



August 15, 2007
 SYMBOLS: UME (TSXV), UGY (AIM)

NEWS RELEASE

URUGUAY MINERAL EXPLORATION INC ANNOUNCES RESULTS FOR THE QUARTER AND FULL YEAR ENDED MAY 31, 2007

Summary of Results

- **Gold production** was 29,265 ounces for the fourth quarter, bringing year to date production to 96,420 ounces.
- **Cash costs** were \$US 273 per ounce for the quarter and \$US 294 for the full year, compared with \$US 243 and \$US 210 for the comparable periods last year. Cash costs increased due to a higher strip ratio, general industry cost increases, a more abrasive work index for ore mined and processed and marginally lower production compared with the previous year.
- **Net profit after tax** for the fourth quarter was \$US 6.4 million or \$US 0.13 basic earnings per share, with net profit for the full year of \$US 14.5 million, up 37% year-on-year, or \$US 0.30 basic earnings per share.
- **Cash flow from operations** before non-cash working capital movements was \$US 11,356 million for the fourth quarter and \$US 24,177 million for the year to date, up 18% year-on-year.
- The **higher average realized gold price** for the fourth quarter of \$US 658 per ounce resulted in increased **sales** of \$US 21.8 million for the quarter, resulting in sales for the full year of \$US 63.1 million, up 23% year-on-year, with an average price of \$US 610 per ounce for the full year.
- **A final dividend** of C\$ 3.5 cents per share proposed to be paid on 26 October, 2007 to all shareholders on the register as at 12 October, 2007.

		3 Months to		Full Year to	
		May 2007	May 2006	May 2007	May 2006
Operating Review					
Gold produced	<i>Ounces</i>	29,265	25,350	96,420	101,287
Average cash cost	<i>US\$/oz</i>	273	243	294	210
Average price received	<i>US\$/oz</i>	658	543	610	482
Financial Review					
Revenue	<i>US\$ '000s</i>	21,840	15,992	63,056	51,206
Net income for the period	<i>US\$ '000s</i>	6,337	4,077	14,554	10,583
Cash flow from operations*	<i>US\$ '000s</i>	11,356	7,445	24,177	20,515
Basic earnings per share	<i>US\$</i>	0.13	0.090	0.30	0.23
Cash at the end of the period	<i>US\$ '000s</i>	13,978	8,931	13,978	8,931
Total debt at the end of period	<i>US\$ '000s</i>	3,385	4,225	3,385	4,225

* before non-cash working capital movements

Tony Shearer, Chairman commented: "The past year has been a very active and successful one for the Group, under the leadership of David Fowler and his mostly new management team. Production is going very well at the rate of about 96,000 ounces a year, though the cash costs per ounce for 2006/7 were higher than we had expected. Gold exploration has already delivered significant results in replacing and increasing reserves and resources, with very promising opportunities to expand them in the year ahead. Exploration at Lascano is going very well and the long odds of this being a commercially successful project are reducing. The first steps have been taken to plan for the expansion of the plant at San Gregorio, when exploration results justify the cost and tell us where to expand the production. In summary, the Group has progressed from being a small exploration company into an entity of substance with competent employees and a very strong management team. I believe that the Group is now exceptionally well placed to develop on these strong foundations."

CHIEF EXECUTIVE OFFICER'S REPORT

Financial Performance

UME reported a net profit after tax for the year ended 31st May 2007 of \$US 14.5 million or \$US 0.30 basic earnings per share. The increase in earnings for the current year is attributed to the higher realized sales price for gold sold. As shown in the chart below operating costs increased due to a higher strip ratio, general industry cost increases, more abrasive work index for ore mined and processed and marginally lower production this financial year than last. Despite this increase in cash costs UME remained, at \$ 294 per ounce, below the average cash costs for the gold mining industry. Expenses include a non-cash charge of \$2.1 million in respect of the write off of exploration costs incurred in previous years on projects that we are no longer actively progressing.

Operational cash flows of \$ 25.4 million generated during 2007 allowed us to pay \$ 2.3 million back to shareholders as dividends, re-invest \$ 19.4 million in plant, equipment and exploration and increase our cash position by \$ 5.0 million to \$ 14.0 million. UME had no hedging and \$ 3.5 million debt at 31 May 2007.

Description	\$US per Ounce
Cash cost 2005/06 financial year	\$ 210
Change in strip ratio	20
Other cost increases	50
Impact of lower production	14
Cash cost 2006/7	\$ 294

Operations

I am pleased to report that we have achieved our production goals while improving our safety performance with important reductions in the lost time injury frequency and accident severity rates. During the year we had a number of independent environmental audits. While there is always room for improvement these audits confirmed that our environmental performance continued to be of a high standard.

The final production figure for the financial year was a creditable 96,420 ounces of gold. A pit wall slip at Arenal early in 2006 deferred access to higher grade ore in the first half of the 2006/07 year, and resulted in production of only 39,234 ounces for the half. While anticipated, the recovery of production to 57,186 ounces in the second half of the year resulted from a concerted effort to develop new ore sources in addition to the recovery in Arenal grade as we mined areas of the pit that had not been

accessible earlier in the year due to the pit wall slip. Of the second half production 19,353 ounces came from Veta A and Veta Sur, neither of which was included in reserves at the half year.

The San Gregorio operations team was restructured in the second half of the year with Terry Butler promoted to Operations Manager, Simon Hillyard appointed as Mining Manager and Ernesto Lamilla appointed as Technical Services Manager. These changes are giving additional focus to improving productivity and now provide us with the appropriate level of technical skills to improve planning and convert resources into reserves. Additionally they give John Sadek as Vice President Operations more time for the strategic development of the business.

An important milestone was achieved in the first quarter of the 2007/08 financial year with the diversion of the Arroyo Corrales. This was a major civil engineering feat to plan, permit and execute in its own right, requiring a considerable degree of skill and expertise. It is a tribute to our staff and management that this \$4 million project was completed largely as planned. Accordingly, from the end of July 2007, we have been extracting ore from the expanded Arenal pit, and expect to produce approximately 95,000 ounces of gold from all sources in the financial year ended 31st May 2008 at a cost of approximately \$ 345 per ounce.

Reserves and Resources

As confidence in our reserves and resources position is fundamental to UME's future success we took three important decisions at the beginning of the year. They were to:

- use external, independent consultants to evaluate all published resources.
- convert inferred resources into the higher confidence categories of measured and indicated to allow economic assessments to be made on the resources.
- form a Resources and Reserves Board Committee to oversee the process of evaluating reserves and resources.

Our resource drilling in 2007 was therefore initially focused on upgrading resources and the independent review of those resources. Updated reserves and resources were published as at November 2006 and a further update has again been published effective 1 June 2007. In the November 2006 statement an initial resource of 95,000 and 28,700 ounces was added for Argentinita and the Vetas respectively while resources for Sobresaliente and Zapucay were downgraded.

A summary of the movements in Reserves and Resources from 1st November 2006 to 1 June 2007 is summarised below:

Contained ounces	Proven and Probable Reserves	Measured and Indicated Resources	Inferred Resources
June 1, 2007	353,000	885,900	133,640
November 1, 2006	322,000	659,300	250,700
Increase/(decrease)	31,000	226,600	(117,060)

While the grade of reserves reduced an overall increase of 31,000 ounces was achieved while producing 63,945 ounces in the same period. Measured and indicated resources increased by 226,600 ounces. Part of this increase reflects an upgrade of inferred resources with increases for San Gregorio and Vetas A and Sur. The San Gregorio resource increase reflects additional drilling and an updated geological interpretation that joins the areas of San Gregorio, Rieles and the East Extension.

Most of our resource drilling over the past year has been focused on near mine projects to consolidate our medium term mine life. While this will continue we will increasingly focus on new targets that have the potential to build more significant resources. The strengthening of the exploration management team over the last 6 months gives me the confidence to believe that this can be achieved.

Exploration

There has been a significant change over the last year in the level of intensity and quality of our exploration effort. An increase in the number of geologists from 18 at May 2006 to 30 at May 31 2007 has been accompanied by clear leadership from George Schroer and two, newly appointed, experienced Regional Exploration Managers in Alex Raab and Devin Den Boer. The eight teams that have been formed have been given specific objectives for each project and a timeframe in which these objectives are to be achieved. As our internal teams have been built we have also brought in outside experts on structure, geophysics, petrology, geochemistry and quality control to challenge our ideas and accelerate our progress.

One of UME's most significant assets is the database of geological information for Uruguay. While we have a significant amount of data, it was not in a consistent format and lacked quality control. Over the past year we have audited the majority of the Company's data, upgraded from spreadsheets to a database and as a result new targets are now being identified.

Our understanding of the San Gregorio mine system and the western half of the Isla Cristalina belt has increased significantly as a result of bring in an experienced consultant in structural geology and organizing the data so it can be used interactively. The first target that we developed as a result of this work was the Vetas A and Sur (veins in Spanish). Originally gold mineralisation in these deposits was thought to be confined to the veins. As drilling progressed during the second half of the year it became clear that mineralisation was contained, along with the veins, in north east trending shear structures that intersect the main mineralised trend at San Gregorio. During the year we mined 20,738 contained ounces from these deposits and have defined a further 68,600 contained ounces in indicated and inferred resources. The shears hosting these deposits although restricted by infrastructure in some areas remain largely unexplored to the south.

In the Zapucay district at Argentinita we defined an initial indicated and inferred resource of 2.2 million tonnes at 1.41 g/t for 100,000 ounces before we stopped drilling to work up additional targets within the district to build further resources. Drilling will continue in this district during 2008 to build additional resources and scoping studies have commenced on how these resources will be developed.

Our greenfields programme in the eastern end of the belt is also starting to define specific targets that we expect to progress to drilling in 2008. Our goal is to build resources in the Isla Cristalina belt to 1,500,000 ounces over the next 2 years and convert 750,000 of these ounces to reserves.

We now have 11 geologists working in the Don Feliciano and Florida Belts. The first step has been to review historical work and produce good geological maps for each project. This work and follow-up sampling has now been done on the initial projects such as Crucera/Casupa, Presidente Terra and Nueva Helvecia with new drill targets being defined. We have started drilling at Crucera/Casupa and will continue to dedicate one to two rigs to projects in these Belts over the next year. Our goal is to

define sufficient resources over the next two years on at least one project in the Don Feliciano and Florida belts to justify a new operation.

Last year we successfully completed an airborne geophysical survey at Lascano that resolved the initial 30 kilometer by 70 kilometer gravity anomaly into three separate circular gravity and magnetic anomalies, each approximately 20 kilometers in diameter. This year we drilled 4 holes that averaged over 800 meters in depth in and around the central circular feature. These holes were designed to improve our understanding of the rock units causing the anomaly and establish whether these rocks were altered or mineralised.

While all of the 4 holes drilled to date have contributed to our understanding of the geology the second hole we drilled was the most important. This hole showed hydrothermal alteration, characterized by potassic and iron oxide metasomatism that included weak copper mineralisation over a zone of 125 meters thick. This alteration and mineralisation is believed to be consistent with that found in a porphyry copper or IOCG systems. Similar but weaker alteration was also evident in both of the two holes that were drilled on the rim of the circular feature. These results mean that the significant geophysical anomaly at Lascano is now associated with a potentially large hydrothermal system with copper mineralisation. We are very encouraged by results to date and believe that they have significantly enhanced the potential of the project to produce a discovery. We expect to finishing analysing the results from the current programme, including a fifth drill hole, in September and intend to drill a further 7,000 to 10,000 meters commencing in October 2007 using contract drillers. This drilling will initially be focused on steps outs from hole 2 looking for stronger alteration and mineralization and will then also test other targets.

Our diamond exploration programme this year was focused on developing the project to a point where it could be divested. This programme was successful in identifying kimberlite pipe targets from aeromagnetic, airborne gravity and structural datasets. These anomalies are associated locally with positive indicator minerals including a micro-diamond, G9 and G10 garnets and chrome spinels in the area. Our objective is to divest the diamond project during 2008.

We have spoken to a number of parties about our base metal projects, but to date have not reached agreement for a farm-in on acceptable terms. Generally the projects have been regarded as green field projects with good potential but insufficiently advanced. We have brought in an experienced nickel consultant to evaluate the projects and recommend, if justified, a focused exploration programme to progress the best projects to a more advanced stage.

Our exploration drilling capacity increased during the year with the addition of the UDR 200 diamond rig and the second DM45 reverse circulation rig. We have also moved most of the rigs to two shifts. This rapid growth has however reduced productivity as inexperienced crews are added and has impacted our capacity to maintain the equipment. Our focus for 2008 will therefore be on improving productivity on our own rigs and supplementing our own capacity with contractor rigs.

With a strengthened exploration team supported by key external advisors and better management of geological information we are generating the targets needed to add resources. Our challenge is to now explore these targets in a disciplined manner and convert the best of them into resources and reserves as quickly as we can.

Future Development

During the year UME commenced a number of conceptual studies that will assist us in the future development of our business in Uruguay. The purpose of these studies is to allow rapid development of our business as resources and reserves are built. These studies have examined the capital and operating costs of expanding the throughput of our existing plant, building a new processing plant or heap leach operation and the development of underground resources. These initial scoping studies indicate that we could;

- expand production by 50 per cent at San Gregorio to 1.9 million tonnes per annum at a capital cost in the region of \$ 20 million with a milling unit cost reduction of approximately 10%.
- build a second plant with a similar production facility with annual capacity of 1,250,000 tonnes per annum at a capital cost in the order of \$ 50 million.
- build a heap leach operation with the capacity to process 750,000 tonnes of ore a year at a capital cost in the order of \$ 25 million.
- establish an underground mining operation at a depth of between 200 and 400 meters at a capital cost of the order of \$15 million and an operating cost of the order of \$ 25 a tonne. A grade of 2.3g/t would allow production at a cash cost of \$ 400 per ounce.

These options are not mutually exclusive, and which of them we follow will depend on the results that the exploration team produces, the optimisation of operating plans and the conclusion of more definitive studies. Metallurgical test work will be performed in the first half of 2007/08 to complete the scoping studies. Drilling to test the down dip extensions of San Gregorio and Arenal will commence in the first quarter of 2008.

As part of our objective of increasing our production profile we have started to evaluate the acquisition of gold development projects in other South American countries. Our focus will be on acquiring projects with measured and indicated resources that have the potential to be put into production within three years.

Uruguay Business Environment

With effect from 1st July 2007 a major tax reform was passed into law in Uruguay. We believe that these changes will, on the whole, have a neutral effect on the Group.

We have regular contact with the Uruguay Government and community leaders at many levels. We are grateful for their openness in dealing with us, the access and support they provide, and their constructive interest in our activities. Whilst inevitably there are areas of disagreement and frustration, on the whole we believe that our relationship is constructive and supportive.

Conclusion

I would like to thank all of those who have committed to the success of UME. Our employees and consultants, shareholders, the local communities in which we operate and the Uruguayan Government have all supported the Company over the last year and we look forward to building on this in the coming year.

David Fowler, Chief Executive Officer

STATEMENT ON RESERVES AND RESOURCES

As at June 1, 2007 the Company had Measured and Indicated Resources of 20,921,000 tonnes at 1.32 g/t, containing 885,900 ounces of gold in the Isla Cristalina Belt. This compares to the previous disclosure as at November 1, 2006 of 13,590,000 tonnes at 1.51 g/t, containing 659,000 ounces of gold. Primarily as a result of conversion to higher resource categories, Inferred Resources have decreased from 5,619,000 tonnes at 1.4 g/t, containing 250,700 ounces at November 1, 2006 to 3,736,000 tonnes at 1.1 g/t containing 133,640 ounces of gold.

Proven and Probable Reserves as at June 1, 2007, and wholly within the stated Resources, were 6,933,000 tonnes at 1.58 g/t, containing 353,000 ounces of gold. This compares to the previous disclosure of 5,671,000 tonnes at 1.77 g/t, containing 322,000 ounces of gold. Therefore, the comparative increase of contained gold has been 31,000 ounces of reserve, whilst producing 63,945 ounces during the intervening period.

The significant changes in the current Resource and Reserve position compared to the previous disclosure are summarised in the table below:

Deposit	Change
Arenal	<ul style="list-style-type: none"> Resource updated for excavated topography Reserve has been updated for excavated topography The completed diversion of the Corrales Stream has now enabled access to the reserve of 2.6 Mt at 1.9g/t Au previously qualified
San Gregorio	<ul style="list-style-type: none"> Inclusion of data from the latest drilling campaign that has increased resource and upgraded inferred resource to measured and indicated category. Updated geological interpretation that joins the areas of San Gregorio, Rieles and the East Extension Updated independent resource estimation Pit optimisation and design based upon gold price of US\$ 550/oz
Argentinita	<ul style="list-style-type: none"> Inclusion of data from the latest drilling campaign that has increased resource and upgraded inferred resource to the indicated category. Updated geological interpretation Updated independent resource estimation Pit optimisation and design based upon gold price of US\$ 500 oz.
Vetas A & Sur	<ul style="list-style-type: none"> Inclusion of data from the latest drilling campaign Updated geological interpretation Updated independent resource estimation Updated excavated topography Pit optimisation and design based upon gold price of US\$ 600/oz

A significant increase in resources of the San Gregorio deposit has resulted in only a modest increase in its reserves since most of the additional resources are of lower grade near the surface. Other high grade zones are at depths requiring uneconomic quantities of waste removal in an open pit configuration. We will be doing more work in this area over the next year, to target additional

mineralization and to determine whether other processing or operating conditions would convert these resources into reserves.

The deposit of Veta A lies adjacent to and partially under the Tailings Storage Facility (TSF) currently in use. Although still open at depth, the mineralisation that is situated under the TSF has been included in the Mineral Resource estimation to the limit of the existing exploration drilling. Pit optimisation and engineering has shown that the removal of tailings is economically feasible to allow extraction of the underlying mineralisation. However, the interference of the operational TSF is problematical in the near term and therefore that portion of the Veta A resource has been excluded from reserve estimation at this time. Future conversion to reserve would be dependent upon extended operation at the San Gregorio project that encompasses the construction of an additional TSF superseding the existing facility.

The Company is performing several scoping studies to evaluate process alternatives (plant expansion and heap leaching) as well as the viability of underground mining. These studies will ensure that resource conversion is maximised and assist in the development of exploration programmes.

Qualified Person's Statement

The technical information presented in this Statement 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. Schroer is the Qualified Person for the purposes of the AIM Guidance Note on Mining, Oil and Gas Companies dated March 2006. 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. Mr. Sadek is the Qualified Person 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.

Uruguay Mineral Exploration Inc. (UME) discloses the following update of its Mineral Resources and Mineral Reserves as at 1 June 2007. These Mineral Resources and Mineral Reserves, as well as the terms used in this disclosure, are fully compliant with NI 43-101 requirements and CIM Definition Standards all resources and reserves are quoted at a cut off of .5 g/t Au, except for Sobresaliente where 0.7 g/t Au has been used.

	Notes	Measured Resources			Indicated Resources			Total Measured and Indicated			Inferred Resources		
		Tonnes (000's)	Grade (g/t Au)	Contained Ounces	Tonnes (000's)	Grade (g/t Au)	Contained Ounces	Tonnes (000's)	Grade (g/t Au)	Contained Ounces	Tonnes (000's)	Grade (g/t Au)	Contained Ounces
Isla Cristalina Belt	†												
Arenal	2	993	2.52	75,700	5,241	1.46	253,800	6,354	1.62	329,500	2,932	1.1	105,000
San Gregorio	2	718	1.24	28,600	8,074	1.04	270,200	8,792	1.06	298,800	3	1.0	80
Santa Teresa	2	497	1.14	18,200	1,434	1.09	50,200	1,931	1.10	68,400	7	0.8	160
Ombú	1	-	-	-	687	1.33	29,000	687	1.33	29,000	38	0.9	1,000
Sobresaliente	1	-	-	-	431	1.16	16,000	431	1.16	16,000	61	0.9	1,800
Veta A	1, 5, 6	-	-	-	507	2.07	34,000	507	2.07	34,000	33	1.5	1,600
Veta Sur	1	-	-	-	492	1.65	26,000	492	1.65	26,000	160	1.3	7,000
Argentinita	1	-	-	-	1,701	1.52	83,000	1,701	1.52	83,000	502	1.0	17,000
Stockpiles	4	-	-	-	26	1.43	1,200	26	1.43	1,200			
		-	-	-									
Total		2,148	1.77	122,500	18,773	1.26	763,400	20,921	1.32	885,900	3,736	1.1	133,640

	Notes	Proven Reserves			Probable Reserves			Total Proven and Probable		
		Tonnes (000's)	Grade (g/t Au)	Contained Ounces	Tonnes (000's)	Grade (g/t Au)	Contained Ounces	Tonnes (000's)	Grade (g/t Au)	Contained Ounces
Isla Cristalina Belt	† ‡									
Arenal	4	870	2.54	71,100	2,234	1.7	123,500	3,104	1.95	194,600
San Gregorio	4	381	1.35	16,600	1,931	1.2	72,500	2,312	1.20	89,100
Santa Teresa	4	269	1.24	10,700	787	1.2	29,200	1,056	1.17	39,900
Veta A	4, 7				127	2.2	9,100	127	2.23	9,100
Veta Sur	4				34	1.9	2,100	34	1.91	2,100
Argentinita	4				272	1.9	17,000	272	1.9	17,000
Stockpiles	4				26	1.43	1,200	26	1.44	1,200
Total		1,520	2.01	98,400	5,412	1.46	254,600	6,933	1.58	353,000

Notes:

† - Totals may not be exact due to rounding

‡ - Mineral Reserves are completely within the stated Mineral Resources with mining factors applied.

1 - Qualified Persons Steven Ristorcelli (C.P.Geo) of Mine Development Associates (MDA) and Peter Ronning (P.Eng) an associate of MDA

2 - Qualified Person for Mineral Resources Dr Marcelo Godoy of Golder Associates

3 - Qualified Person for Mineral Resources George Schroer of UME Inc.

4 - Qualified Person for Mineral Reserves John Sadek of UME Inc.

5 - Includes 336kt @ 1.94gpt of Indicated Resource situated under the operating Tailings Storage Facility

6 - Includes 29kt @ 1.17gpt of Inferred Resource situated under the operating Tailings Storage Facility

7 - Excludes all Mineral Resources situated under the operating Tailings Storage Facility

EXPLORATION REPORT FOR 2007

A full version of this report and the operations report for the 2007 financial year including images is available on the company's website at www.uruguayminerals.com and at www.sedar.com

Uruguay has considerable potential for gold, nickel, zinc, copper and diamond discoveries. The prospective terrains include the Isla Cristalina Belt, Florida Belt, Arroyo Grande Belt, Don Feliciano Belt, Rivera Diamonds project and the Lascano project in the Marin Basin.

The Company has researched, acquired and developed mineral projects during its 10 years in Uruguay and has reached a stage where future cash flow from operations allows the aggressive exploration and development of these projects. UME has invested \$US 7 million in exploration in 2006/07 which included 60,000 meters of drilling and the company, intends to spend a similar amount in 2007/8. Details of the drilling results are available in quarterly press releases.

Isla Cristalina Belt

Description of Geology and Projects

The Isla Cristalina Belt is located 450 km from Montevideo in Northern Uruguay and hosts the Company's one operating gold mine at San Gregorio, in the Minas de Corrales District. This belt is an erosional window of crystalline Proterozoic basement rocks of northern Uruguay, approximately 110km in length and 40 km in width. The belt is composed of Proterozoic granites and greenstones ranging in metamorphic grade from greenschist to amphibolite facies. Anomalous gold mineralization exists along the entire 110 km strike length of the belt.

The San Gregorio Operation in the northwest end of the belt is dominated by production from the Arenal deposit. Arenal and two historic deposits, San Gregorio and Santa Teresa host the largest concentration of gold that has been found to date in the district and are located along the same west north-west trending structural system. Several smaller deposits occur between the larger deposits and the most important currently are the shear hosted, "Veta A" and "Veta Sur" deposits. These trend northeast at nearly right angles to the main structural trend and, have been intensely explored and mined during in the past year. These deposits are characterized by low to moderate dip angles to the southeast and do not appear to cross the main San Gregorio thrusts.

The Zapucay district is located 20 kilometers to the southeast of the San Gregorio Operation and is the second most important district to date in the Isla Cristalina Belt. Gold mineralization is hosted in two main deposits, Argentinita and Zapucay. Historic production from the Zapucay deposit was 35,700 ounces at an average grade of 2.1 g/t and the Argentinita deposit presently has an indicated and inferred resource at 31 May 2007 of 100,000 ounces at an average grade of 1.41 g/t. Both deposits lie within the same low angle shear structure that cut gneissic augen granite. The hosting structure dips gently to the northeast and strikes to the north-northwest. Limited historical drilling has been performed on the anomalous 1.5Km long structural trend

between Zapucay and Argentinita and at other prospects in the district such as Tito Lopez, Lavadero and Papagayo.

Progress in 2007

Devin Den Boer was appointed as Exploration Manager for the Isla Cristalina Belt in the second half of the 2007 financial year and four separate exploration teams have been formed to focus on exploration in the near mine, central, eastern and western regions of the Belt. A fifth team is dedicated to data management and resources estimation. Additional experienced expatriates and local geologists were recruited during the year to complete staffing for all teams.

The structural setting of the western half of the Isla Cristalina Belt including the San Gregorio system was re-interpreted during the year. The bulk of the economic gold mineralization discovered to date is hosted in low to moderate angle thrust structures that trend west northwest. Minor gold mineralization also occurs in northeast as well as northwest trending structures. The high angle Rivera shear system that cuts the belt from east to west is believed to be younger than other structures and is spatially associated with the anomalous gold mineralization.

A closed spaced ground magnetic survey of 5,900 line kilometers was completed covering most of the western half of the belt. This survey, combined with the historical airborne magnetic and radiometric surveys, has provided important assistance in mapping the low angle thrust system and other structures.

During the year all historical data including geochemistry, geophysics, drilling, mapping and structural data were validated and integrated into one common access database for the entire Isla Cristalina Belt.

The Veta A and Veta Sur deposits were the first projects to be re-evaluated as part of our structural re-interpretation work. Drilling defined 68,000 ounces in resources in addition to the 20,700 ounces mined during the year. Whilst the zones drilled to date have not been as wide as the main San Gregorio shear package there is good scope for further resource expansion. These shears have been mapped for up to three kilometers to the south and our database shows gold anomalies associated with these structures.

An initial indicated and inferred resource of 100,000 ounces was defined at Argentinita during the year. Drilling during 2008 will focus resource expansion on the 1.5 kilometer anomalous zone between Argentinita and Zapucay.

New teams focusing on the under explored parts of the Isla Cristalina belt have commenced with more detailed stream sediment sampling and regional mapping. Targets generated from stream sediment sampling in the east near Vichadero have defined an anomalous area of approximately ten sq.km. In the west of the Isla Cristalina mapping and sampling have defined the 1 km long vein system at Veta Rodrigo that has returned rock chip values of up to 5.1 g/t gold.

We enter 2008 with a renewed confidence about our ability to make further discoveries in the Isla Cristalina Belt and increase our reserves and resources. We now have a better understanding of the system that is hosting our major gold deposits having mapped the geology for over 40 kilometers in the western end of the belt. Recent work has demonstrated the potential for further resource expansion in and around the existing operations and we have a number of advanced targets that are ready for drilling. Green field exploration is also generating new targets.

Don Feliciano Belt and Florida Greenstone Belts

Description of Geology and Projects

The southern end of the Don Feliciano mobile belt lies 95 kilometers east of Montevideo and trends north-northwest. The belt is exposed for over 250 kilometers along strike, with 40-50 kilometers in width and comprises structurally deformed Proterozoic meta-sediments, greenstones and granitoids which are bound on the east and west by two major north trending shears. This mobile terrain formed as a result of the collision between South America and Africa at the end of the Proterozoic period and has seen limited historic precious and base metal production. A number of UME's precious metal projects including Presidente Terra, Bragado, and Texas are located in the belt as are the lead, zinc and nickel properties by Retamosa, Isla Patrulla and Maria Albina.

Presidente Terra, the primary exploration property in the Don Feliciano Belt is characterized by granite, quartzite and meta-sediments which are cut by northeast trending high-angle shear zones. These shear zones are sub parallel to the main belt-bounding fault located just east of the property. Gold mineralization is found associated with the shears and hosted in the granite and at the contact between the granite and the quartzite. Historic and recent samples have defined mineralization over a strike length of 9 kilometers with values reported up to 336 g/t Au on outcrop. One third of the 250 samples taken on the property have reported gold assay results above 1 g/t.

The lead and zinc prospects located within the belt are characterized by replacement bodies within limestone units and can be classed as Mississippi Valley type. Limited work has identified small pod shaped replacement bodies and UME is presently seeking partnerships with base metal companies to take the projects forward.

The Florida and Arroyo Grande greenstone belts are composed of Proterozoic meta-volcanic and meta-sedimentary rocks interspersed through granitic terrain and occupy the southwestern third of the country (also referred to as the Piedra Alta Terrain). These rocks are exposed for 240 kilometers from the western side of the Don Feliciano Mobile Belt to nearly the western border of Uruguay and from the coast line near Montevideo to a point 175 kilometers northwards where they are covered by younger Paleozoic and Mesozoic sediments and basaltic lava flows. UME projects in the Piedra Alta Terrain include Casupa/Crucera, Paso de Lugo, and Nueva Helvecia. Projects are hosted in granitic rocks as well as green-stone terrains.

The Casupa/Crucera projects are 20 kilometers apart and located 110 to 130 kilometers north of Montevideo. Both projects are characterized by multiple high angle veins and shears that cut

granitic host rock and individually range in width from 1 to 15 meters. High grade samples have been reported from both project areas from quartz veins and associated shear zones.

The Mal Abrigo and Cerros Negros nickel prospects also with in the Piedra Alta Terrain, 120 kilometers northwest of Montevideo are contained within layered mafic complexes of gabbro and norite. The intrusive bodies clearly show cumulate layering and weak disseminated sulphide mineralization in outcrop and from drill hole samples. Some of the sulfidic outcrops are weekly anomalous in Cu and Ni and chalcopyrite has been noted along with pyrrhotite. These properties with other Ni projects are currently under review by a consulting geological group who specializes in nickel deposits. An exploration plan will be developed from this work and then UME will seek partnership to advance the project through the next phase of exploration.

Progress in 2007

An experienced Regional Exploration Manager for the Florida and Don Feliciano Belts, Alex Raab was appointed in November 2006. Since then, three separate exploration teams have been formed, two for the Florida Belt and one for the Don Feliciano Belt. Six new geologists have been recruited to complete the staffing for these teams.

At Presidente Terra mapping and structural interpretation over the full 9 km strike length of the project have better defined controls to the mineralization with new exploration targets being developed. Recent sampling has expanded the Au mineralization to the southwest by two kilometers. Veins hosting grades greater than 10 g/t have been identified with visible gold reported locally. Trenching and drill programmes have been designed to test anomalous areas during the later half of the 2007 calendar year.

Mapping, surface sampling, a detailed ground magnetic programme, trenching and drilling have been completed at Crucera during the year. The vein system has been surface mapped for over 750 meters and ground geophysics indicate a continuation of the structure hosting the mineralisation for over 5 kilometers. Drilling during the year confirmed mineralisation extending further down dip within the hosting structure and an initial resource calculation for the district is expected to be completed in the coming year. At Casupa, 20 kilometers south of Crucera seven vein sets are being mapped and sampled. Mineralization is strong with up to 100 g/t Au reported from sampling this year

During the year all historical data including geochemistry, geophysics, drilling, mapping and structural data were integrated into an access database for each project with a common set of co-ordinates. Significant additional data relating to the Florida belt was purchased from Delcosur and will be integrated into the UME project databases. Historical exploration information, representing approximately \$US 5 million in expenditure, was also purchased from the previous explorers of prospects in the Paso de Lugo Belt. This information will be reviewed and integrated into UME databases in the first half of 2008.

UME and previous explorers have historically generated a significant number of quality exploration projects in the Florida and Don Feliciano Belts and the initial focus has been to re-evaluate these historical projects such as Presidente Terra and the Casupa/Crucera area. This work has involved more intense mapping and sampling that is generating good targets. Concurrently the team is generating new projects from the database many of which have

encouraging early field results. The corporate objective is to generate a significant, stand alone mining operation in one of the southern mineral belts.

Lascano Geophysical Anomaly

Description of Project

The Lascano project is based on a large geophysical anomaly located in the department of Rocha 240 kilometers northeast of Montevideo. The Lascano project area is approximately 70 kilometers long and 40 kilometers wide and covers a large magnetic and gravity composite feature that was originally discovered in the late 1980's during a government performed regional geophysical survey. The anomaly sits in a major northeast structural corridor, and has been interpreted to be caused by a large cluster of intrusive bodies. There is no surface expression of the anomaly due to a thick cover of coastal plain alluvial material.

In June 2002 UME, in conjunction with BHP drilled a 450 meter deep, diamond drill hole that intersected conglomerate and basalt that did not adequately explain the anomaly. During 2006 UME completed a detailed airborne gravity gradient and magnetic survey comprising 10,400 line kilometers flown at a line spacing of 400 meters. The survey defined three large circular geophysical features each of which is about 20 kilometers in diameter.

Progress in 2007

A programme of 4 diamond drill holes was designed to test the rock units causing the strongest of the circular geophysical anomalies. The results of this programme are described below.

- LASDDH-01 was drilled into the northern rim of the central anomaly. The hole reached 927.55 meters and in the upper portion encountered intrusive units including gabbro, pyroxene bearing granite, quartz-monzonite and quartz-feldspar porphyry. These rocks are underlain by basalt lava flows which exhibit weak biotite, chalcedony and carbonate alteration. LASDDH-03, 13.5 kilometers to the west on the rim of the anomaly, cut similar rocks as the first hole and was terminated at 827 meters.
- LASDDH-02, which was drilled to 690.7 meters in the interior of the central geophysical anomaly. Rocks encountered in this hole are predominately intermediate to mafic in composition and consist of quartz-monzonite to gabbro intruded into a pile of amygdaloidal basaltic lava flows. Alteration occurs in all of these units and is most intense between 200 and 375 meters. The alteration types are moderate to strong potassic with associated quartz-chalcedony veins and replacement silicification. Mineralization associated with this alteration is characterized by moderate to abundant magnetite and hematite veinlets and replacements (iron oxide metasomatism) along with trace to 2% sulphides. This sulphide mineralization is characterized by pyrite and/or chalcopyrite. Visible gold mineralization has been identified in one sample hosted in chalcedony veins. The intercept between 201 and 327 meters was geochemically anomalous and averaged 168 ppm Cu. with a higher grade intercept between 295 and 303 meters averaging 543 ppm Cu. The highest individual value was 0.1 % Cu. No significant gold values were reported. The alteration and mineralization

assemblage encountered to date has similarities to iron oxide copper gold and porphyry copper mineralized systems.

- The fourth hole, LASDDH-04, was drilled to 825.3 meters just outside of the central geophysical anomaly and in a gravity and magnetic low to investigate its cause. The hole encountered less magnetic and lower density rocks. The first 486 meters was dominated by conglomerates and sandstones with local interbeds of basalt. The remainder of the drill hole was composed of intermediate to felsic volcanics and sub volcanics. These units are predominately different than those units intercepted in the drill holes located within the geophysical anomaly and help define the geophysical signature.

Results from this drill programme and petrographic and geophysical studies have further defined the anomaly and indicate that:

- the circular magnetic feature along the northern boundary of the anomaly is at least partially due to an edge effect of highly magnetic rocks encountered within the anomaly (LASDDH-001, 002, and 003) and the, relatively non-magnetic, clastic rocks encountered in LASDDH-004 outside the anomaly.
- a dense, most likely intrusive rock lies underneath the predominantly basaltic package of rocks which make up the centre of the anomaly. These rocks as a whole are dense relative to the rocks encountered outside the anomaly in hole LASDDH-004. The gravity anomaly is partially due to this density contrast.
- the intrusion of the basalts by granites to gabbros and their subsequent alteration indicate intrusive units most likely underlie the basaltic package of rocks encountered in the centre of the anomaly.
- the hydrothermal alteration and mineralisation encountered in LASDDH-002 and the similar weaker alteration in LASDDH-001, 12.5 kilometers to the northeast demonstrate that the system has the potential to host mineralised bodies. The area around the LASDDH-002 drill hole provides a priority target for copper and or gold mineralisation. Follow up drilling of this target will help define the hydrothermal system and potentially lead to a discovery. Results from this drilling will be used to further define the appropriate geophysical technique to explore the area.

Analysis and interpretation of the results from this years programme, including the fifth hole will be completed in September. A further programme of 7000 to 10,000 meters will then be scheduled to commence October 2007.

Cinco Rios Diamond Project

Description of Geology and Projects

The Cinco Rios diamond project is located on the Rio de la Plata craton in the departments of Rivera and Tacuarembó in northern Uruguay, approximately 500 kilometers north of Montevideo. The Rio de la Plata Craton, which is considered to be Paleo-Proterozoic age, in northern Uruguay, hosts kimberlites and related rocks in southern Brazil and Paraguay. The Cinco Rios project area which consists of Upper Palaeozoic and Mesozoic sediments, and

which borders the Cretaceous Parana Basin, is considered prospective for diamondiferous kimberlites.

The potential for kimberlite discovery in northern Uruguay is shown by the reported historic recovery of alluvial micro- and macro-diamonds. In addition peridotitic and eclogitic garnets and chrome spinels were recovered during the period 1993 – 2004. These results are spatially associated with a prominent northwest-southeast trending structural corridor. Kimberlite emplacement typically occurs within these types of structural corridors, and at the intersection of such structures.

Progress in 2007

A regional exploration programme during the March to November 2006 period covering Rivera, Tacuarembó and Cerro Largo collected a total of 310 stream samples. The results of this programme indicate the Rivera region is the most prospective for diamondiferous kimberlites. A decision was therefore taken to cease regional exploration work in other areas and focus on Rivera.

Stream and soil sampling in the second half of the year was focused on closer spaced sampling in areas that had previously returned encouraging indicator minerals. A total of 418 samples were collected which have reported one micro-diamond, and G9 and G10 garnets, together with chrome spinels, some of which have chemistry indicative of the diamond stability field.

The gravity and magnetic survey completed during 2006 and the magnetic survey acquired from Southern Era were analysed for prospective targets with a total of 43 priority targets identified for ground investigation. A further 18 targets were also generated from an air photo interpretation. Many of the targets identified are located within a northwest-southeast trending structural corridor.

Detailed ground magnetic surveys have been completed over the primary exploration area defined by positive sample results with coincidental airborne magnetic survey anomalies. Further ground magnetic surveys are planned for the first half of 2008 with follow-up drilling planned.

It is our intention to spin this project out, by issuing existing shareholders in the Group with new shares in a listed company that is dedicated only to diamond exploration. UME is in the early stages of talks with a number of parties and, whilst no guarantees can be given, it is hoped that alternative funding can be achieved for this project in 2008.

EXPLORATION REPORT FOR THE QUARTER ENDED 31 MAY 2007

This report provides details of gold exploration activities during the quarter ending 31 May 2007. It should be read in conjunction with the exploration Report contained in the company's 2007 Annual Report. Detailed comments on the progress of Lascano, diamonds and other non gold exploration projects have been provided in the Exploration Report in the 2007 Annual report available on the company's website.

Highlights

- Devin Den Boer commenced as Exploration Manager for the Isla Cristalina Belt in the fourth quarter of 2006/07.
- Additional resources have been defined from drilling at Veta A and Veta Sur Projections of the structures to the south have indicated that historic soil anomalies may be associated with the structures. Drilling will target mineralization along these structures and down dip in the first half of 2008.
- A new structural interpretation of the western end of the Isla Cristalina Belt has been made. The importance of this work has been to identify the structural setting that hosts the most productive gold deposits. All gold deposits discovered to date are associated with a low angle thrust system. This work has re-focused exploration efforts in the district with respect to the correct geologic setting. On going research into the structural controls to mineralization continues to refine the model.
- New exploration targets were developed at Cerro Papagayo during the quarter. Drilling is planned for the first quarter of the new financial year.
- Regional stream sediment and rock chip sampling continued at Vichadero with a prospective area of 10 km² identified for detailed soil sampling in the first half of 2008.
- Sampling of Veta Rodrigo, in the western end of the belt returned anomalous values along the 1 km strike length of the vein. Drilling is planned for the first half of 2008.
- New anomalous gold mineralization zones have been discovered at President Terra in the southern third of the property. This mineralization is hosted in quartz veins within granites that trends north northeast parallel to the main shear zone. . These veins report up to 10 g/t Au and locally report visible gold. This mineralization is associated with hematite, pyrite and magnetite within veins and breccia.
- Mapping and trenching at Crucera and 20 km to the south at Casupa has identified a number of new veins targets. Drilling at Crucera during the quarter extended mineralization down dip with the first step out of 100 meters encountering additional mineralization.

Isla Cristalina Gold Exploration

Veta A and Veta Sur

Exploration drilling continued to define resource within Veta A and Veta Sur. It has become apparent that these deposits are located in low angle thrusts which are oblique to the main San Gregorio mineralized structural system and were over looked by previous mining operations. An inferred resource of 28,700 ounces was estimated for these veins as of January 2007 and has been updated to 34,000 in Veta A and 26,000 Veta Sur ounces of indicated resource at a 0.5 g/t cut off as of 31 May 2007. While the deposits are restricted by present infrastructure it is clear

from the results that mineralization in these mineralized structures continue along strike and down dip. The following table lists the most significant results in the last quarter.

Veta Sur

Hole	From	Intercept Au g/t
VSRC-039	53	4m @ 4.5
VSRC-036	30	3m @ 4.2
VSRC-041	43	5m @ 4.0
VSRC-042	50	2m @ 7.3
VSRC-047	61	5m @ 2.8
VSRC-055	19	2m @ 6.7
VSRC-056	40	8m @ 5.9

Veta A

Hole	From	Intercept Au g/t
VARC-067	30	5m @ 4.1
VARC-068	25	15m @ 3.0
VARC-071	29	7m @ 5.0
VARC-072	22	8m @ 2.7
VARC-073	65	5m @ 4.0
VARC-074	54	10m @ 2.3
VARC-083	74	8m @ 12.2
VARC-084	41	7m @ 15.6
VARC-086	41	7m @ 11.2
VARC-087	66	4m @ 4.3

(intercepts are drill hole composites using 0.5 g/t cut)

Argentinita District

Drilling during the quarter was predominantly infill and geotechnical in nature. Prospecting permits are being converted into exploration permits to allow drilling between Zapucay and Argentinita, as well as Tito Lopez, Lavadero and Papagayo prospects. Drilling is expected to recommence in the first quarter of 2007/2008 to test these targets. Re-logging of drill holes was completed to better define the mineralized zones. All holes have been re-logged and entered into the database and used in the year end resource estimate update. An update of resource estimates has been completed and has reported a combined indicated and inferred resource of 100,000 ounces averaging 1.4 g/t.

Drill results for the quarter include:

Argentinita

Hole ID	From	Intercept Au g/t
RCARG-242	132	11m @ 5.9
RCARG-243	170	1m @ 5.1
RCARG-243	174	1m @ 3.5
RCARG-244	139	1m @ 7.8
RCARG-244	157	2m @ 1.1
RCARG-244	161	1m @ 5.3
RCARG-244	164	1m @ 3.3
RCARG-244	166	1m @ 2.2
RCARG-257	5	1m @ 1.3
RCARG-257	8	2m @ 1.3
RCARG-268	164	3m @ 1.9
RCARG-268	178	1m @ 1.4
RCARG-272	154	1m @ 0.7

(intercepts are drill hole composites using 0.5 g/t cut)

Mapping, surface rock chip and soil sampling has been progressed in the Papagayo prospect. It has been confirmed that mineralization is associated with low to moderate angled thrust system similar to the San Gregorio District. Results during the period have further defined the anomaly. First pass exploration drilling is planned for the prospect in September 2007.

Significant surface rock chip results for the quarter

Prospect	Sample ID	Au g/t
Cerro Papagayo	CP0780	6.28
Cerro Papagayo	CP0724	2.75
Cerro Papagayo	CP0773	1.91
Cerro Papagayo	CP0746	1.87
Cerro Papagayo	CP0518	1.26
Cerro Papagayo	CP0752	1.03

Isla Cristalina Belt - Regional Exploration

Devin den Boer was appointed as Exploration Manager for the Isla Cristalina Belt. Devin has been selected to lead the exploration efforts through out the belt. Devin brings 10 years of international exploration experience to the on site management of the belt. His experience ranges from green field to production geologist. This experience fits well with the challenges faced in the Isla Cristalina Belt.

Completion of an all encompassing database has been completed for the district. Mining of this information has led to the discovery of additional exploration targets and areas which less obvious before the compilation was completed. Further refinements of the database will be made in the coming year. Quality assurance of the data we currently use is part of the process of database compilation and management. The process has led to a better control on quality assurance as well.

Dr. Rod Holcomb has continued his research in the Isla Cristalina Belt and has prepared a new regional geologic map and structural setting for the mineralized deposits. The larger mineralized bodies are all hosted within low to moderately dipping thrust faults which predate the Rivera high-angle shear system. The definition of the structural setting has refocused exploration efforts into the proper structural setting. Mapping has been completed between the San Gregorio mining district and Zapucay. The thrust system has been defined and confirms the corridor between San Gregorio and Zapucay as being highly prospective for similar deposit types. This would include Laurales and Papagayo.

During the forth quarter a new exploration team was formed to work on the 20 kilometer section of the belt west and north of the San Gregorio Operation. An initial structural and geological map has been prepared for this area. This map has more effectively identified the western strike extension of the thrust/shear package that hosts the San Gregorio system. Resent sampling have confirmed ore grade values of 5.1 g/t.

Exploration efforts have been concentrated around the Veta Rodrigo vein system. The vein has been mapped and sampled on surface for over 1.0 kilometer and is anomalous along its entire exposed NNW strike length. Visible gold has been observed in surface samples with values up to 5.14 g/t Au reported. Historic results have reported Au assays of up to 36 g/t. This vein sits in the low angle thrust system approximately 10 kilometers east of the San Gregorio operations.

Regional exploration work continued in the fourth quarter in the extreme eastern end of the belt around the Vichadero prospect. Stream sediment sampling confirmed historic results and follow up sampling has started. A total of 67 stream sediment samples were taken and results received. This programme is approximately 50% complete. The most significant results from surface sampling for the quarter are presented below.

Quarter results Rock Chip

District	Sample ID	Au g/t
Vichadero	10050	4.0
Vichadero	10409	5.2

Quarter results Stream Sediments

District	Sample ID	Au ppb
Vichadero	20469	125.8
Vichadero	20116	174.3
Vichadero	20085	201.5
Vichadero	20079	249.6
Vichadero	20043	328.3

Other Gold Projects outside the Isla Cristalina belt

Florida and Don Feliciano Belts Au

Exploration continued in the southern projects at an accelerated pace compared to previous years. Three exploration teams are currently exploring the region. Four projects have been evaluated during the quarter.

Presidente Terra

More detailed mapping and sampling has been completed across the Presidente Terra prospect. Results obtained to date have confirmed historic sampling results. Mapping and sampling have confirmed the existence of a 7 km NNE trending mineralized trend that parallels the contact between meta-sediments and granitic rock. Over a third of the samples collected along this trend report Au values above 1 g/t. Au mineralization has been discovered 2 km south of the main trend. Detailed mapping has been completed over these areas. Mineralization in the southern third of the property is hosted in quartz veins within granites and trend parallel to the main shear zone which trends NNE. Visible gold has been discovered in a number of the veins in this sector and report assay values of greater than 10 g/t Au locally. This mineralization is associated with hematite, pyrite and magnetite within veins and breccia. Trenching and followed up drilling will take place once exploration permits are granted. This should take place in the first half of the financial year. The most significant results received this quarter are reported below.

District	Sample ID	Au g/t
Pte. Terra	EX10707	23.2
Pte. Terra	EX10618	1.0
Pte. Terra	EX10617	7.4
Pte. Terra	EX10584	11.4
Pte. Terra	EX10582	1.1
Pte. Terra	EX10558	5.0
Pte. Terra	EX10557	4.0
Pte. Terra	EX10531	6.8
Pte. Terra	EX10530	2.2
Pte. Terra	EX10529	5.6
Pte. Terra	EX10503	336.2
Pte. Terra	EX10502	35.8
Pte. Terra	EX10501	16.3

Crucera / Casupa

These properties are located in Piedra Alta terrain which hosts the Florida Belt. Mapping has been completed over the main vein/shear system at Crucera. Drilling commenced in late April to further define the known resource and increase the resource down dip and 100 meters along strike. Mapping and sampling have discovered additional veins on the property which will be drilled tested in the first half of the new financial year. The table below reports the most significant intercepts encountered in the last quarter.

Hole ID	From	Intercept Au g/t
CR 07 002	90	12m @ 2.2
CR 07 003	87	5m @ 2.4
CR 07 004	87	3m @ 2.3
CR 07 005	84	2m @ 1.9
CR 07 006	78	2m @ 1.7
CR 07 007	85	2m @ 0.8
CR 07 008	98	1m @ 1.6
CR 07 009	37	1m @ 2.6
CR 07 009	66	1m @ 1.8
CR 07 011	144	5m @ 2.2
CR 07 012	60	1m @ 1.0
CR 07 013	42	2m @ 3.2
CR 07 014	38	3m @ 5.6
CR 07 015	38	3m @ 2.0
CR 07 016	37	1m @ 0.9
CR 07 017	74	1m @ 4.5

A number of vein sets have been identified in the south of Crucera in Casupa. Results are encouraging and drilling of defined targets is planned before the end of the fiscal year. The most significant surface and trench sampling results from this quarter are presented in the table below.

Project	Sample ID	Au g/t	Type	Project	Sample ID	Au g/t	Type
Chamizo	EX11005	0.8	Surface	Crucera	EX11375	6.5	Trench
Chamame	EX11251	1.7	Surface	Crucera	EX11453	6.0	Trench
Chamame	EX11107	1.2	Surface	Crucera	EX11434	5.7	Trench
Chamame	EX11149	1.0	Surface	Crucera	EX11359	5.0	Trench
Chamame	EX11109	0.6	Surface	Crucera	EX11290	4.1	Trench
Casupa	EX11129	13.8	Surface	Crucera	EX11358	4.0	Trench
Casupa	EX11130	10.8	Surface	Crucera	EX11299	3.9	Trench
Casupa	EX11131	10.0	Surface	Crucera	EX11430	3.3	Trench
Casupa	EX11112	7.7	Surface	Crucera	EX11362	2.9	Trench
Casupa	EX11101	6.7	Surface	Crucera	EX11452	2.8	Trench
Casupa	EX11127	6.2	Surface	Crucera	EX11291	2.6	Trench
Casupa	EX11128	5.8	Surface	Crucera	EX11373	2.6	Trench
Casupa	EX11254	4.6	Surface	Crucera	EX11455	2.4	Trench
Casupa	EX11089	3.3	Surface	Crucera	EX11437	2.3	Trench
Casupa	EX11253	1.1	Surface	Crucera	EX11451	2.1	Trench
Casupa	EX11226	0.6	Surface	Crucera	EX11454	2.0	Trench
Crucera	EX11140	1.8	Surface	Crucera	EX11287	1.7	Trench
Crucera	EX11094	0.9	Surface	Crucera	EX11429	1.4	Trench
Crucera	EX11456	10.4	Trench	Crucera	EX11457	1.2	Trench
Crucera	EX11374	10.3	Trench	Crucera	EX11376	1.2	Trench
Crucera	EX11436	9.8	Trench	Crucera	EX11361	1.0	Trench
Crucera	EX11360	9.1	Trench	Crucera	EX11295	0.9	Trench
Crucera	EX11431	6.7	Trench	Crucera	EX11433	0.7	Trench
				Crucera	EX11286	0.6	Trench

Bragado

At the Bragado prospect, located in the province of Treinta y Tres, exploration activity has identified a number of targets for follow up trenching and drilling. Mineralization is associated with NE to E-W striking veins in association with a gabbroic intrusion into the folded meta-sediments. Drilling is planned in the first half of 2008 designed to test the veins and the contacts between the gabbro and meta-sediments. The most significant results are presented below.

District	Sample ID	Au g/t
Bragado	EX 10559	22.7
Bragado	EX 10562	8.7
Bragado	EX 10563	5.3
Bragado	EX 10604	0.5
Bragado	EX 10658	0.6

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.

Conference Call Details

The management of Uruguay Mineral Exploration inc. will host a conference call to discuss the results at 11.00 EDT, 16.00 BST on Wednesday 15th August 2007. The dial-in numbers are: +44 (0)20 7138 0824 / +1 416 915 1269 and participants should give the following code to access the call: 7640957. A live audio stream of the conference call can also be accessed at www.uruguayminerals.com. Please dial in / log on five minutes prior to the start of the call to allow time for registration. A recording of the conference call will be available for 7 days afterwards, from approximately 1 hour after the live call has finished, on : +44 (0)20 7806 1970 / +1 718 354 1112, access code:7640957#. A recording will also be available at www.uruguayminerals.com.

ENDS

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

Editor's note: Uruguay Mineral Exploration Inc. is a gold producer and exploration company focused on identifying and developing mineral opportunities in Uruguay. UME 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.

Uruguay Mineral Exploration Inc. is quoted in Canada (TSXV) and London (AIM) and Collins Stewart Europe Limited is the Nominated Adviser and broker.

For further information, please contact:

Uruguay Mineral Exploration Inc

Tony Shearer, Chairman +44 20 7602 1570; tonyshearer@btinternet.com

David Fowler, CEO 598 2 6016354 urumin@ume.com.uy

Shared Value Ltd

Emily Bruning +44 20 7321 5027; ebruning@sharedvalue.net

Collins Stewart Europe Ltd

Chris Rollason +44 20 7523 8308; collason@collins-stewart.com

Uruguay Mineral Exploration Inc.
Consolidated Balance Sheets
Thousands of United States Dollars, except where indicated

As at May 31	2007	2006
Assets		
Current assets		
Cash and cash equivalents	\$ 13,978	\$ 8,931
Accounts receivable (Note 3)	2,275	1,699
Inventories (Note 4)	8,484	8,108
Prepaid expenses	647	612
	<u>25,384</u>	<u>19,350</u>
Property, plant and equipment and development costs (Note 5)	25,885	22,896
Deferred exploration and evaluation (Note 6)	16,316	11,184
Future income tax assets (Note 13)	2,387	1,855
Other assets and deferred costs (Note 7)	4,969	4,723
Total assets	\$ 74,941	\$ 60,008
Liabilities and Shareholder's Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,238	\$ 5,076
Current portion of long term debt (Note 8)	1,231	2,058
Unrealized fair value of derivatives (Note 15)	-	2,317
	<u>7,469</u>	<u>9,451</u>
Long term tax payable (Note 13(d))	2,414	1,486
Long term debt (Note 8)	2,154	2,167
Asset retirement obligation (Note 9)	2,036	1,665
Total liabilities	14,073	14,769
Equity instruments (Note 10)	34,592	32,670
Warrants (Note 10)	12	188
Contributed surplus (Note 11)	3,297	1,625
Cumulative translation adjustment	(19)	(19)
Retained earnings	22,986	10,775
Total shareholders' equity	60,868	45,239
Total liabilities and shareholders' equity	\$ 74,941	\$ 60,008

Commitments and contingencies (Note 12)

Approved on behalf of the Board:

David Fowler, Director

Tony Shearer, Director

These Consolidated Balance Sheets should be read in conjunction with the Full Notes to the Financial Statements which are available at www.sedar.com and www.uruguayminerals.com.

Uruguay Mineral Exploration Inc.
Consolidated Statements of Income and Retained Earnings

Thousands of United States Dollars, except for earnings per share amounts and weighted average number of shares outstanding

For the years ended May 31	2007	2006
Sales	\$63,056	\$51,206
Net profit interest	-	(635)
Net sales	63,056	50,571
Operating expenses	31,537	22,014
Amortization, depletion and accretion	8,752	8,742
Operating expenses	40,289	30,756
Sub-total	22,767	19,815
Other expenses (gains)		
Stock based compensation	975	1,453
Fair value adjustment for derivatives	(2,317)	2,138
Exploration written off	2,129	-
General and administrative	4,347	3,483
Interest and financing fees	314	339
Gain on settlement of net profit interest	-	(888)
Interest and other income	(510)	(64)
Foreign exchange loss	225	128
	5,163	6,589
Income before taxes	17,604	13,226
Current income taxes (Note 13)	3,582	2,711
Future income taxes (Note 13)	(532)	(68)
Net income for the year	14,554	10,583
Retained earnings beginning of year	10,775	192
Dividend distribution	(2,343)	
Retained earnings end of year	\$ 22,986	\$10,775
Basic earnings per share (Note 10.g)	\$ 0.30	\$0.23
Diluted earnings per share (Note 10.g)	\$ 0.30	\$0.22
Basic weighted average number of shares	48,258,892	46,661,234
Diluted weighted average number of shares	48,668,269	48,548,859

These Consolidated Statements of Income and Retained Earnings should be read in conjunction with the Full Notes to the Financial Statements which are available at www.sedar.com and www.uruguayminerals.com.

Uruguay Mineral Exploration Inc.
Consolidated Statements of Cash Flows
Thousands of United States Dollars, except where indicated

For the years ended May 31	2007	2006
Operating activities		
Net income for the year	\$14,554	\$10,583
Adjustments for non cash items:		
Amortization, depletion and accretion	8,752	8,742
Exploration written off	2,129	-
Accretion of net profit interest acquisition liability	159	-
Future income taxes	(531)	(68)
Deferred stripping	(391)	(3,870)
Tax deferred payment (Note 13.d)	928	1,486
Fair value adjustment of derivatives	(2,317)	2,137
Stock based compensation	975	1,453
Others	(81)	52
	24,177	20,515
 Net change in non-cash working capital balances (Note 16)	 1,181	 (2,129)
	25,358	18,386
Financing activities		
Proceeds from the issue of share capital	1,515	1,473
Proceeds from borrowings, net of costs	106	457
Lease/Loan payments	(163)	-
Dividends payments	(2,343)	-
	(885)	1,930
Investing activities		
Purchase of property, plant and equipment and development costs	(12,401)	(12,058)
Sales of capital assets	51	650
Payments for exploration	(7,076)	(5,478)
	(19,426)	(16,886)
 Increase in cash and cash equivalents	 5,047	 3,430
Cash and cash equivalents, beginning of year	8,931	5,501
 Cash and cash equivalents, end of year	 13,978	 8,931

These *Consolidated Statements of Cash Flows* should be read in conjunction with the *Full Notes to the Financial Statements* which are available at www.sedar.com and www.uruguayminerals.com.