

X-Report

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The Haywood X-Report updates investors on global mineral exploration stocks. The investments mentioned in this report may be geologically conceptual in nature or involve resources where there is no feasibility study and as such are highly speculative. In compliance with regulations that govern disclosure and reporting in the Canadian mining industry, Haywood Securities does not publish valuations or financial models on early-stage exploration. We emphasize that much of the performance of an illiquid junior mining stock depends on its capital structure: ie. who owns how much, at what prices, and when can they sell. We advise investors to thoroughly research a company's filings and be aware of the timing of pending dilutions (such as the expiry of in-the-money warrants). The best way to profit from junior mining stocks is to avoid rumours, invest in good management, and to cover your costs at the first opportunity.

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Exeter Resource Corporation^{1,2} (XRC-V; \$1.20) Sector Outperform (Speculative)

Deal with Anglo for Patagonia project finalized – Drill results soon to be released from La Cabeza

Current Shares O/S: 12.7 million	Fully diluted: 19.8 million
Close: \$1.20	Market Capitalization: \$23.7 million
Cash (estimated): \$6.1 million	Per share fully diluted: \$0.31

Tuesday, Exeter Resource Corporation (XRC-V) announced that it plans to proceed with an option to acquire the rights to AngloGold Ltd. (AU-NYSE) exploration projects in the Patagonia region of Argentina. The deal provides Exeter with 39 early-stage exploration projects through an option agreement with Cerro Vanguardia S.A. (CVSA) owned 92.5% by AngloGold Ltd. and 7.5% by Fomicruz S.A. (A Santa Cruz provincial mining company).

The most advanced project area in the portfolio is the Cerro Moro project, containing over 22 epithermal gold-silver occurrences within a 10 km by 2.5 kilometre area. Reconnaissance drilling has tested eleven occurrences. Significant drill intercepts include 1.9 metres of 15.6 g/t gold and 880 g/t silver from Filon Nini, 10.2 metres of 8.8 g/t gold and 21 g/t silver at Filon Deborah and 6 metres of 6.2 g/t gold and 96 g/t silver at the Filon Michelle prospects the company

At La Cabeza, the company has completed approximately 30 drill holes intended to provide additional data for a planned pre-feasibility study. The project, located in the province of Mendoza, Argentina, contains an inferred resource of 11.97 Mt grading 1.83 g/t gold using a 0.5 g/t gold cut-off for an estimated 718,000 ounces of gold. With more than 80% of the estimated resource contained within 100 metres of surface the deposit is amenable to open-pit mining. In addition to open-pit potential, exploration has identified higher-grade zones of mineralization that may be amenable to underground mining. Drilling on the project commenced in mid-February and we anticipate results to be made available shortly.

Exeter should begin to develop a regular flow of news emanating from drilling at La Cabeza and from the company's Patagonia projects (particularly Cerro Moro). With a market capitalization of under \$25 million, positive results from any one project will have a positive impact on the company. We reiterate a SECTOR OUTPERFORM (SPECULATIVE) rating for the shares of Exeter Resource Corporation.

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Please see recommendation structure and disclaimers at the end of this report.

Recommendation summary

SECTOR OUTPERFORM Haywood's top recommendation category. The analyst believes that the security will outperform its sector. Although all securities involve substantial risk, this recommendation is used if a company has tangible underlying assets to support its market valuation. **SECTOR OUTPERFORM (SPECULATIVE)** Investment for risk accounts only. The security has strong upside and downside potential. **SECTOR PERFORM** The analyst believes that the security will trade with tight correlation to its underlying sector and the target price (together with any anticipated distributions) is at or above the market price. **SECTOR UNDERPERFORM** Investors are advised to sell the security or hold alternative securities within the sector, or the analyst's target price is below the current price or targeted return supporting investment in alternative sectors. **RESEARCH COMMENT** An analyst comment about an issuer event that does not include a recommendation. **COVERAGE DROPPED** Haywood Securities will no longer cover the issuer. Haywood will provide notice to clients whenever coverage of an issuer is discontinued. The termination of coverage will not occur unless clients have been provided advice relating to positions they may still hold, such as a recommendation to sell their securities.

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