



Uruguay Mineral Exploration

Results for the Fiscal Year Ended May 31, 2009

Outlook & Exploration Update

August 13, 2009

This presentation should be read in conjunction with the announcement of Results for year ended May 31, 2009 and Management's Discussion and Analysis of Results

Conference Call Hosts

URUGUAY MINERAL EXPLORATION



Tony Shearer, Chairman

David Fowler, Chief Executive Officer

Ignacio Salazar, Chief Financial Officer



- **Gold production of 70,147 ounces for FY09, 12.3% below the original target of 80,000 ounces**
 - A 22,190 ounce shortfall of high grade ore from the Arenal open pit affected production in all quarters
 - Half of the shortfall picked sourced from Veta Sur and Zapucay, not included in original mine plan
- **FY'09 cash costs per ounce of \$US 705, up 70% YoY reflecting:**
 - Shortfall in production
- **Company-wide cost cutting program implemented in 2H09, including:**
 - 20% reduction in the workforce
 - Elimination of discretionary expenses
 - Re-negotiation of supplier contracts



- **Net loss after tax:** \$US 14.4 million, or \$US0.29 per share, including \$US 2.7 million write down of exploration expenses
- **Operational cash flow:** \$US 7.0 million
- **Capital expenditure:** \$US 10.1 million in exploration and \$US 5.5 million in property, plant and equipment
- **Net working capital balance:** \$US 22.8 million
- **Cash at year-end:** \$US 9.5 million, in line with UME's target of \$US 8 million to \$US 10 million
- **Debt:** Practically debt-free, with financial liabilities of only \$US 37,000



Financial Performance for 4Q09 & FY09

Summary of Results ¹		Three Months Ended May 31,		Fiscal Year Ended May 31,	
		2009	2008	2009	2008
Operating Results					
Gold produced	Ounces	19,353	22,911	70,147	90,668
Average cash cost	US\$/oz	702	540	705	413
Average price received	US\$/oz	841	926	841	814
Financial Results					
Revenue	\$US '000s	16,871	22,408	63,376	79,061
Net income (loss) for the period	\$US '000s	(2,496)	(3,737)	(14,355)	7,798
Net income (loss) before exploration write down	\$US '000s	(577)	3,581	(11,661)	18,901
Cash flow from operations ²	\$US '000s	2,638	9,129	9,404	33,065
Basic earnings per share	\$US	(0.05)	(0.08)	(0.29)	0.16
Cash at the end of the period	\$US '000s	9,496	18,601	9,496	18,601
Total debt at the end of the period	\$US '000s	37	2,300	37	2,300

¹ Results are based on Canadian GAAP and expressed in U.S. dollars.

² Before non-cash working capital movements



- **Production target for FY10 of 60,000 ounces. Production in 1Q10 expected to be in the range of 13,500 to 14,500 ounces**
 - Arenal was depleted in May 2009. All ore sources other than Arenal, which compose the 2010 mine plan, produced in accordance with or above plan during the year
- **Average cash costs for FY10 expected at \$US 700 per ounce**
 - Cost reduction continue to be an important focus during 2010
- **Cash balance at year-end FY10 expected at \$US 10 million**
 - After funding exploration expenditure of approximately US\$ 4.7 million
 - Assuming a \$US 850 gold price



1. Smaller open pit vein deposits:

- Approx. 20,000 ounces defined at Polvorín, Veta Sur and Castrillón. Polvorín and Veta Sur were mined; Castrillón to be added to mine plan for future years
- Discoveries at Picaflor and Peru expected to convert into vein-type reserves

2. Incremental improvement of existing resources:

- **Santa Teresa:** Resource definition drilling demonstrated the structural complexity. The current geological model has a higher level of confidence, albeit a reduced reserve.
- **Zapucay:** additional drilling identified a new 5,000 ounce resource

3. Bulk open pit deposits:

- Three areas drilled in 1H09 over a 4 km corridor East of Arenal
- A number of anomalous intercepts reported, but no new ore bodies discovered
- Additional targets still to be tested in the Rincon area
- New targets being developed



4. Underground resource along the San Gregorio trend - Arenal Deeps

- **Exploration drill program** completed on the down plunge of the Arenal pit
- **Independent initial resource** estimated by Golder Associates in April '09
 - 3,164,000 tonnes at 2.2 g/t for 224,000 ounces at a 1.5 g/t cut
- **Positive prefeasibility** completed by Golder on August '09, based on April '09 resource
 - Defines reserve of 1,716,000 tonnes at 1.94 g/t for 107,206 contained ounces of gold
 - Results expected to improve considerably with drilling completed after the April '09 resource

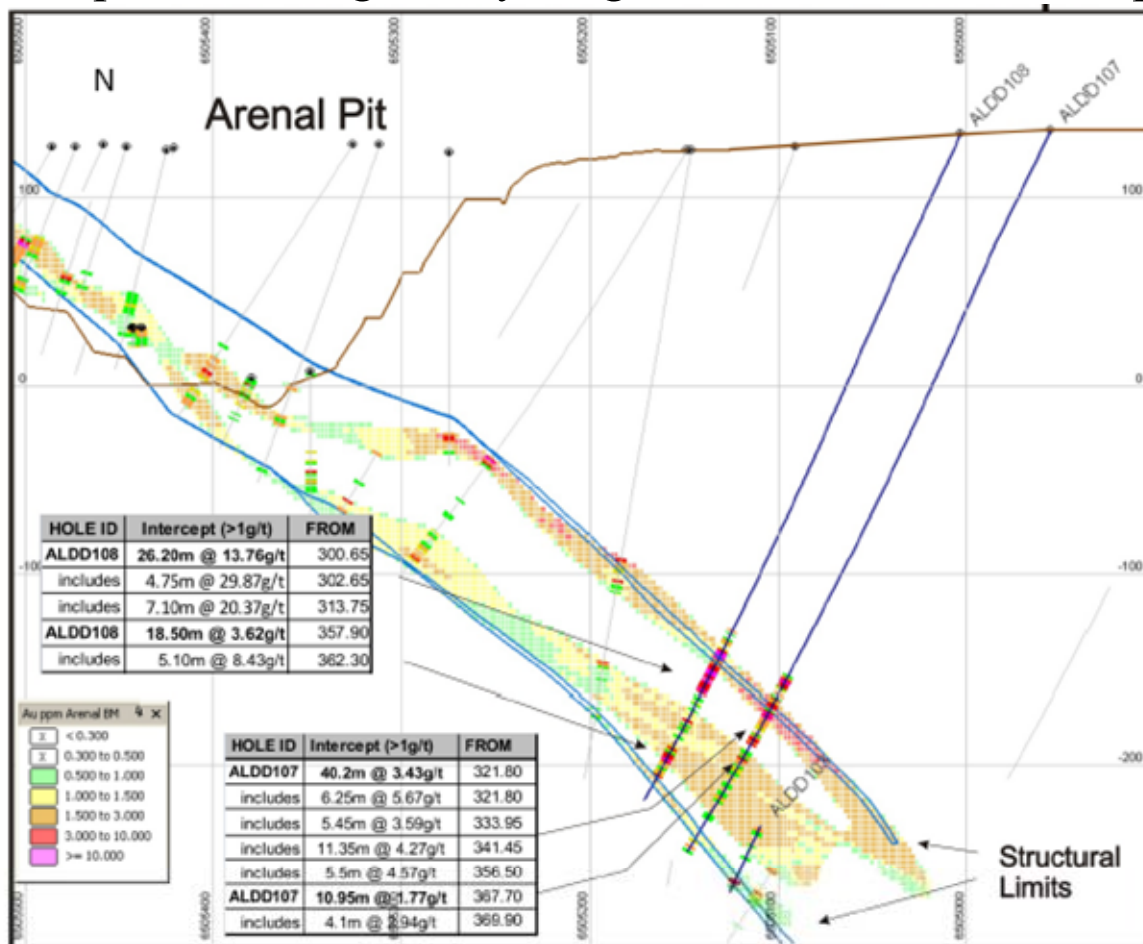
Project Economics

Gold price	\$US 740
Discount rate	10%
IRR	41%
NPV	\$US 7.7 million
CAPEX	\$US 5.8 million



4. Underground deposits along the San Gregorio trend - Arenal Deeps

- **Infill and extension drilling**
 - 10 holes completed through early August '09 confirmed or improved the grade



Cross Section 530575



4. Underground deposit along the San Gregorio trend - Arenal Deeps

- **Next Steps:**

Activity	Timing
Definition Drilling	July 2009 to January 2010
Resource Modeling	February 2010
Bankable Feasibility Study	June 2010
Commence Development	July 2010
Open Stope Production Starts	February 2011
Open Stope in Full Production	May 2012

- **The Objective: contribute to production within two years and extend mine life to beyond five years**



Current Base Case Four-Year Mine Plan

- Anticipates 195,000 ounces of gold production
- Assumes gold price of \$US 850 per ounce over next 2 years, down to \$US 750 longer term
- Estimates average cash cost of production of \$US 700 per ounce
- Bulk higher cost ounces expected from San Gregorio and Santa Teresa, while higher grade lower cost ounces are expected from Zapucay, Ombu, Castrillón and other Veta sources
- Strategies to improve plan & extend mine life
 - Exploration
 - Underground mining



Exploration for a new 500,000 stand alone gold deposit within Uruguay, the major focus of growth initiatives over the past two years

- Five projects first pass drill tested in fiscal 2009: Presidente Terra, Casupa, Paso de Lugo, Nueva Helvecia and Lascano
 - Drilling intercepted anomalous mineralisation in most holes drilled, but consistency of grade and thickness encountered was not the required
 - Additional final work planned on Presidente Terra, Casupa and Paso de Lugo during fiscal 2011
- New targets defined at Rocha and Texas
 - First pass drill testing of about 1,500 meters expected to be completed on each target during fiscal 2010
- Target definition completed at Vichadero, Curtume and Vaca Muerta in the eastern end of the Isla Cristalina Belt
- Near mine exploration at the San Gregorio operation remains priority



Lascano

- Four offset holes drilled in 1H09 intersected hydrothermal alteration and very weak sulphide mineralisation
- Given size and complexity, the project is being offered for joint venture, but a suitable farm in arrangement has not yet been concluded
- A PHD study on potential economic deposit styles is currently being funded.

Cinco Rios Diamond Project

- Partnered with Olivut Resources to progress the Cinco Rios Diamond project
- Exploration expected to commence in the first half of calendar 2010

Corporate Transactions & Acquisitions

- Focus on assets in LATAM, with near term production potential and a minimum established resource of 500,000 ounces with potential to grow.
- A number of advanced transactions did not meet the established criteria, did not reflect UME's view of value or were overly complex



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