



## Exeter Resource Corporation

### News Release

#### Exeter Partners with Cerro Vanguardia in Patagonia, Argentina

**January 19, 2004 - Exeter Resource Corporation (TSX-V: XRC – “Exeter”) is pleased to announce an agreement with Cerro Vanguardia S.A. (“CVSA”) to acquire the rights to all of CVSA’s exploration projects, except those surrounding its Cerro Vanguardia gold mine, in Patagonia, Argentina. The agreement provides Exeter with a unique opportunity to explore and develop an entire suite of partially-tested gold properties in a very promising, yet little-explored mineral district of South America. CVSA is owned 92.5% by AngloGold Ltd. (“AngloGold”) and 7.5% by Fomicruz S.A., the Santa Cruz provincial government mining company.**

Yale Simpson, Chairman of Exeter, comments: “The agreement with Cerro Vanguardia will establish Exeter as one of the most active exploration companies in Argentina. The relationship with Cerro Vanguardia and AngloGold is strategic, giving Exeter a series of exploration opportunities in southern Argentina that otherwise would not be available to a junior explorer.”

Most of the subject properties were acquired originally by CVSA in the early to middle 1990s - relatively early in the mineral exploration of Patagonia. The properties cover a total area of 1047 square kilometres in 39 individual tenements. The agreement groups the properties into four projects:

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

CVSA acquired the properties primarily to search for gold mineralisation similar to that now being mined at Cerro Vanguardia (mineable reserve reported to be 9.1 million tonnes at a grade of 10g/t Au and 113g/t Ag). CVSA was one of the first companies to select ground in the region using enhanced Landsat imagery to define hydrothermal alteration commonly associated with high and low sulphidation gold deposits.

The key project in the Patagonia property package is Cerro Moro, on which a significant amount of exploration has been conducted, including diamond and percussion drilling. All of the projects include properties that have favourable geological settings, significant alteration features and/or anomalous gold geochemistry.

#### **Cerro Moro Project**

Cerro Moro is located in northeastern Santa Cruz Province, approximately 70 kilometres southwest of Puerto Deseado. Access to the project area is via gravel provincial highways with a network of tracks

reported providing reasonable to good access within the project area.

The basement geology is principally gently-dipping rhyolitic ignimbrites, felsic flows, acid tuffs, tuff breccias and volcanoclastic sediments belonging to the Middle to Upper Jurassic Chon Aike and Matilde Formations. The volcanic rocks are locally overlain by Tertiary basalts and Quaternary gravels and sediments.

Low-sulphidation style gold and silver mineralisation is primarily associated with a number of quartz veins which strike over distances ranging between 240 and 1250 metres. The silver content of the mineralisation is considerable with many trench and drillhole results in excess of 500g/t.

A total of 22 prospect areas, comprising 16 vein structures (the “Filon” prospects) and 6 areas of possible vein, stockwork and disseminated mineralisation (“Lomo” prospects), are documented. With one exception, all of the prospects are located within a 10 kilometre by 2.5 kilometre area of the 157 square kilometre property. At least 7 prospects are located within, or close to, zones of extensive gravel overburden. No geophysical surveys are known to have been conducted and all drilling was targeted at outcropping vein systems.

Of the 22 prospects identified, 11 have been tested by diamond and/or reverse circulation percussion drilling, with 2 to 3 drill holes per prospect. With one exception, drill hole spacings are in the order of 150 to 250 metres. Nineteen shallow diamond drill holes, totalling 1005 metres, have been completed on seven prospects. The average diamond drill hole length was 53 metres to achieve an average vein intersection depth of only 30 metres below surface. Fifteen reverse circulation percussion holes, totalling 1577 metres, have been drilled on 6 prospects, to an average downhole depth of 105 metres.

More significant results from drill holes are given below:

<b>Prospect name</b>	<b>Drill Hole</b>	<b>Intercept (m)</b>	<b>Gold g/t</b>	<b>Silver g/t</b>
Filon Moro	DDH-5	1.0	7.5	500
Filon Nini	DDH-8	1.9	15.6	880
Filon Esperanza	DDH-11	3.8	5.5	649
Filon Escondida	DDH-10	1.6	25.0	1107
Filon Deborah	DDH-16	10.2	8.8	21
Filon Michelle	ARC-1	6.0	6.2	96
Lomo Mosquito N.	ARC-11	16.0	2.3	--

Based on an examination of trench and drill logs, drill sections and some drill cores, not all mineralisation is confined to quartz veins. Some trenches report low to moderate grade gold values in tuffs adjacent to veins. One better drill hole intercept (DDH-16: 10.2 metres at 8.8g/t Au including 2 metres at 40g/t Au) included higher grade assays wholly within moderately silicified tuff or tuff breccia.

Potential for at-surface, bulk tonnage low grade mineralisation may exist at the Lomo Mosquito Norte prospect, where two holes drilled 540 metres apart intersected low grade gold mineralisation in flat lying hydrothermally altered volcanic rocks.

Exeter management believes that the limited, wide-spaced drilling undertaken to date on the individual prospects would not have been an effective test of the extensive mineralised system at Cerro Moro. Further drilling on all seven of the listed prospects is warranted as is drilling of other untested veins that carry anomalous surface gold geochemistry. Potential also exists to locate extensions to existing veins and new veins below surficial sand and gravel cover. An advanced detailed structural

interpretation of the vein emplacement regime will be undertaken by Exeter to aid in effective testing of the mineralised system.

### **Other Properties of Note**

#### **Cerro Puntudo**

Three separate zones of gold mineralisation have been identified in western Santa Cruz Province, associated with a northwest trending fault zone. Work undertaken by CVSA identified quartz veining, silicification and brecciation. Better rock chip assay results include:

Zona Rica: 21 metres at 3.4g/t Au  
La Quebrada: 26 metres at 1.4g/t Au

Geological evaluation is warranted to define drill targets.

#### **La Calandria**

Gold mineralisation on this property, in central Santa Cruz Province, is associated with tectonic and carapace breccias in a 12 square kilometre rhyolite flow dome setting. Work completed includes reconnaissance geological mapping and rock chip sampling. Better rock chip assay results include:

2 metres at 7.1g/t Au, 87g/t Ag,  
2 metres at 2.2g/t Au, 10g/t Ag, and  
23 metres at 1.8g/t Au, including 2 metres at 17.3g/t Au.

Ground evaluation and further sampling is warranted to define drill targets.

#### **Verde 2/12**

Gold mineralization on this property, in western Santa Cruz Province, relates to at least 30 structures with epithermal vein quartz 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.

Many of the properties subject to the agreement were strategically located by CVSA using satellite imagery in Patagonia, suggesting large alteration systems. The amount of subsequent exploration on these has varied, but in many cases anomalous gold mineralisation has been identified. Exeter 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 in the first instance.

### **The CVSA Agreement**

The CVSA agreement provides Exeter with the exclusive right to acquire a 100% interest in the 39 properties contained in the four projects by incurring exploration expenditures of US\$3 million over 5 years, with minimum expenditures in years 1 and 2 of \$250,000 and \$500,000, respectively, followed by \$750,000 in each of years 3 through 5. This right is subject only to the satisfactory completion by Exeter of its legal due diligence review of the properties during the period of 90 days from the execution of the agreement. The agreement does not require Exeter to issue shares or make any cash payment to CVSA, other than a signature fee of US\$100,000, following the 90 day diligence period.

Once Exeter has spent US\$3 million on exploration and drilled 10,000 metres on any of the four projects, CVSA has the right to back into a 60% interest in that project by paying Exeter 2.5 times Exeter's expenditures on that project and carrying Exeter to the completion of a bankable feasibility study. CVSA may earn an additional 10% project interest (to bring its total interest to 70%) by financing Exeter's share of mine development costs (to be repaid at an agreed rate).

Should CVSA not elect to back into a project, its interest will revert to a 2% net smelter return from production on that project.

### **About Exeter**

Exeter is a Canadian company exploring epithermal gold and copper-gold porphyry projects in Argentina. La Cabeza is Exeter's most advanced project with 16,000 metres of drilling delineating an inferred gold resource that exceeds 700,000 ounces. Work at La Cabeza is now advancing into the engineering stage.

Robert Harley, B.Sc., Exeter's Vice President, Exploration, a qualified person within the definition of that term in NI 43-101 of the Canadian Securities Administrators, has supervised the preparation of the technical information contained in this News Release.

You are invited to visit the Exeter web site at [www.exeterresource.com](http://www.exeterresource.com).

### **EXETER RESOURCE CORPORATION**

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