically and legally extract or produce. We use certain terms, such as “inferred resource”, that the SEC guidelines strictly prohibit us from including in our filing with the SEC. U.S. investors are urged to consider closely the disclosure contained in our Form 20-F Registration Statement, File No. 000-51016. You can review and obtain copies of our filings from the SEC’s website at <http://www.sec.gov/edgar.shtml>.