

**NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS
AND
MANAGEMENT PROXY AND INFORMATION CIRCULAR
OF**



This Management Proxy and Information Circular is furnished in connection with the solicitation of proxies by management of Uruguay Mineral Exploration Inc. to be voted at the Annual General Meeting of the shareholders of the Corporation to be held on Thursday, October 12, 2006 at the hour of 4:00 p.m. (UK time) at [The City Suite, City of London Club, 19 Old Broad Street, London, United Kingdom EC2N 1DS](#).

Dated: September 6, 2006

URUGUAY MINERAL EXPLORATION INC.

**NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS
THURSDAY, OCTOBER 12, 2006**

TO THE SHAREHOLDERS:

TAKE NOTICE that an Annual General Meeting (the “Meeting”) of the Shareholders of Uruguay Mineral Exploration Inc. (the “Corporation”) will be held at [The City Suite, City of London Club, 19 Old Broad Street, London, United Kingdom](#) on Thursday, October 12, 2006 at the hour of 4:00 p.m. (UK time) for the following purposes:

1. to receive and consider the audited financial statements for the year ended May 31, 2006 and the report of the auditors thereon;
2. to fix the board of directors of the Corporation at five (5) members;
3. to elect a board of directors of the Corporation for the ensuing year;
4. to appoint the auditors of the Corporation for the ensuing year and, to authorize the board of directors to fix the auditors’ remuneration; and
5. to transact any such other business as may properly be brought before the Meeting or any adjournment thereof.

Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed form of Instrument of Proxy and return it in the envelope provided for that purpose.

DATED this 6th day of September, 2006.

BY ORDER OF THE BOARD OF DIRECTORS

“Signed”

CHRIS CLARK, PRESIDENT

IMPORTANT

It is desirable that as many shares as possible be represented at the Meeting. Please email or provide written confirmation of your intention to attend the Meeting to the Chairman, Tony Shearer at: tonyshearer@btinternet.com or 63 Holland Park, London W11 35J, England, United Kingdom. This also enables us to ensure that the facilities are appropriate for the numbers attending. If you do not expect to attend and would like your shares represented, please complete the enclosed Instrument of Proxy and return it as soon as possible in the envelope provided for that purpose. All proxies, to be valid, must be deposited at the office of the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, (Facsimile: +1-416-263-9524 or +1-866-249-7775) (Attention: Proxy Department) or Computershare Investor Services plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH (Facsimile: +44-20-870-703-6116) (Attention: Proxy Department) at least forty-eight (48) hours prior to the Meeting or any adjournment thereof.

URUGUAY MINERAL EXPLORATION INC.
ANNUAL GENERAL MEETING OF SHAREHOLDERS
THURSDAY, OCTOBER 12, 2006
MANAGEMENT INFORMATION CIRCULAR

NOTE: Shareholders who do not hold their shares in their own name as registered shareholders should read “Advice to Beneficial Shareholders” herein for an explanation of their rights.

SOLICITATION OF PROXIES

This circular (“Management Information Circular”) is provided in connection with the solicitation by management of Uruguay Mineral Exploration Inc. (the “Corporation”) of proxies for the Annual General Meeting of the shareholders of the Corporation (the “Meeting”) to be held on Thursday, October 12, 2006, at 4:00 p.m. (UK time) at [The City Suite, City of London Club, 19 Old Broad Street, London, United Kingdom.](#)

Management of the Corporation does not contemplate a solicitation of proxies otherwise than by mail. The costs thereof will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

A shareholder has the right to appoint a nominee (who need not be a shareholder) to represent him at the Meeting, other than the persons designated in the enclosed proxy form, by inserting the name of his chosen nominee in the space provided for that purpose on the form, or by completing another proper form of proxy. Such shareholder should notify the nominee of his appointment, obtain his consent to act as proxy and should instruct him on how the shareholder’s shares are to be voted. In any case, the form of proxy should be dated and executed by the shareholder or, where the form of proxy has been executed by an attorney of the shareholder, by the shareholder’s attorney authorized in writing, with proof of such authorization attached.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the registrar and transfer agent of the Corporation, Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, (Facsimile: +1-416-263-9524 or +1-866-249-7775) (Attention: Proxy Department) or Computershare Investor Services plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH (Facsimile: +44-20-870-703-6116) (Attention: Proxy Department), at least forty-eight (48) hours, excluding Saturdays and holidays, before the time of the Meeting or any adjournment thereof.

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it, any time before it is exercised, by instrument in writing executed by the shareholder or by his attorney authorized in writing and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof.

ADVICE TO BENEFICIAL SHAREHOLDERS

Shareholders who do not hold their shares in their own name (referred to herein as “Beneficial Shareholders”) are advised that only proxies from shareholders of record can be recognized and voted upon at the Meeting. Beneficial Shareholders who complete and return a proxy must indicate thereon the person (usually a brokerage house) who holds their shares as a registered shareholder. Every intermediary (broker) has its own mailing procedure, and provides its own return instructions, which should be carefully followed. The form of proxy supplied to registered shareholders is identical to that provided to Beneficial Shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder.

All references to shareholders in this Management Information Circular and the accompanying form of proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be shown upon request to registered shareholders who produce proof of their identity.

VOTING OF PROXIES

The persons named in the enclosed form of proxy have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. Each shareholder may instruct his proxy how to vote his shares by completing the blanks on the proxy form.

Shares represented by properly executed proxy forms in favour of the person designated on the enclosed form will be voted or withheld from voting in accordance with the instructions given on the proxy forms. In the absence of such instructions, such shares **WILL BE VOTED FOR THE APPROVAL OF ALL RESOLUTIONS IDENTIFIED IN THIS MANAGEMENT INFORMATION CIRCULAR.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting. At the time of printing this Management Information Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

The Corporation is authorized to issue an unlimited number of common shares (“Common Shares”).

As of the effective date of this Management Information Circular that is September 6, 2006 (the “Effective Date”), the Corporation has 48,054,935 issued and outstanding Common Shares that are without nominal or par value. Holders of Common Shares are entitled to one (1) vote at the Meeting for each Common Share held.

The Corporation will prepare a list of shareholders of record at the close of business on September 5, 2006 (the “Record Date”). A holder of Common Shares named on that list will be entitled to vote the Common Shares then registered in such holder’s name, except to the extent that: (a) the holder has transferred the ownership of any of his Common Shares after that date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the shares, and demands not later than the close of business, ten (10) days before the Meeting, that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, as at the Effective Date, no person, firm or corporation own, directly or indirectly, or exercise control or direction over voting securities carrying more than ten percent (10%) of the voting rights attached to any class of voting securities of the Corporation.

STATEMENT OF EXECUTIVE COMPENSATION

(Currency references herein are either Canadian currency (\$) unless otherwise noted)

Compensation of Named Executive Officers

“Named Executive Officers” means the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) of the Company, regardless of the amount of the compensation of those individuals, and each of the Company’s three most highly compensated executive officers, other than the CEO and the CFO, who are serving as executive officers or employees of the Company or its subsidiaries at the end of the most recently completed fiscal year and whose total salary and bonus amounted to \$150,000 or more.

Summary Compensation

The following table sets forth all annual and long term compensation for services in all capacities to the Company and its subsidiaries for the financial years ended May 31, 2004, 2005 and 2006 in respect of Named Executive Officers.

SUMMARY COMPENSATION TABLE									
Name and Principal Position	Year	Annual Compensation			Long Term Compensation				
		Salary ⁽²⁾ (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts		All other Compensation (\$)
					Securities Under Options Granted ⁽³⁾ (#)	Restricted Shares or Restricted Share Units (\$)	LTIP ⁽¹⁾ Payouts (\$)		
Chris Clark (4) President and Director	2004	120,829	-	Nil		-	-	-	
	2005	154,852	-	Nil	500,000	-	-	-	
	2006	150,766	-	Nil	140,000	-	-	574,886 (4)	
Michael Schwabe Vice President, Director (7)	2004	96,663	-	Nil	200,000	-	-	-	
	2005	123,669	-	Nil		-	-	-	
	2006	118,698	-	Nil	50,000	-	-	-	
David Fowler (4)(5) Chief Executive Officer and Chief Financial Officer	2004	23,333	-	Nil	200,000	-	-	-	
	2005	143,034	-	Nil		-	-	-	
	2006	138,755	-	Nil	50,000	-	-	-	
John Sadek (6) Vice President Operations	2004	-	-	Nil	Nil	-	-	-	
	2005	-	-	Nil	200,000	-	-	-	
	2006	142,802	-	Nil	50,000	-	-	-	

Notes:

- (1) “LTIP” or “long term incentive plan” means any plan which provides compensation intended to serve as an incentive for performance to occur over a period longer than one financial year, but does not include option or stock appreciation right plans or plans for compensation through restricted shares or restricted share units.
- (2) Part paid to Corporations of which Messrs. Clark, Schwabe, Fowler and Sadek were consultants.
- (3) The value of stock based compensation is not included in the above figures. The fair value of stock options issued to Messrs. Clark, Schwabe, Fowler and Sadek in the fiscal year 2006 were respectively \$208,300, \$ 74,355, \$ 74,355 and \$74,355 and are recorded as an accrued expense during the three year vesting period since granted.
- (4) Chris Clark, resigned as CEO in May 2006 remaining on the Board until the next Annual General Meeting. The Corporation agreed to pay him \$US 520,000 in termination and retirement benefits, and grant 421,000 stock options each exercisable into one (1) Common Share upon the payment of \$ 5.29 on or before June 13, 2011

- (5) David Fowler was appointed as Chief Executive Officer in May 2006.
- (6) John Sadek was appointed as Vice President Operations in October, 2004.
- (7) Michael Schwabe resigned as a Director in October 2005

Options and SARs

The Corporation has a Stock Option Plan (the “Existing Plan”) that was approved and ratified by the shareholders of the Corporation on November 18, 2004. Pursuant to the Existing Plan, the Board of Directors may allocate non-transferable options to purchase Common Shares of the Corporation to directors, officers, employees and consultants of the Corporation and its subsidiaries.

The Existing Plan is administered by the Board of Directors of the Corporation. Under the Existing Plan, at the time of granting the options, the aggregate number of Common Shares to be delivered upon exercise of all options granted there under, and the aggregate number of Common Shares to be delivered upon exercise of the options to any one individual granted there under, may not exceed the maximum number permitted by any stock exchange on which the Common Shares may be listed or by any other regulatory body having jurisdiction.

Options issued pursuant to the Existing Plan will have an exercise price as determined by the Board of Directors of the Corporation provided that the exercise price shall not be less than the price permitted by any stock exchange on which the Common Shares are then listed.

During the Corporation’s last fiscal year ended May 31, 2006, 290,000 stock options were granted to the Named Executive Officers . During the Corporation’s last fiscal year ended May 31, 2006, the Corporation granted an aggregate of 890,000 stock options to Directors and employees.

The following table sets forth information upon grants of options and freestanding SARs made to the Named Executive Officers during the Corporation’s fiscal year ended May 31, 2006.

AGGREGATED OPTION/SAR GRANTS DURING THE FISCAL YEAR ENDED MAY 31, 2006 OF OPTION/SAR VALUES					
Name and Title	Securities Under Options/SARs Granted (1)	Per cent of Total Options Granted to Employees in Financial Year	Exercise or Base price (\$/Security)	Market Value of Securities Underlying Options/SARS on the Date of Grant (\$/Security)	Expiration Date
Chris Clark President and Director	140,000	15.73%	\$4.5	\$4.5	15.Sep.2010
Michael Schwabe Vice-President and Director	50,000	5.62%	\$4.5-	\$4.5	15.Sep.2010
David Fowler Chief Financial Officer	50,000	5.62%	\$4.5	\$4.5	15.Sep.2010
John Sadek VP Operations	50,000	5.62%	\$4.5	\$4.5	15.Sep.2010

(1) These stock options vest over a three year period in equal yearly amounts.

The following table sets forth information in respect of each exercise of options and freestanding SARs, if any, during the Corporation's fiscal year ended May 31, 2006 and the financial year end value of unexercised options and SARs.

AGGREGATED OPTION/SAR EXERCISES DURING THE FISCAL YEAR ENDED MAY 31, 2006 OF OPTION/SAR VALUES						
Name and Title	Securities Acquired on Exercise	Aggregate Value Realized (1)	Unexercised Options/SARs at Fiscal Year End		Value of Unexercised "in-the-money" Options/SARs at Fiscal Year End (2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable)
Chris Clark President and Director	166,667	\$650,000	333,333	140,000	1,150,000	63,000
Michael Schwabe Vice-President and Director	75,000	\$335,625	200,000	50,000	690,000	22,250
David Fowler Chief Executive Officer, Chief Financial Officer and Director	Nil	\$0	200,000	50,000	190,000	22,500
John Sadek Vice President Operations	Nil	\$0	200,000	50,000	Nil	22,500

Notes:

- (1) Calculated using the average of the high and low prices for a board lot of the Common Shares on the TSX Venture Exchange Inc.
- (2) Value of unexercised in-the-money options calculated using the closing price of the Common Shares on the TSX Venture Exchange on May 31, 2006 of \$4.95 per share, less the exercise price of in-the-money stock options.

Long Term Incentive Plans

The Corporation currently has no long-term incentive plans, other than stock options granted from time to time by the Board of Directors under the provisions of the Corporation's Stock Option Plan.

Stock Appreciation Rights and Restricted Shares

No stock appreciation rights or restricted shares were granted by the Corporation to any of the Named Executive Officers of the Corporation during the last fiscal year ended May 31, 2006 and no stock appreciation rights were exercised.

Stock Option and SAR Re-Pricing

The Corporation did not make any downward re-pricing of stock options or stock appreciation rights during the fiscal year ended May 31, 2006 or prior thereto.

Pension and Retirement Plans

The Corporation does not have any pension or retirement plan which is applicable to the Named Executive Officers. Except as stated in the heading "Termination of Employment, Change in Responsibilities and Employment Contracts" below, the Corporation has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now or previously has acted as a Named Executive Officer of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of change of control of the Corporation, its subsidiaries or affiliates.

Compensation of Directors

During the financial year ended May 31, 2006, outside directors received aggregate compensation of \$85,014 for services provided to the Company in their capacities as directors as follows:

Name of Director	Directors' Fees (\$)	All Other Compensation (\$)
John Morris	21,986	Nil
Roger Morton (1)	7,500	7,500
Tony Shearer	31,042	Nil
William Lindqvist (2)	16,986	

- (1) Roger Morton resigned as Non-Executive Director in October, 2005
(2) William Lindqvist was appointed as Non-Executive Director in October, 2005.

During the financial year ended May 31, 2006, 150,000 incentive stock options and no SARs (stock appreciation rights) were granted to the outside Directors as follows:

Name and Title	Securities Under Options/SARs Granted	Exercise or Base price (\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Expiration Date
John Morris Non-Executive Director	50,000	\$4.5	\$4.5	15.Sep.2010
Roger Morton Non-Executive Director	Nil	Nil	Nil	Nil
Tony Shearer Chairman, Non-Executive Director	50,000	\$4.5	\$4.5	15.Sep.2010
William Lindqvist Non-Executive Director	50,000	\$4.62	\$4.62	06.Dec.2010

The following table sets out the incentive stock options exercised by the outside Directors during the most recently completed fiscal year as well as the fiscal year end value of stock options still held by the outside Directors. During this period, no outstanding SARs were held by outside Directors.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$) ⁽¹⁾	Unexercised Options at Fiscal Year End		Value of Unexercised In-the-Money Options at Fiscal Year End (2)	
			Exercisable (#)	Unexercisable (#)	Exercisable (\$) ⁽²⁾	Unexercisable (\$) ⁽²⁾
John Morris	150,000	633,750	Nil	50,000	-	22,500
Roger Morton	75,000	300,000	Nil	Nil	-	-
Tony Shearer	Nil	Nil	200,000	50,000	910,000	22,500
William Lindvist	Nil	Nil	Nil	50,000	-	16,500

Notes:

- (1) Calculated using the average of the high and low prices for a board lot of the Common Shares on the TSX Venture Exchange Inc.
(2) Value of unexercised in-the-money options calculated using the closing price of the Common Shares on the TSX Venture Exchange on May 31, 2006 of \$4.95 per share, less the exercise price of in-the-money stock options.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Corporation did not have in place during the fiscal year ended May 31, 2006: (a) any employment contract between the Corporation or any subsidiary or affiliate thereof and any Named Executive Officer; or (b) any compensatory plan or arrangement with respect to a Named Executive Officer, which results or will result from the resignation, retirement or any other termination of employment of the officer's employment with the Corporation and its subsidiaries or from a change of control of the Corporation or any subsidiary or any change in the Named Executive Officer's responsibilities following a change in control other than as follows:

1. Pursuant to a Compromise Agreement dated May 15th, 2006 the Corporation shall pay Chris Clark the lump sum of US\$ 520,000 for retirement which is payable in two installments of US\$ 260,000, on May 31, 2006 and November 30, 2006, respectively. Additionally, the Corporation shall continue to provide him with the use of a vehicle until June 5, 2009. Also, Chris Clark was awarded with 421,000 stock options of the Corporation, at an exercise price equal to the average price payable over the five prior days (TSXV) to the date of the Compromise Agreement, fully vested, with a term of five years ending on May 15, 2011. Finally, according to the terms of the aforementioned Compromise Agreement, the Corporation and Chris Clark have entered into a Consulting Agreement effective as of 16 May, 2006, for one year period renewable by mutual agreement for two further terms. Under the Consulting Agreement Chris Clark agrees to provide Consulting Services consisting of strategic advice, project evaluation and services to promote industry development and government relations, as requested by the President or the Chairman of the Corporation. In return, the Corporation shall pay Chris Clark a base retainer of US\$ 11,833 per calendar month and US\$ 150 per hour for services performed during a calendar month in excess of eighty hours.

2. Pursuant to an employment agreement dated October 1, 2004 made between a subsidiary of the Corporation and Michael Schwabe, Mr. Schwabe receives a monthly salary of US\$4,166 (annual salary of US\$50,000). On a change of control, Mr. Schwabe will be entitled to terminate the agreement at which time, all stock options held by Mr. Schwabe will become fully vested and Mr. Schwabe will receive a payment equivalent to the sum of the monthly salary then in effect that would have been payable for the shorter period of: (a) thirty-six (36) months from the date of termination; and (b) the period commencing on the date of termination and ending on the date of Required Retirement. On termination by the Corporation for disability reasons, Mr. Schwabe is entitled to the monthly salary for the shorter period of (a) thirty-six (36) months from the date of termination; and (b) the period commencing on the date of termination and ending on the date of Required Retirement.

3. Pursuant to an employment agreement dated October 1, 2004 made between a subsidiary of the Corporation and David Fowler, Mr. Fowler receives a monthly salary of US\$ 4,166 (annual salary of US\$50,000). On a change of control, Mr. Fowler will be entitled to terminate the agreement at which time, all

stock options held by Mr. Fowler will become fully vested and Mr. Fowler will receive a payment equivalent to the sum of the monthly salary then in effect that would have been payable for the shorter period of: (a) thirty-eight (38) months from the date of termination; and (b) the period commencing on the date of termination and ending on the date of Required Retirement. On termination by the Corporation for disability reasons, Mr. Fowler is entitled to the monthly salary for the shorter period of (a) thirty-eight (38) months from the date of termination; and (b) the period commencing on the date of termination and ending on the date of Required Retirement.

4. Pursuant to an employment agreement dated October 1, 2004 made between a subsidiary of the Corporation and John Sadek, Mr. Sadek receives a monthly salary of US\$ 5,000 (annual salary of US\$60,000). On a change of control, Mr. Sadek will be entitled to terminate the agreement at which time, all stock options held by Mr. Sadek will become fully vested and Mr. Sadek will receive a payment equivalent to the sum of the monthly salary then in effect that would have been payable for the shorter period of: (a) thirty-eight (38) months from the date of termination; and (b) the period commencing on the date of termination and ending on the date of Required Retirement. On termination by the Corporation for disability reasons, Mr. Sadek is entitled to the monthly salary for the shorter period of (a) thirty-eight (38) months from the date of termination; and (b) the period commencing on the date of termination and ending on the date of Required Retirement.

5. Mr. Clark, Mr. Schwabe, Mr. Fowler and Mr. Sadek provide consulting services to the Corporation via a service agreement. During the financial year ended May 31, 2006 they received the following compensation for their services: Chris Clark \$ 74,722, David Fowler \$ 38,623, John Sadek \$ 72,251 and Mike Schwabe \$ 60,619.

Other Compensation

Other than as set forth herein, the Corporation did not pay any additional compensation to the executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the last completed fiscal year.

Composition and Compensation of the Remuneration Committee

As of the Effective Date, the Corporation has a Remuneration Committee whose members are Messrs William Lindqvist, John Morris and Tony Shearer. None of the members of the Remuneration Committee are, or have been, officers or employees of the Corporation or any subsidiary.

Report of the Remuneration Committee on Executive Compensation

The following report is submitted by the Remuneration Committee.

Remuneration Policy

The Corporation's executive remuneration program is administered by the Remuneration Committee.

The Corporation's overall policy regarding compensation of the Corporation's executive officers is structured to provide a competitive compensation package that supports both the short-term and long-term goals of the Corporation, attracts and retains suitable and qualified executive management, and establishes a compensation framework which is industry competitive.

The executive compensation program comprises two elements, namely a base salary, and participation in the Corporation's incentive stock option plan.

Executive base salaries are determined having reference to the salary levels in the industry in which the Corporation operates. Criteria included in the determination of salary levels includes the scope, skills, responsibilities, working conditions, and complexity of the position held, and salaries being paid for similar positions in other companies of similar size and business.

The share scheme has been established for directors, executive officers contractors and employees of the Corporation and its subsidiaries. The Board of Directors is responsible for the administration of any share schemes, and determines the number of Common share under option, the date each option is to be effective, the exercise price of Common Shares issuable under each option and any and all terms and conditions of each particular option.

The Remuneration Committee considers the annual participation in the Corporation's share schemes, and considers it to be the primary ingredient in relating the total executive compensation to the Corporation's performance.

Chief Executive Officer Compensation

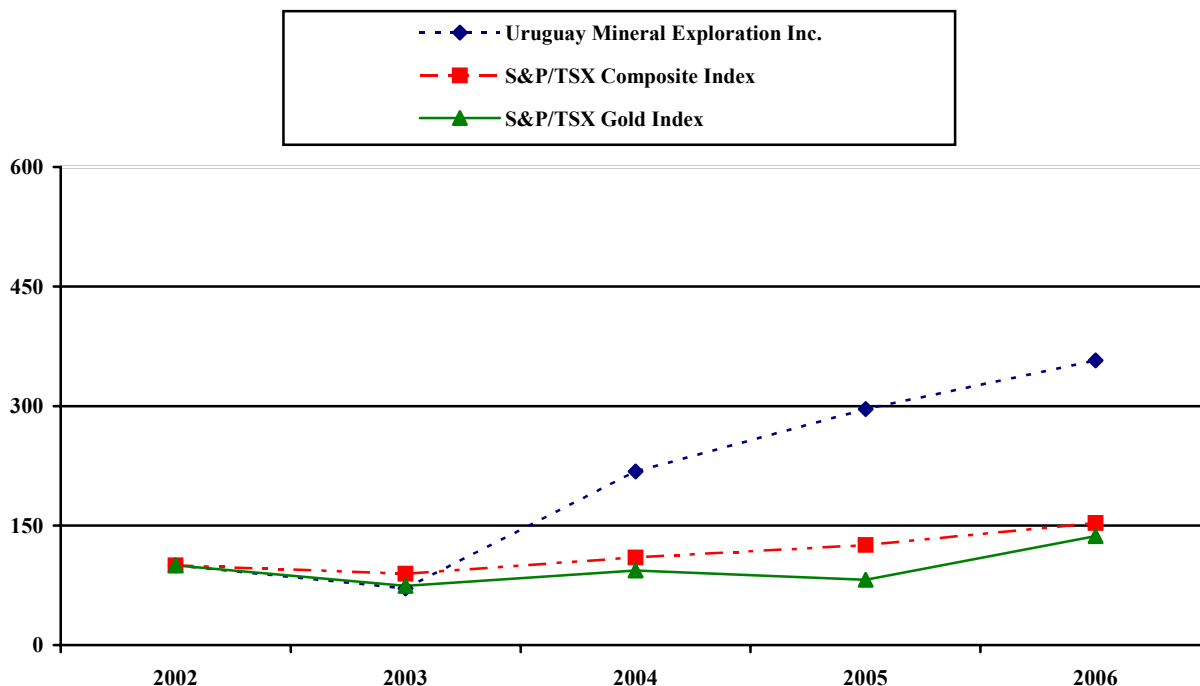
The compensation of the Chief Executive Officer is based on the same program that is applied to other executive officers of the Corporation, namely a base salary and participation in the Corporation's share schemes.

In 2006, Mr. Fowler's base salary was determined based upon a review of chief executive officer remuneration at companies of comparable size and nature, combined with the overall progress results of the Corporation in 2006.

Performance Graph - Five Year Shareholder Return Comparison

The following graph compares the yearly change in the cumulative total shareholder return over the periods indicated of a Cdn\$100 investment in the Corporation's Common Shares with the cumulative total return of S&P/TSX Composite Index and the S&P/TSX Gold Index, assuming the reinvestment of dividends, where applicable, for the comparable period.

CUMULATIVE VALUE OF A CDN\$100 INVESTMENT



All amounts in Cdn \$	May 31, 2002	May 31, 2003	May 31, 2004	May 31, 2005	May 31, 2006
Uruguay Mineral Exploration Inc.	100	71.00	218.00	296.00	357.00
S&P/TSX Composite Index	100	89.6	109.9	125.5	153.4
S&P/TSX Gold Index	100	74.36	93.56	81.7	137.05

AUDIT COMMITTEE

Pursuant to the provisions of section 173 of the *Business Corporations Act* (Yukon), the Corporation is required to have an Audit Committee. The Corporation must also, pursuant to the provisions of Multilateral Instrument 52-110 Audit Committees ("MI 52-110"), which came into force on March 30, 2004, have a written charter which sets out the duties and responsibilities of its audit committee. Please refer to disclosure UPON THE Audit Committee and its Charter under the heading "Audit Committee" in the Annual Information Form of the Corporation dated August 29, 2006 filed on Sedar (www.sedar.com).

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Security holders may contact the Company to request copies of the Company's financial statements and Management Discussion and Analysis.

Uruguay Mineral Exploration Inc.
Puntas de Santiago 1604
Montevideo, Uruguay 11500

Phone: 011-5982-601-6354
Fax: 011-598-2-600-6232

The financial information of the Company is provided in the Company's comparative financial statements and Management Discussion and Analysis for its most recently completed financial year ended May 31, 2006.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

1. Number of Directors

There are presently six (6) directors of the Corporation; all of whose terms expire at the Meeting. Unless otherwise directed, it is the intention of management to vote proxies in favour of fixing the number of directors to be elected at five (5).

2. Election of Board of Directors

Unless otherwise directed, it is the intention of management to vote proxies in favour of the election as directors of the five (5) nominees hereinafter set forth in Table 1 below.

Management does not contemplate that any such nominees will be unable to serve as directors. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, the persons named in the form of proxy reserve the right to vote for any other nominee in their sole discretion.

In the event that prior to the Meeting, any vacancies occur on the slate of nominees submitted herewith, it is intended that discretionary authority will be granted to vote proxies solicited by or on behalf of management for the election of any other person or persons as directors. Management is not currently aware that any such nominees would not be willing to serve as director if elected.

Information regarding the persons nominated for election as directors, including the number of voting securities of the Corporation over which each exercises control or direction is as follows:

Table 1

Name and Municipality of Residence	Position in the Corporation	Principal Occupation for the Last Five Years	Number of Shares Beneficially Owned⁽¹⁾	Percentage of Common Shares
David Fowler ⁽²⁾ Montevideo, Uruguay	Chief Executive Officer and Chief Financial Officer Director (Director since October, 2005)	Chief Financial Officer of UME from April 2004 to present and Chief Executive Officer from May 2006 to present; Chief Financial Officer of Western Metals Limited, Australia from 2001 to 2003	Nil	Nil
William Lindqvist ^{(2) (3)} Tiburon, California	Non-Executive Director (Director since October, 2005)	Independent Consulting Geologist from March 2002 to present; Vice President of Exploration for Homestake Mining Company from 1990 to 1992 and again from 1995 to 2002;	Nil	Nil
John Morris ⁽²⁾⁽³⁾ Perth, Western Australia	Non-Executive Director (Director since April 24, 2002)	Managing Director of Chaco Resources PLC from November 2004 to present. prior to which Director of Gold Mines of Sardinia Limited	370,000	0.80%
Tony Shearer ⁽²⁾⁽³⁾ London, England	Non-Executive Chairman (Director since February, 2002)	Previously Chief Executive Officer of Singer & Friedlander; Deputy Chief Executive, Old Mutual International 1998 to 2001, Chief Executive Mellon Fund Administration 1997 to 1998; a director of a number of companies.	671,667	1.45%
Julio C. Porteiro Montevideo, Uruguay	Non-Executive Director (since August, 2006)	Currently Senior Partner of Julio C. Porteiro & Asoc.; President of Nuevo Banco Comercial S.A. from 2005 to 2006; former President of the Association of Certified Public Accountants and Economists of Uruguay.	Nil	Nil

Notes:

- (1) The information as to shares beneficially owned, not being within the knowledge of the Corporation has been furnished by the respective nominees.
- (2) Mr. Fowler holds 200,000 stock options each exercisable into one (1) Common Share upon the payment of \$4.00 on or before April 28, 2009 and 50,000 stock options each exercisable into one (1) Common Share upon the payment of \$ 4.50 per share on or before September 15, 2010. Mr. Shearer respectively holds 200,000 stock options each exercisable into one (1) Common Share upon the payment of \$0.40 per share on or before February 11, 2007 and 50,000 stock options each exercisable into one (1) Common Share upon the payment of \$ 4.50 per share on or before September 15, 2010. Mr. John Morris holds 50,000 stock options each exercisable into one (1) Common Share upon the payment of \$4.50 per share on or before September 15, 2010. Mr. Lindqvist holds 50,000 stock options each exercisable into one (1) Common Share upon the payment of \$ 4.62 per share on or before December 10, 2006.
- (3) Members of the audit, remuneration and corporate governance committees.

To the knowledge of the Company, no director or executive officer of the Company is or has been, in the last ten years, a director or executive officer of an issuer that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days, (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days, or (c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets except that each of Mr. Fowler who was an officer of Western Metals Limited which has since ceased to operate as a going concern.

To the knowledge of the Company, no director or executive officer of the Company, (a) has been subject to any penalties or sanctions imposed by a court relating to securities or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (b) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

To the knowledge of the Company, in the last ten years, no director or executive officer has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

To the knowledge of the Company, no director or executive officer of the Company has an existing or potential material conflict of interest with the Company or any of its subsidiaries

3. Appointment of Auditor

It is the intention of management to propose to the shareholders to reappoint the firm of PricewaterhouseCoopers LLP, Chartered Accountants, Royal Trust Tower, Suite 3000, Toronto Dominion Center, Toronto, Ontario, Canada M5K 1G8 as auditor of the Corporation until the close of the next annual general meeting of shareholders or until the firm of PricewaterhouseCoopers LLP, Chartered Accountants, is removed from office or resigns as provided by law or by the Corporation's by-laws; and to authorize the directors of the Corporation to fix the remuneration of PricewaterhouseCoopers LLP, Chartered Accountants. PricewaterhouseCoopers LLP, Chartered Accountants, were appointed auditor of the Corporation on October 19, 2005.

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to reappoint the firm of PricewaterhouseCoopers LLP, Chartered Accountants as auditor of the Corporation and to authorize the directors to fix their remuneration.

In order to be effective, an ordinary resolution requires approval by not less than a majority of the votes cast by shareholders, in person or by proxy, in respect of the resolution. Unless otherwise directed, it is management's intention to vote the proxies in favour of the ordinary resolution to approve that the bylaws of the Corporation be approved and ratified.

4. Other Business

While there is no other business other than that mentioned in the Notice of Meeting to be presented for consideration by the shareholders at the Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting, or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.

DATE: September 6, 2006

APPROVAL AND CERTIFICATION OF URUGUAY MINERAL EXPLORATION INC.

The contents and sending of this Circular have been approved by the directors of the Corporation.

The foregoing contains no untrue statements of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

ON BEHALF OF THE MANAGEMENT OF URUGUAY MINERAL EXPLORATION INC.

“Signed”

David Fowler
Chief Executive Officer and Chief Financial Officer