

**URUGUAY MINERAL EXPLORATION INC.  
MEDIA RELEASE**

**27<sup>th</sup> January, 2005**

**SYMBOLS: UME (TSXV), UGY (AIM)**

- **Record Quarter for Uruguay Minerals**
  - **Arenal Development on Track**
- 

Uruguay Minerals, which was admitted to London's AIM on 15 December 2004, today announced results for the quarter ended November 30, 2004. These are in line with expectations, including the Arenal mine reaching full production in February 2005.

The Company declared a loss of USD 2,540,982 for the quarter, principally due to abnormally high operating costs of USD 5,605,510 (inflated due to writing off the development of the Arenal pit), and the booking of unrealized non-cash accounting charges totaling USD 1,791,376 relating to hedge accounting and options issued in the quarter.

Exploration and drilling continue at Arenal, and the company expects to announce revised reserve and resource estimates in the middle of the year. Extensive geological work continues in other parts of the country, in particular the ground follow up of targets identified by the airborne geophysics program completed in 2003.

Highlights are:

**Production**

- Quarterly gold production increased by 582 oz to 15,934 oz, the highest since Uruguay Minerals acquired San Gregorio in October 2003. Projections that Arenal will reach full production by February 2005 are supported by post period end production. A new mining fleet has been commissioned which will lead to significantly lower operating costs.

**Exploration and Development**

- Exploration activities concentrated on the infill drill evaluation and further definition of the Arenal ore body which, when completed, will be used to model the Phase two expansion of the pit. A step-out drilling program commenced to the east of the Arenal pit, testing the eastern strike extension of the main mineralisation.

- A new, near-mine target was developed at Santa Maria, where early results from soil sampling, trenching and limited drilling are encouraging.
- An encouraging new gold prospect on the Dom Feliciano Mobile Belt - **Espinosa** – has been developed. Soil sampling has revealed a gold anomaly up to 0.8 g/t Au over an area of 1 km in length by 200m wide. The first two RAB drill holes returned 12 metres of 2.4 g/t Au and 12 metres of 1.5 g/t Au respectively. Follow up diamond drilling has commenced.
- The nickel exploration team has processed about 60% of the anomalies revealed by the Company's proprietary geochemical database, and at least one new target has been developed (Cerro Negro).
- Positive sightings of kimberlite indicator minerals were reported in 58 of the 117 diamond exploration stream samples recently processed in Australia.
- Additional drilling equipment is being purchased to increase exploration flexibility from the fourth quarter for both near mine and regional exploration programs.

#### **Financial**

- Sales for the quarter were USD 6,328,501 at an average cash cost of gold production of USD 372 per ounce and an average price received of USD 422 per ounce. A net loss of USD 2,540,982 or USD 0.058 per share includes losses of USD 1,791,376 which are unlikely to be realised but must be expensed under accounting guidelines.
- On 8 December (after the period end), the Company completed a secured financing facility of USD 6,500,000 with Macquarie Bank Limited.

Chairman Tony Shearer commented: "The Company continues to make good progress, coming from an exploration company to the ranking of mid-tier gold producer in a remarkably short time, at very little cost to shareholders.

"The November quarter established the basis for Uruguay Mineral's immediate future – Arenal was commissioned, the mining fleet replaced, the management team continued to be strengthened and we put in place a working capital facility that has secured the Company's cash position through to full production from Arenal, which is on-track for end February."

‘We also brought the Company to AIM in December, continuing our record of meeting our commitments to shareholders – a record we plan to maintain.’

ENDS

The full quarterly report can be obtained from the Company’s website at [www.uruguayminerals.com](http://www.uruguayminerals.com) or at [www.sedar.com/DisplayProfile.do?lang=EN&issuerType=03&issuerNo=00004014](http://www.sedar.com/DisplayProfile.do?lang=EN&issuerType=03&issuerNo=00004014)

Editors note: Uruguay Minerals is a gold producer and exploration company focussed on identifying and developing mineral opportunities in Uruguay. Uruguay Minerals is a fully integrated mining company, possessing the skills necessary to explore and develop its discoveries. The Company operates the only producing gold mine in the country (San Gregorio), and is also the leading mineral exploration company in Uruguay having assembled an exploration portfolio based on gold, base metals (copper, nickel, lead, zinc) and diamond prospects. In the first half of 2003, the Company discovered the Arenal deposit, currently the largest known gold resource in Uruguay. It is quoted in Canada (TSXV) and London (AIM) and Durlacher Limited is the nominated adviser.

For further information, please contact

**Uruguay Mineral Exploration Inc**

Tony Shearer, Chairman + 44 20 7523 5914 ; [tony@tonyshearer.com](mailto:tony@tonyshearer.com)  
Chris Clark, President +(59) 82 601 6354; [urumin@adinet.com.uy](mailto:urumin@adinet.com.uy)  
PJ Lewis + 44 7950 003 138; [pjlewis@tiscali.co.uk](mailto:pjlewis@tiscali.co.uk)

**Durlacher Limited**

Mathew Robinson +44 207 459 3600  
Jonathan Retter +44 207 459 3600