



Press Release

January 9, 2008

Symbols: TSXV:UME; AIM:UGY

**Uruguay Mineral Exploration Inc. ("UME") Announces Results for
the Second Quarter Ended November 30, 2007**

Highlights

- Initial near mine deep drilling at San Gregorio and Arenal is positive with gold mineralization intercepted in three holes to date. The two best intercepts are 2.65m @ 3.23 g/t and 3.65m @ 4.19 g/t.
- Significant mineralization has been intercepted during first pass drilling at Nueva Helvecia on the Florida Belt in the south of Uruguay. Eight drill holes have been completed with most reporting anomalous gold mineralization. Two drill holes, NH-07-006 and 007, report intercepts of 1.79 and 2.45 g/t respectively over drill widths of 4 meters.
- Ore grade mineralization close to the surface has been intercepted at Zapucay including 6 meters at 4.25 g/t.
- 3D modelling of the Lascano geophysical anomalies completed during the quarter has helped define the next set of drill targets. Drilling has been deferred due to the lack of an appropriate contract drill rig and is now expected to commence in March 2008.
- **Gold production** of 26,317 ounces for the second quarter and half year production of 44,805 ounces is consistent with UME's full year production target of 95,000 ounces.
- **Net profit after tax** for the second quarter was \$US 4,369,000 or \$US 0.089 basic earnings per share with half year net profit of \$US 5,593,000 or \$US 0.114 basic earnings per share.
- An **interim dividend** of 2.0 Canadian cents per share will be paid in April 2008.

Summary of Results		Q2 2007/08	Q2 2006/07	H1 2007/08	H1 2006/07
Operating Results					
Gold produced	Ounces	26,317	20,059	44,805	39,234
Average cash cost	US\$/oz	374	345	395	340
Average price received	US\$/oz	761	565	719	566
Financial Results					
Revenue	\$US '000s	21,180	12,433	34,433	24,610
Net income for the period	\$US '000s	4,369	1,751	5,593	4,318
Cash flow from operations	\$US '000s	8,482	3,677	12,592	7,180
Basic earnings per share	\$US	0.089	0.036	0.114	0.090
Cash at the end of the period	\$US '000s	14,741	5,802	14,741	5,802
Total debt at the end of the period	\$US '000s	2,320	2,319	2,320	2,319



David Fowler, Chief Executive Officer commented: “We are very pleased with the progress achieved this quarter, both in meeting production objectives and in advancing exploration projects.

“We are particularly excited by the exploration results from our near mine deep drilling program at San Gregorio and Arenal. The results of this program indicate that the structures hosting the San Gregorio and Arenal deposits continue at depth with mineralization at target grades. Outside of the mine district significant mineralization has been encountered at the Nueva Helvecia project in the south Florida Belt. We are continuing to work on these areas as well as the other exploration opportunities that exist and look forward with anticipation to a year of intensive drilling to define new resources.

“Whilst drilling on the Lascano anomaly has been delayed, we have used the time to further define the anomalies, and to refine the drill targets for the next round of drilling, which we hope will help confirm the potential for a large iron ore copper gold or porphyry copper discovery.

“Mine planning continues to evaluate the potential to convert additional resources to reserves through underground mining, other processing alternatives or additional drilling and as a consequence of higher gold prices. Almost a quarter of the resource required to justify an underground operation at Arenal exists in the south east lens outside of the current open pit reserves. Testing for extensions to this south east lens is of high priority, with additional drilling and mine planning work to commence on this resource in the second half of 2008.

“Second quarter production recovered as expected with 26,317 ounces produced and we are on track to meet our 95,000 ounce target for the 2008 fiscal year.”

REVIEW FOR THE QUARTER AND HALF ENDED 30 NOVEMBER 2007

Production and Costs

Production for the quarter of 26,317 ounces resulted in production of 44,805 ounces for the half year. Plant feed for the quarter at 293,657 tonnes was 10 percent lower than the previous quarter with the majority of the ore sourced from Arenal. Additional Veta A material is expected to be mined over the remainder of the year to blend with Arenal ore to increase throughput. Ore grades improved with an average grade of 3 g/t for the quarter. The increase in grade reflects the expansion of the Arenal pit below the Arroyo Corrales where ore reconciliation has returned to its normal high levels.

To increase flexibility in meeting production targets over the next 18 months, the mine plan was changed during the quarter with mining production accelerated. This required the use of contract mining at higher unit costs but now allows the Arenal pit to be developed in one phase to maximize productivity. As a result of accelerated mining, inventories of 181,000 tonnes of ore at 1.49 g/t were built during the quarter.

A reconciliation of the cash cost per ounce for the current half of \$US 393 per ounce and the forecast at the beginning of the financial year of \$US 345 per ounce is shown below.



**\$US per
ounce
produced**

Forecast Cash costs for the six months ended November 2007	345
Difference due to lower production for the half (assuming 95,000 for the full year)	21
Cost changes	18
Change in accounting treatment for deferred stripping	11
Actual Cash costs for the six month ended November 2007	395

The use of additional contractor mining resources and a termination payment for contract maintenance on mobile equipment increased cash operating costs for the quarter to \$US 374 per ounce. Costs were also higher due to an increase in royalties as a result of higher gold prices, higher fuel prices and an appreciation of the Uruguayan Peso against the \$US. While contract mining costs will fall in the second half, the remaining factors are expected to bring operating cost per ounce for the full year to the \$US 360 to \$US 380 per ounce range.

Expected production for the full year continues to be 95,000 ounces with consistent production for each of the two remaining quarters of fiscal 2008.

Financial Performance

Our half year net profit after tax of \$US 5.6 million rose 30 percent from the comparative period of the prior financial year due to higher average sales prices and higher production. As UME's sales are unhedged, we receive the full benefit of higher prices, and with minimal debt to repay, our cash position increased by \$US 3.1 million during the quarter to \$US 14.7 million at the end of the quarter.

This cash position was achieved after investing \$US 4.8 million in exploration and \$US 6.1 million in capital expenditure for the half, and paying a dividend of \$US 1.8 million. With continued strong gold prices and lower capital expenditure expected for the second half, UME will pay an interim dividend of \$CAD 2 cents per share on 11 April 2008 to shareholders on the register on 21 March 2008.

On 11 December 2007 the company announced its intention to make a Normal Course Issuer Bid to buy back up to \$C 2,000,000 of its common shares over a 12 month period. The bid will be funded from existing cash resources.

The objective of the buyback is to increase shareholder value by acquiring shares at a price that the Directors believe is significantly lower than the Company's fair value. The purchase of shares represents an attractive opportunity and a sensible use of a portion of available funds for the benefit of all shareholders.

Exploration and Development

Our strategy is to build the resources and reserves in order to maintain and then increase gold production over the medium term. To achieve this, we have set a short term objective to develop a minimum of 50,000 ounces of high grade material above 3 g/t so that production can be maintained at current levels to the end of the 2010 financial year. In-house modelling of the first quarter Veta Sur drilling has upgraded the indicated resource to 645,000 tonnes at 2.2 g/t using a 0.5 g/t cut (an increase of approximately 20,000 ounces in indicated resources). High grade shallow results at Zapucay during the quarter are also expected to add to resources. With Castrillon and other near mine targets still to be drilled before the end of the year, we are well on the way to achieving our short term objective.



For the medium term, our objective is to develop 2.5 million ounces of resources to build a longer term reserve profile for San Gregorio and to start an additional operation away from the existing mine.

Near the mine, we are excited by the initial results from our deep drilling program at San Gregorio and Arenal. These significant results at San Gregorio indicate that the structure continues at depth with mineralization at target grades. The first, recently completed down dip hole to the south east of the Arenal deposit has intercepted the structure and mineralization, and indicates that the structure is open and has the potential of hosting a large mineralized zone at depth.

In the Zapucay district, we have made good progress with drilling commencing on three of the six promising gold drill targets. We have confirmed that mineralization continues along the structure corridor between Argentinita and Zapucay at similar grades to the Argentinita deposit. Additional mineralization has been found around the Zapucay deposit with shallow intercepts of good grade. Whilst the initial drilling of a northeast structure at Papagayo has reported disappointing results, trench sampling of a northwest trending structure has provided better results. Drilling is continuing on all the targets with the aim of defining significant resources.

On the Don Feliciano mobile belt, 12 drill holes were completed at Bragado with anomalous copper mineralization identified in most holes. The project will be evaluated in the third quarter to determine if additional exploration effort is justified. The first exploration permit at Presidente Terra was granted in January 2008 and trenching and drilling is expected to start in the near future.

The focus during the second quarter on the Florida belt was Nueva Helvecia and the Crucera/Casupa district. At Nueva Helvecia, eight drill holes have been completed with most reporting anomalous gold mineralization. Two holes have intercepted significant mineralization. An additional six holes are planned to be completed in this first pass campaign during the third quarter. Promising strike extensions to the Crucera structure were identified during the quarter and are expected to be drilled in the fourth quarter.

Whilst drilling on the Lascano anomaly has been delayed, we have used the time to further develop our 3D model of the central geophysical feature. This has helped to further define the anomalies, and has been used to refine the drill targets for the next round of drilling, which we hope will help confirm the potential for a large IOCG or porphyry copper discovery.

Mine planning continues to evaluate the potential to convert additional resources to reserves through underground mining, other processing alternatives or additional drilling and as a consequence of higher gold prices. Almost one quarter of the resource required to justify an underground operation at Arenal exists in the south east lens outside of the current open pit reserves. Testing for extensions to this south east lens is of high priority and is expected to be completed in the second half with mine planning work also anticipated to commence on this resource in the second half of fiscal 2008.

A new resource and reserve position will be published in August 2008 concurrent with the publication of the Annual Report. At that time we also intend to consider the impact on our Reserves of using current higher gold prices to calculate the Reserves previously announced as at June 1, 2007.

Isla Cristalina Belt: San Gregorio Near Mine Exploration Program

The San Gregorio system including Arenal, San Gregorio and Santa Teresa has produced more than 800,000 ounces to date from open pit mining with limited drilling below 200 meters vertical depth. A scoping study completed during the quarter has demonstrated the viability of mining deposits similar to San Gregorio and Arenal at depth. That study determined the size and grade of resource required to ensure economic success, and drilling has been initiated to explore for such resources.



An initial program of 12 diamond holes, designed to test for depth extensions commenced during the quarter with the first four holes completed. Mineralization was intercepted in two holes at San Gregorio and the hole at Arenal.

At San Gregorio, three holes have been completed with significant mineralization encountered in two holes including drill hole intercepts of 2.65 meters at 3.23 g/t from 434 meters and 3.65 meters at 4.19 g/t from 656 meters (using a .5 g/t cut). These significant results indicate that the structure continues at depth with mineralization at target grades. Drilling will continue to explore down dip and along strike in search for zones where the structure may flatten and open up to greater mineralized widths.

The first, recently completed hole on the down dip extension of the Arenal orebody to the south east, has intercepted a structural zone of greater than 90 meters in thickness with variable mineralization throughout. Assay results report mineralization with individual one meter intercepts reporting greater than 2.5 g/t. The intercept indicates that the structure is open and has the potential of hosting a large mineralized zone at depth. This first hole tested the down dip extension of the mineralized body with similar results to the nearest historical drill hole, 100 meters up dip. The second hole will test the interpreted down plunge extension to the higher grade core of the mineralized body, where we believe there is an improved opportunity for consistent mineralization.

We are excited by the initial results of this program and both diamond drill rigs will focus on testing the down plunge extension of the Arenal mineralization in the third quarter. An ongoing program over the next 12 months will also test for orebodies at depth along the 7 km structural corridor between Arenal and Santa Teresa.

Following the completion of first pass drilling during the first quarter at Veta Sur an in-house resource update was estimated. An increase in grade and tonnes was calculated to give a revised indicated resource of 645,000 tonnes at 2.2 g/t (an increase of approximately 20,000 ounces in indicated resources) and an inferred resource of 57,000 tonnes at 1.6 g/t using a 0.5 g/t cutoff. Mine planning work will now commence on this resource.

Additional drilling on the southern extension of Veta Sur some 2 kilometers away will be completed later in the financial year and drill plans have been developed for Castrillon, Polvorin and other targets on existing mining leases to define high grade resources before August 2008.

Scoping studies to analyze the alternatives for increasing throughput at San Gregorio and to test alternative processing options commenced during 2007 to complement exploration activities. The second phase of this program to complete metallurgical testing for gravity, heap leach and establish work indices on different deposits began during the quarter. Gravity test work will be performed by the Knelson Research and Technology Centre in Canada. Testing of work indices and heap leach potential will be performed by Amdel in Australia. Results from this test work will be received over the next four months.

Additional near mine exploration targets have been and continue to be developed and will be tested as work on other targets is completed.

Isla Cristalina Belt: Zapucay District Exploration Program

The Zapucay district is located 20 kilometers to the southeast of the San Gregorio Operation and so far is the second most important district in the Isla Cristalina Belt. To date, gold resources have been defined at two main deposits; Argentinita and Zapucay, and our objective is to develop additional satellite deposits that can be processed through the San Gregorio plant. During calendar 2007 the Company developed six prospects within the Zapucay district to test during the 2008 financial year. These include the structural corridor between Zapucay and Argentinita, areas around the Zapucay deposit, Papagayo, Tito Lopez, Lavadero, and the Laureles prospects. First pass drilling commenced on three of these targets during the quarter with the following results:



- a) Initial drill results have confirmed that mineralization continues along the structural corridor between Argentinita and Zapucay. To date intercepts have been thin and of similar grades to the Argentinita deposit, predominantly less than 2.0 g/t.
- b) Additional mineralization exists around the Zapucay deposit with shallow intercepts of good grade reported including 7 meters at 3.58 g/t and 6 meters of 4.25 g/t from drill hole depths of 9 and 19 meters, respectively. Intercepts are drill hole widths and not true thickness and use a .5 g/t cut. This program is expected to be expanded during the third quarter.
- c) Initial drilling of a northeast structure at Papagayo has reported disappointing results. However, trench sampling of a northwest trending structure has provided better results including 12.7 meters at 3.16 g/t in CPTR021. This and other targets at Papagayo are expected to be tested in the third quarter.

Drilling will continue on all six targets during the third quarter with an aim of defining significant resources. Mine planning work is ongoing as new results are obtained.

Isla Cristalina Belt: Regional Exploration Program

A regional exploration program for the Isla Cristalina Belt commenced a year ago with the objective of testing known prospects in the eastern end of the Isla Cristalina Belt and to develop new prospects from generative work away from the traditional San Gregorio and Zapuchay districts.

As a result of this program, a pipeline of new targets has been developed to test in the 2008 calendar year including Veta Rodrigo, Curtume, Vaca Muerta and Vichadero. Drilling on these projects is expected to commence as access is negotiated and preliminary work completed. Regional work is also generating new, early stage targets that are expected to be developed during calendar 2008.

Southern Uruguay Exploration Program

Over the past year UME's exploration programs in southern Uruguay have been focused on the Don Feliciano and Florida belts. Key projects developed include Presidente Terra, the Crucera/Casupa district, Nueva Helvecia and the Isla Patrulla area. Our objective is to develop resources of at least 500,000 ounces to justify the initial capital investment of a stand alone operation. Drilling commenced at Nueva Helvecia in the Florida Belt and Bragado in the Isla Patrulla area of the Don Feliciano Belt during the quarter. Field work on Presidente Terra and Crucera/Casupa during the quarter continues to improve the quality of the projects and we expect to drill these targets in the second half of fiscal 2008.

At Nueva Helvecia, eight drill holes have been completed with most reporting anomalous gold mineralization. Two holes; NH-07-006 and 007, have intercepted significant mineralization of 1.79 g/t and 2.45 g/t respectively over drill hole widths of 4 meters. An additional six holes are planned to be completed in this first pass campaign during the third quarter.

Twelve drill holes were completed at Bragado with anomalous copper mineralization identified in most holes. The best result included 10m @ 1.034 %. The project will be evaluated in the third quarter to determine if additional exploration effort is justified.

A ground magnetic survey at Crucera in 2007 identified a structure up to 5,000 meters long. Drilling has confirmed that 800 meters of that structure are mineralized. Soil sampling work was completed along this structure during the quarter and has defined anomalous mineralization along strike for 1,000



meters to the northwest and 700 meters to the southeast. As land access negotiations are concluded, drilling is proposed to test this structure and targets in the Casupa district in the fourth quarter.

At Presidente Terra an IP geophysical survey was performed during the quarter to understand the potential for mineralization between anomalous zones in the south, where little outcrop occurs. The survey indicates that sulfide mineralization continues under cover for individual veins for an additional 500 meters to a kilometer. The productive corridor is now defined by surface geochemistry and is 10 km long. Additional IP lines and soil sampling is being performed with trenching expected to commence in January and drilling in February/March as exploration permits are received.

Regional exploration programs continue in the Florida and Don Feliciano belts and are identifying new prospects that are being advanced. These regional programs are expected to be expanded to the Arroyo Grande Belt and other areas during the 2008 calendar year.

Exploration Permits and Drilling

Seven exploration permits were granted during the quarter, allowing exploration drilling and trenching to progress on a number of the aforementioned projects. By the end of the quarter, 15 additional applications for exploration permits had been submitted but had not been granted. UME continues to work with the Uruguayan Mines Department to prioritise projects and obtain permits as rapidly as possible. It is expected that additional staff will be employed by the Mines Department early in 2008 and that this should assist in the timely grant of permits.

During the quarter, Patagonia Drilling was appointed to manage UME's fleet of five exploration drill rigs. Initial results have been positive and the focus over the remainder of the financial year will be to improve safety, and significantly increase the utilization and productivity of the drill fleet.

Lascano Project Exploration Program

During 2007 our understanding of the Lascano project advanced significantly, with mineralization and alteration encountered in initial drilling identifying the potential for a large IOCG or porphyry copper discovery. Following the completion of the initial five hole drill program in the first quarter, exploration work has concentrated on detailed logging of all drill holes, three dimensional interpretation of the geophysical features and selective sampling of drill core for geochemical, petrographic and geophysical properties.

3D modeling of the central geophysical feature down to 7 km depth has helped to further define the anomalies and has been used to refine drill targets for the next round of drilling. This program will consist of four to five drill holes in and around hole two where anomalous copper mineralization was encountered and an additional four to five drill holes in similar geophysical settings within the central anomaly. The objective of the drill program is to discover an IOCG or porphyry system. Drilling is expected to commence in March 2008 pending drill availability.

For more information on UME's exploration activities for the quarter, please refer to the Exploration Report for the Quarter ended 30 November 2007.

2nd Quarter 2008 Earnings Conference Call

The management of UME will hold a conference call to discuss the 2nd Quarter results at 09:00 Canada time, 14:00 UK time on Wednesday 9th January. The conference call can be accessed by dialing +1 416 849 5515 (Canada & U.S.) or +44 (0)20 7138 0843 (UK) and giving passcode 1855349# All participants will be required to register with the operator.



A simultaneous webcast of the call will be available at www.uruguayminerals.com. You will need to have Windows Media Player installed on your computer and you will also be required to complete a registration page in order to log on to the webcast.

A replay of the call will be available until midnight (UK time) on 16th January 2008. The replay is accessible by dialing +1 718 354 1112 (Canada & U.S.) or +44 (0)20 7806 1972 (UK) and entering passcode 1855349#.

Qualified Person's Statement

The technical information presented in this press release has been reviewed and verified by Mr. John Sadek, Vice President Operations and a Mining Engineer, and Mr. George Schroer Vice President Exploration and a Certified Professional Geologist. Mr. Sadek and Mr. Schroer are the Qualified Persons for the purposes of the AIM Guidance Note on Mining, Oil and Gas Companies dated March 2006. Mr. Sadek has a Bachelor of Engineering (Mining) from the University of Sydney and is a member of the AusIMM and SME. He has over 20 years of international experience in mining. Mr. Schroer has a Masters of Science in Geology from Colorado State University and is a member of SEG and AIPG. He has over 20 years of international experience in exploration.

Forward Looking Statements

All statements, other than statements of historical fact, contained or incorporated by reference in this news release, including any information as to the future financial or operating performance of UME, constitute "forward-looking statements" within the meaning of certain securities laws, including the "safe harbour" provisions of the Securities Act (Ontario) and the United States Private Securities Litigation Reform Act of 1995 and are based on expectations estimates and projections as of the date of this news release. There can be no assurance that such statements will prove to be accurate, such statements are subject to significant risks and uncertainties, and actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements include, without limitation success of exploration activities; permitting time lines; the failure of plant; equipment or processes to operate as anticipated; accidents; labour disputes; requirements for additional capital title disputes or claims and limitations on insurance coverage. UME disclaims any intention or obligation to update or revise any forward looking statements whether as a result of new information, future events and such forward-looking statements, except to the extent required by applicable law.

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The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.

About Uruguay Mineral Exploration Inc.

Uruguay Mineral Exploration Inc. (UME) is a gold production and exploration company that identifies and develops mineral opportunities in Uruguay. UME is a fully integrated mining company, possessing the skills necessary to explore and develop its discoveries. UME operates San Gregorio, the only producing gold mine in Uruguay, and is the leading mineral exploration company in Uruguay with an exploration portfolio of gold, diamonds and base metal prospects, including copper, nickel, lead, and zinc.

Uruguay Mineral Exploration Inc. is quoted in Canada (TSXV) and London (AIM) and RBC Capital Markets is its Nominated Adviser and Broker. More information can be found at www.uruguayminerals.com



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-- Financial Statements Follow --



Uruguay Mineral Exploration Inc.
Consolidated Balance Sheets
(Prepared by management)

(Thousands of United States Dollars, except where indicated)

	As at	
	November 30, 2007	May 31, 2007
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	14,741	13,978
Accounts receivable	1,382	2,275
Inventories	12,335	8,484
Prepaid expenses and other	796	647
	<u>29,254</u>	<u>25,384</u>
Property plant and equipment	30,651	30,714
Deferred exploration	19,074	16,316
Future income tax assets	3,291	2,387
Other non current assets	148	140
Total assets	82,418	74,941
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	9,696	6,238
Current portion of long term debt	2,202	1,231
	<u>11,898</u>	<u>7,469</u>
Long term tax payable	2,414	2,414
Long term debt	118	2,154
Asset retirement obligation	2,205	2,036
Total liabilities	16,635	14,073
Share capital	35,372	34,592
Warrants	12	12
Contributed surplus	3,615	3,297
Accumulated comprehensive income	(19)	(19)
Retained earnings	26,803	22,986
Total shareholders' equity	65,783	60,868
Total liabilities and shareholders' equity	82,418	74,941



Uruguay Mineral Exploration Inc.
Consolidated Statements of Income, Comprehensive Income and Retained Earnings
(Prepared by management)

(Thousands of United States Dollars, except where indicated)

	Three months ended November 30		Six months ended November 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Sales	21,180	12,433	34,433	24,610
Operating expenses	10,582	7,676	18,905	14,425
Amortization, depletion and accretion	3,615	1,909	6,027	3,924
Total operating expenses	14,197	9,585	24,932	18,349
Sub - Total	6,983	2,848	9,501	6,261
Other expenses / (gains)				
Stock based compensation expense	314	229	506	480
General and administrative expense	1,155	1,053	2,166	1,989
Fair value adjustment for derivatives	-	(1,070)	-	(2,317)
Foreign exchange losses / (gains)	(92)	95	(50)	158
Interest and financing fees / (income)	(68)	23	(189)	83
Other expense / (income)	(43)	(87)	(56)	(150)
	1,266	243	2,377	243
Income before taxes	5,717	2,605	7,124	6,018
Current income taxes provision	2,002	628	2,436	1,814
Future income taxes provision / (recovery)	(654)	226	(905)	(114)
Net and comprehensive income for the period	4,369	1,751	5,593	4,318
Retained earnings, beginning of period	24,210	13,342	22,986	10,775
Dividends	(1,776)	(1,495)	(1,776)	(1,495)
Retained earnings, end of period	26,803	13,598	26,803	13,598
Comprehensive Income				
Balance - beginning of period	-	-	-	-
Unrealized gain and losses on translating financial statements of self-sustaining foreign operations	-	-	(19)	-
Balance - end of period	-	-	(19)	-
Earnings per common share				
Basic	\$ 0.089	\$ 0.036	\$ 0.114	\$ 0.090
Diluted	\$ 0.087	\$ 0.036	\$ 0.112	\$ 0.089
Weighted average shares outstanding				
Basic	48,926,268	48,081,935	48,926,268	48,026,766
Diluted	49,947,268	48,689,645	49,920,268	48,634,766



Uruguay Mineral Exploration Inc.
Consolidated Statements of Cash Flows
(Prepared by management)

(Thousands of United States Dollars, except where indicated)

	Three months ended		Six months ended	
	November 30		November 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Operating activities				
Net income for the period	4,369	1,751	5,593	4,318
Adjustments for:				
Amortization, depletion and accretion	3,615	1,909	6,027	3,924
Deferred stripping	782	(659)	1,235	(1,013)
Future income taxes	(654)	1,588	(905)	1,814
Fair value adjustment of derivatives	-	(1,070)	-	(2,317)
Stock based compensation expense	314	229	506	480
Other	56	(71)	136	(26)
	8,482	3,677	12,592	7,180
Net change in non-cash working capital balances	300	(5)	351	(283)
	8,782	3,672	12,943	6,897
Financing activities				
Proceeds from the issue of share capital	-	17	593	1,168
Payments of finance lease	(49)	(54)	(95)	(86)
Dividend payment	(1,776)	(1,495)	(1,776)	(1,495)
	(1,825)	(1,532)	(1,278)	(413)
Investing activities				
Net proceeds from sale of assets	-	-	-	45
Purchase of property, plant and equipment and development costs	(1,354)	(3,022)	(6,101)	(6,421)
Exploration expenditure	(2,493)	(1,861)	(4,801)	(3,237)
	(3,847)	(4,883)	(10,902)	(9,613)
Increase/ (decrease) in cash and cash equivalents	3,110	(2,743)	763	(3,129)
Cash and cash equivalents, beginning of period	11,631	8,545	13,978	8,931
Cash and cash equivalents, end of period	14,741	5,802	14,741	5,802