

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
JUNE 30, 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)

As at June 30, 2005 and December 31, 2004

	<u>June 30, 2005</u>	<u>Dec. 31, 2004</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,524,027	\$ 2,458,873
Accounts receivable and prepaid expenses	64,364	20,255
Goods and services tax recoverable	13,067	16,124
Share subscription receivable	-	22,680
	<u>2,601,458</u>	2,517,932
Property, plant and equipment	114,952	139,003
Mineral properties and deferred costs (Note 2)	<u>5,655,609</u>	3,812,340
	<u>\$ 8,372,019</u>	<u>\$ 6,469,275</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 290,493	\$ 89,167
Due to related parties	77,001	133,187
	<u>367,494</u>	222,354
SHAREHOLDERS' EQUITY		
Share capital (Note 3)	16,495,287	14,078,259
Contributed surplus	697,972	378,003
Deficit	<u>(9,188,734)</u>	<u>(8,209,341)</u>
	<u>8,004,525</u>	6,246,921
	<u>\$ 8,372,019</u>	<u>\$ 6,469,275</u>
Nature of business and continued operations (Note 1)		

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

EXETER RESOURCE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(unaudited - prepared by Management)

For the Three Months ended June 30, 2005 and 2004

and the Six Months ended June 30, 2005 and 2004

	Three Months ended June 30,		Six Months ended June 30,	
	2005	2004	2005	2004
Administration Costs				
Accounting and audit	\$ 19,132	\$ 7,274	\$ 22,222	\$ 14,971
Amortization	8,569	2,838	14,835	5,274
Bank charges	1,453	838	3,244	1,951
Consulting	42,515	57,726	64,078	104,701
Investor relations	136,142	61,034	214,569	67,327
Legal fees	15,081	14,501	45,527	33,500
Loss on write-off of mineral properties	-	10,868	-	88,664
Management fees	16,000	(8,250)	40,000	18,000
Office and miscellaneous	11,024	2,734	16,751	4,739
Property examination costs	37,910	(7,776)	63,098	27,193
Rent	6,410	5,646	17,030	6,134
Stock-based compensation (Note 3)	306,882	69,131	358,814	162,510
Stock exchange listing and filing fees	16,802	8,016	21,602	40,020
Telecommunications	1,181	2,189	2,902	3,237
Transfer agent	3,020	4,101	4,845	8,150
Travel and promotion	58,480	27,769	114,621	50,628
	680,601	258,639	1,004,138	636,999
Interest Income	(14,024)	(13,110)	(22,013)	(25,397)
Loss before other items	666,577	245,529	982,125	611,602
Other items				
Loss/(Gain) on conversion of foreign currencies	(3,085)	(14,913)	(2,732)	527
Net loss for the period	663,492	230,616	979,393	612,129
Deficit at beginning of period	\$ 8,525,242	\$ 7,322,383	\$ 8,209,341	\$ 6,940,870
Deficit at end of period	\$ 9,188,734	\$ 7,552,999	\$ 9,188,734	\$ 7,552,999
Basic & diluted loss per common share	\$ (0.04)	\$ (0.02)	\$ (0.06)	\$ (0.04)
Weighted average number of common shares outstanding	17,149,290	12,869,504	16,361,089	12,101,170

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

EXETER RESOURCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited - Prepared by Management)

For the Three Months ended June 30, 2005 and 2004
and the Six Months ended June 30, 2005 and 2004

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
OPERATING ACTIVITIES				
Net loss for the period	\$ (663,492)	\$ (230,686)	\$ (979,393)	\$ (612,199)
Adjustments:				
Amortization	8,569	2,838	14,835	5,274
Loss on write-off of mineral properties	-	(10,868)	-	88,664
Stock-based compensation	306,882	69,131	358,814	162,510
Loss/(Gain) on conversion of foreign currencies	(3,085)	(13,632)	(2,732)	1,907
	<u>(351,126)</u>	<u>(183,217)</u>	<u>(608,476)</u>	<u>(353,844)</u>
Changes in non-cash working capital				
Accounts receivable and prepaid expenses	44,400	(11,806)	(44,109)	(18,265)
Goods and services tax recoverable	803	(56,114)	3,057	(96,175)
Accounts payable and accrued liabilities	64,927	81,933	201,326	92,192
Due to related parties	1,611	(2,852)	(56,186)	(11,992)
	<u>(239,385)</u>	<u>(172,056)</u>	<u>(504,388)</u>	<u>(388,084)</u>
FINANCING ACTIVITIES				
Issue of share capital for cash	2,329,701	47,500	2,536,317	1,233,445
Share issue costs	(132,588)	-	(158,134)	(236,083)
Share subscription receivable	-	-	22,680	-
Share subscription received in advance	(135,000)	-	-	-
	<u>2,062,113</u>	<u>47,500</u>	<u>2,400,863</u>	<u>997,362</u>
INVESTING ACTIVITIES				
Acquisition costs of property, plant and equipment	(21,064)	(67,695)	(24,050)	(129,258)
Acquisition costs of mineral properties	-	-	-	(109,934)
Deferred exploration costs, net of amortization and property examination costs	-	-	-	-
	<u>(951,568)</u>	<u>(642,241)</u>	<u>(1,810,003)</u>	<u>(1,055,918)</u>
	<u>(972,632)</u>	<u>(709,936)</u>	<u>(1,834,053)</u>	<u>(1,295,110)</u>
(Loss)/Gain on conversion of foreign currencies	3,085	13,632	2,732	(1,907)
INCREASE (DECREASE) IN CASH	<u>853,181</u>	<u>(820,860)</u>	<u>65,154</u>	<u>(683,925)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,670,846</u>	<u>3,621,971</u>	<u>2,458,873</u>	<u>3,485,036</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 2,524,027</u>	<u>\$2,801,111</u>	<u>\$ 2,524,027</u>	<u>\$2,801,111</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	Six Months Ended June 30	
				2005	2004
				Assays	\$ 71,630
Consultants & Contractors	16,668	14,439	5,580	36,687	277,417
Drilling	126,393	301,900	-	428,293	266,289
Engineering	89,956	-	-	89,956	-
Environmental	18,194	-	-	18,194	-
Field Camp	87,290	36,814	8,288	132,392	167,846
Geological	161,204	90,781	27,078	279,063	-
Geology	-	-	18,587	18,587	-
Geophysical	20,136	8,848	-	28,984	46,923
Hydrology	8,609	-	-	8,609	-
IVA tax	55,118	61,349	-	116,467	-
Legal and title	5,454	10,408	1,900	17,762	4,966
Mendoza operations	27,721	56,342	1,409	85,472	54,318
Metallurgical	95,126	-	-	95,126	-
Travel and Accommodation	50,258	85,284	44,308	179,850	111,740
Wages and Benefits	106,278	39,335	5,217	150,830	99,495
	940,035	851,381	114,951	1,906,367	1,085,952
Property examination costs	-	-	(63,098)	(63,098)	(27,193)
TOTAL COSTS INCURRED DURING THE PERIOD	940,035	851,381	51,853	1,843,269	1,058,759
BALANCE OF COSTS, BEGINNING OF PERIOD	1,953,231	975,008	97,629	3,025,868	357,811
	2,893,266	1,826,389	149,482	4,869,137	1,416,570
Write-off of costs	-	-	-	-	(88,664)
BALANCE OF COSTS, END OF PERIOD	\$ 2,893,266	\$ 1,826,389	\$ 149,482	\$ 4,869,137	\$ 1,327,906

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED JUNE 30, 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	June 30, 2005 Total	December 31, 2004 Total
La Cabeza Project	\$ 406,752	\$ 2,893,266	\$ 3,300,018	\$ 2,359,983
Estelar Properties	238,648	114,314	352,962	335,818
MRP Properties	12,500	459	12,959	12,959
CVSA Properties	128,572	1,826,389	1,954,961	1,103,580
Other	-	34,709	34,709	-
	<u>\$ 786,472</u>	<u>\$ 4,869,137</u>	<u>\$ 5,655,609</u>	<u>\$ 3,812,340</u>

3. SHARE CAPITAL AND CONTRIBUTED SURPLUS

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 JUNE 30, 2005

(unaudited – prepared by Management)

	June 30, 2005			December 31, 2004		
	Number of Shares	Amount	Contributed Surplus	Number of Shares	Amount	Contributed Surplus
Balance, beginning of period/year	15,356,387	\$ 14,078,259	\$ 378,063	8,512,837	\$ 8,351,774	\$ 91,127
Issued during the period/year for:						
Cash	2,438,792	2,536,317	-	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	-	38,845	(38,845)	-	10,366	(10,366)
Share Issue Costs	-	(158,134)	-	-	(367,598)	-
Stock Based Compensation	-	-	358,814	-	-	297,242
Balance, end of period/year	17,795,179	\$	\$ 697,972	15,356,387	\$ 14,078,259	\$ 378,003

Transactions for the Issue of Share Capital
During the Three Months ended June 30, 2005

- The Company issued 30,000 shares pursuant to the exercise of 30,000 share purchase warrants at a price of \$1.35 per share, for a total consideration of \$40,500.
- The Company completed a private placement financing consisting of 1,907,667 units, at a price of \$1.20 per unit, for a total consideration of \$2,289,200. Each unit consists of one share and one-half of a share purchase warrant. Each whole share purchase warrant is exercisable to acquire one additional share at a price of \$1.35 on or before April 8, 2006.

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 3,573,810. 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 policy of TSX Venture Exchange), or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange.

A summary of the status of options granted under the Plan as of June 30, 2005 and December 31, 2004, and changes during the period/year then ended, is as follows:

	June 30, 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	625,000	1.20	2,013,000	1.12
Exercised	(171,125)	0.77	(35,000)	0.41
Options outstanding, End of period/year	2,863,000	\$ 0.95	2,714,750	\$ 0.93

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED JUNE 30, 2005

(unaudited – prepared by Management)

At June 30, 2005, the Company had outstanding stock options to acquire 2,863,000 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
300,000	\$1.200	April 5, 2010
<u>2,863,000</u>		

Stock-based compensation:

Effective January 1, 2003, the Company adopted the fair value method of accounting for stock-based compensation awards, to be applied on a prospective basis. The fair values of options vested during the three months ended June 30, 2005 were estimated at the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected volatility	47.13%
Risk-free interest rate	3.38%
Expected life	2.45 years
Expected dividend yield	0%

Stock-based compensation recognized on the vesting of stock options in the quarter was \$306,882 and was allocated to contributed surplus.

Warrants:

At June 30, 2005, the Company had outstanding share purchase warrants exercisable to acquire 3,698,834 shares as follows:

Number	Exercise Price	Expiry Date
1,345,000	\$0.75	October 30, 2005
1,400,000	\$1.35	October 22, 2006
953,834	\$1.35	April 8, 2006
<u>3,698,834</u>		

4. RELATED PARTY TRANSACTIONS

- a) Exploration and development fees totaling \$82,500 (2004 - \$48,650) were paid or accrued to a corporation of which the President and CEO of the Company is a principal.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED JUNE 30, 2005

(unaudited – prepared by Management)

- b) Legal fees of \$84,548 (2004 – \$33,379) 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 \$58,425 (2004 – \$Nil) were paid or accrued to a corporation of which the Vice-President, Development is a consultant.
- d) Management fees of \$48,000 (2004 – \$20,250) were paid to a corporation controlled by the Chairman of the Company.
- e) Rent and office expenses of \$17,030 (2004 – \$5,638) were paid to a corporation related by a common director.
- f) Consulting fees of \$27,500 (2004 – \$Nil) were paid or accrued to a corporation controlled by the Chief Financial Officer of the Company.

Amounts due to related parties include amounts due for legal fees, consulting fees, rent and travel expenses and are paid as and when due.

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:

June 30, 2005	Canada	Argentina	Chile	Total
Cash and cash equivalents	\$ 2,367,881	\$ 156,146	\$ -	\$ 2,524,027
Other current assets	42,425	35,007	-	77,431
Property, plant and equipment	51,118	63,834	-	114,953
Mineral properties and deferred costs	-	5,625,126	30,483	5,655,609
	2,461,424	5,880,113	30,483	8,372,020
Current Liabilities	209,215	158,279	30,483	367,494
	<u>\$ 2,252,209</u>	<u>\$ 5,721,834</u>	<u>\$ 30,483</u>	<u>\$ 8,004,526</u>
December 31, 2004	Canada	Argentina	Total	
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 and 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>	

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED JUNE 30, 2005

(unaudited – prepared by Management)

6. SUBSEQUENT EVENTS

Subsequent to June 30, 2005, the Company exercised its options to acquire 100% of the shares of Cognito Limited, a company that has the option to acquire a 100% interest in the La Cabeza gold project, and, in consideration, issued 2.5 million common shares to Rowen Company Limited (“Rowen”), the beneficial owner of Cognito. Bryce Roxburgh, the President and CEO of the Company is a principal of Rowen.