

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All dollar amounts are expressed in thousands of United States dollars unless otherwise stated)

Management's Discussion and Analysis ("MD&A") provides a detailed discussion of Uruguay Mineral Exploration Inc ("the Company") financial and operating results for the year ended 31 May 2007, with comparisons to the previous years.

This MD&A accompanies, and should be read in conjunction with, the audited consolidated financial statements and accompanying notes of Uruguay Minerals Exploration Inc ("UME" or "Company") for the two years ended May 31, 2007. These documents are available on the Company's website at www.uruguayminerals.com and on SEDAR at www.sedar.com. The Company's financial statements and the financial data presented in this document have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This MD&A is effective as of 14 August, 2007.

1. DESCRIPTION OF BUSINESS

Uruguay Mineral Exploration Inc is a gold producer and exploration company incorporated in Canada and operating in Uruguay. The Company's common shares are listed on the Toronto Venture Stock Exchange (symbol UME) and the London Alternative Investment Market (symbol UGY).

The Company operates the only producing gold mine in Uruguay, in the northern Department of Rivera. It has been exploring in Uruguay since 1996 having assembled an exploration portfolio based on gold, base metals and diamonds prospects. In the first half of 2003, the Company discovered the Arenal deposit, currently the largest known gold resource in Uruguay. The Company believes that Uruguay has great, and so far largely unexplored, potential for the discovery and economic production of a variety of mineral resources.

Production for 2006/07 was 96,420 ounces of gold. The Company has strategic land holdings throughout the 110 Km long Isla Cristalina Belt and has active near mine and regional exploration programmes focused on increasing reserves throughout Uruguay.

2. HIGHLIGHTS

Significant achievements for the year ended 31 May 2007

- Gold production of 96,420 ounces at an average cash cost of \$ 294 per ounce compared to 101,287 ounces at an average cash cost of \$ 210 in the prior year.
- Net profit after tax of \$ 14,554 or basic earnings per share of \$ 0.30 compared to \$ 10,583 or basic earnings per share of \$ 0.23 for 2006.
- Cash flow from operations before working capital movements of \$ 24,177 compared to \$ 20,515 in 2006.
- At 31 May 2007 the Group had cash and cash equivalents of \$ 13,978 and debt of \$ 3,385 including banking debt of \$ 400.
- Sales were \$ 63,056 for 2007 with an average gold price sold of \$ 610 per ounce compared to \$ 51,206 at an average price of \$ 486 in the previous year.
- New measured and indicated resources of 1,701,000 tonnes at 1.52 g/t average grade were defined at Argentinita. San Gregorio Resource was upgraded to 8,792,000 tonnes at 1.06 g/t

(Further details are included in the Statement on Reserves and Resources in the 2007 Annual Report).

- Drilling and mining at Veta A and Veta Sur in the second half of the year continued to produce consistent results and these deposits have become an important source of higher grade feed to the mill. The structures hosting these deposits are open along strike and down dip.
- Environmental and mining approvals were received to expand the Arenal pit including the diversion of the Arroyo Corrales. The diversion was completed at the end of July 2007.
- The Management team was strengthened with the appointment of Alex Raab and Devin Den Boer as Regional Exploration Managers and Ernesto Lamilla, an experienced mining engineer, as Technical Services Manager.
- The Company has entered into a farm-in and data acquisition agreement with DelcoSur S.A. for exploration properties within the Florida Belt. This transaction provides the Company with a number of advanced exploration targets, additional information on existing UME prospects such as Casupa, and historical regional sampling and interpretation work performed on the Florida belt. This package allows the Company to accelerate exploration work within the Florida Belt and to invest its future exploration expenditure more effectively.
- During the second half of the year the Company acquired Southern Era Diamonds Inc's historical Uruguayan geological database including geochemical sampling, drilling results and airborne magnetic surveys. This data will allow UME to accelerate progress on diamond exploration in Uruguay, supporting its plan to continue to build value in the project, prior to divestment.

3. OUTLOOK AND STRATEGY

The Corporation is committed to increasing shareholder value through increasing resources and reserves and growing its production profile. The Company's strategy to achieve this objective is organic growth through successful exploration in Uruguay, optimisation of and the development of our San Gregorio Operations and acquisition of properties throughout Latin America that are in production or can be brought into production within a three year timeframe. Our intention is to build value in our base metals and diamonds exploration portfolio before divesting it in an orderly process over 2 years.

Our objectives for the next three years are to:

- Advance exploration to build longer mine life at San Gregorio and develop new resources for a second operation in Uruguay.
- Complete evaluation of different development options for the San Gregorio Operations and optimise the 5 year mine plan.
- Commence scoping studies for new projects as resources are developed.
- Train workforce and focus on productivity improvements to reduce cost.
- Advance divestment programme for non gold assets.

The Company plans to produce 95,000 ounces of gold for the 2007/2008 financial year at a cash cost per ounce target of \$ 345.

4. OVERVIEW OF FINANCIAL RESULTS

Operating Earnings

Net profit after tax increased from \$ 10,583 or \$ 0.23 per share for 2006 to \$ 14,554 or \$ 0.30 per share for 2007 that includes a write off of exploration expenditure of \$ 2,129. The 2006 result included a tax expense of \$ 2,643, which increased to \$ 3,050 in 2007.

The Company's operating profit increased from \$ 19,815 in 2006 to \$ 22,767 in 2007. This result reflects an increase in the realised price of gold sold, with marginally less production and an increase in operating expenses.

Operating Revenues

For the 2007 financial year 97,506 ounces of gold were sold at an average price of \$ 610 per ounce compared to 100,395 ounces at an average price of \$ 482 per ounce during the prior year. Silver ounces sold also increased to 125,641 in 2007 compared to 97,815 in the prior year.

Doré containing a mix of gold and silver is shipped to a refiner in Europe. While risk of loss transfers to the refiner at the mine gate, sales are recognized when precious metals are refined and sold. Refining costs are included in operating expenses.

Production

During the year 7,057,000 tonnes were mined from the Arenal pit including 1,001,000 tonnes of ore at a grade of 2.45 g/t. The strip ratio for Arenal in 2007 was 6.05 compared to the life of mine average to May 31 2007 of 6.10. A further 258,000 tonnes of ore at 2.56 g/t and 3,365,000 tonnes of waste were excavated from the San Gregorio East, Veta Sur and Veta A pits.

Gold production decreased to 96,420 ounces for 2007 compared to 101,287 ounces for the prior financial year. Production decreased due to first half feed of low grade material as risk mitigating pit design changes at Arenal deferred the mining of higher grade material.

Recovery was marginally lower than prior years in line with head grade and higher silver content of ore in the early part of the year.

Table 1 Operating Earnings

	2007	2006
	\$000's	\$000's
Revenue	63,056	51,206
Operating expenses	(31,537)	(22,014)
Net profit interest	-	(635)
Contribution margin	31,519	28,557
Amortisation	(8,752)	(8,742)
Operating profit	22,767	19,815
Other expenses	(5,163)	(6,589)
Taxes	(3,050)	(2,643)
Net earnings/(loss)	14,554	10,583
Basic earnings per share	\$ 0,30	\$ 0,23

Table 2 Key Production Statistics

	2007	2006
Ore mined (tonnes)	1,261,000	1,050,000
Grade mined (g/t Au)	2.46	3.02
Ore processed (tonnes)	1,312,999	1,266,529
Grade processed (g/t Au)	2.45	2.65
Recovery	93.1%	93.7%
Gold produced (ounces)	96,420	101,287

Production Costs

Total operating costs were \$ 31,537 for 2007 compared to \$ 22,014 in 2006. Stripping costs of \$ 391 for 2007 were deferred for recognition in future years. This compares to the deferral of \$ 3,870 in stripping costs in 2006. The increase in operating costs relates to:

- An increase in the deferred strip ratio.
- An increase in royalty payments as profitability increased with higher metal prices.
- Additional costs due to harder and more abrasive ore.
- Additional equipment costs due to longer haul profiles with higher maintenance costs.
- Fuel, electricity, salary and other Uruguayan costs increasing in \$US terms as local inflation for the year to 31 May 2007 was 8.3% while the Uruguayan peso was stable against the \$US.
- Steel, cyanide and other consumable costs increasing in line with general industry trends.

Table 3 Reconciliation of Operating costs to cash cost per ounce

	2007	2006
Operating expenses	31,537	22,014
Silver credit	(1,567)	(873)
Movement in non ore inventories	(455)	793
Corporate costs included in cash cost calculation	330	470
Costs rebates included in revenue	(1,498)	(1,139)
Total cash costs	28,347	21,265
Gold production in ounces	96,420	101,287
Total cash costs per ounce	294	210

The average cost per ounce produced for 2007 was \$ 294 per ounce compared to \$ 210 per ounce in 2006 of which \$ 20 per ounce of this cost increase relates to the change in deferred stripping and \$ 14 per ounce is attributable to lower production levels. Other increases in operating costs are described above.

Amortization and Depletion

Amortization and depletion expense increased from \$ 8,742 in 2006 to \$ 8,752 in 2007.

Other Expenses and Revenues

Capitalised exploration expenditure relating to base metals, nickel and gold areas for which tenements have expired or for which UME has no future investment plans over the next three years have been written off. A charge of \$ 2,129 was recorded for this fiscal year.

General and administrative expenses increased from \$ 3,483 in 2006 to \$ 4,347 in 2007 due to the inclusion of \$645 exploration overheads in administration and an increase in capital and financing taxes of \$206.

Table 4 Other Revenue and Costs

	2007	2006
	\$000's	\$000's
General and administration	4,347	3,483
Stock Compensation	975	1,453
Exploration written off	2,129	-
Interest and financing costs	314	339
Other costs and revenue	(2,602)	1,314
Total	5,163	6,589

Stock compensation expense decreased from \$1,453 in 2006 to \$ 975 in 2007. This reduction relates to the expense associated with the termination and retirement benefits for Chris Clark, of \$ 536 recorded in 2006.

Interest costs were \$ 314 for 2007, including accrued interest of \$ 159 on convertible notes payable for the acquisition of the net profits interest.

Other costs and revenues included an unrealized gain of \$ 2,317 on the fair valuation of gold derivatives at 31 May 2007 compared to \$ 2,138 unrealised loss for the prior financial year.

Provision for income taxes

An income tax expense of \$ 3,050 was recorded in 2007 compared to the expense of \$ 2,643 recorded for the last financial year. The Company's statutory tax expense differs from actual tax expense for the following reasons:

- The Company used \$ 1,923 (2006 - \$ 1,768) in tax benefits granted to it by the Uruguayan government as a result of its capital investments. These benefits are summarized at note 13 (d) and (e) to the Financial Statements. Under these benefits the Company also deferred \$ 2,414 in tax payable until future years.
- Tax losses not previously recognized were recorded in 2007 resulting in a benefit of \$ 2,507 in comparison with a loss of \$ 694 recorded in 2006.

Table 5 Tax Expense Reconciliation

	2007	2006
	\$ 000's	\$ 000's
Statutory tax (expense) /benefit	(6,161)	(4,629)
Investment benefits	1,923	1,768
Difference between statutory tax rate and specific jurisdiction tax rates	1,707	696
Use of tax losses not previously recognized	2,507	(694)
Indexation and foreign exchange	536	-
Permanent Differences	(2,820)	809
Other	(742)	(593)
Tax (expense)/benefit	(3,050)	(2,643)

5. FINANCIAL POSITION

At May 31, 2007, UME had cash resources of \$13,978 compared to \$ 8,931 at 31 May 2006.

Operating Cash Flow

Cash flow generated from operations before working capital movements was \$ 24,177 for 2007 compared to \$ 20,515 for 2006. Working capital movements generated \$ 1,181 in 2007 while \$ 2,129 was used in 2006. The working capital benefit for the current year relates to the increase in suppliers balance in \$ 1,162. The working capital consumed in the prior year mainly related to an increase in inventories of \$1,588.

Cash flow from operations includes the results from the San Gregorio operations less the cost of general and administrative expenses, interest and income taxes.

Investing Activities

Cash flow used in investing activities includes expenditures on property, plant and equipment, mineral properties and exploration expenditure capitalised. Cash flow used in investing activities of \$ 19,426

for 2007 consisted of \$ 10,845 invested in property plant and equipment, \$ 1,505 invested in mine properties and \$ 7,076 invested in capitalised exploration expenditure.

Cash flow used in investing activities of \$ 16,886 for 2006 consisted of \$ 10,834 invested in property plant and equipment, \$ 1,224 invested in mine properties and \$ 5,478 invested in capitalised exploration expenditure.

Table 6 Reconciliation in movement in cost base of property plant and equipment and exploration to cash invested in purchase of property plant and equipment and exploration

	2007	2006	Description for 2007
	\$000's	\$000's	
Property, plant and equipment	11,267	11,575	Major items include river diversion, pre-strip cost and purchase of drill equipment
Exploration	7,261	6,096	Refer to breakdown of expenditure in section 7 of this MD&A
	18,528	17,671	
Payment of liability for purchase of NPI asset	1,050	-	Payment of liability associated with prior purchase
Acquisition of NPI asset	(970)	(4,118)	Recognition of contingent payment
Financed on deferred payment terms.	-	(1,240)	Equipment purchased on deferred payment terms
Repayments of deferred finance amounts.	862	5,024	Repayment of Komatsu mining fleet in 2006
Asset sales and other	306	(451)	
Movement in asset retirement asset	(350)	-	
Cash invested	19,426	16,886	

A review of the future cash flows expected to be generated from UME's mining operations confirmed they exceeded the carrying value of UME's mining assets.

Investment in plant and equipment and mine properties in 2008 is expected to be in the range of \$8,000 to \$10,000 with a further \$7,000 to \$9,000 invested in exploration. Capital expenditures for 2008 will be funded from existing cash reserves and cash flow from operations.

Financing Activities

Cash inflows from financing activities during the year include \$ 691 from the exercise of 756,000 employee share options and \$824 from the exercise of warrants. For the year ended May 2006 1,077,000 options were converted into shares to provide total proceeds of \$ 1,951. Cash inflows from financing included \$ 106 from financial leases and bank loans with lease and loan repayments of \$ 163. For 2006 \$ 457 was received from finance leases and loans.

UME declared and paid a cash dividend of \$0.035 per common share for the first half of the 2007 financial year and C\$0.02 for the second half of the 2007 financial year. The amount and timing of any dividends is at the discretion of the Board of Directors who review their policy periodically based on cash reserves, current and anticipated operating performance and future capital expenditure obligations.

6. EQUITY POSITION

At May 31, 2007 UME had 48,530,935 common shares outstanding. The weighted average number of shares outstanding during the 2007 financial year was 48,258,892. During the 2007 financial year the Company issued 1,776,000 shares for total value including proceeds, warrant value and contributed surplus of \$ 1,515. During 2006 the Company issued 2,128,000 shares for a total value of \$ 1,473. These issues included the exercise of 756,000 stock options at an average price of CDN\$ 1.03, and conversion of 250,000 warrants at CDN\$ 3.75 per share.

As a result of a subsidiary of the Company entering into a farm-in agreement with a Uruguayan company, Delcosur S.A. the Company issued 20,000 non-transferable warrants to purchase common shares of UME at an exercise price of CDN\$ 4.56, exercisable for a period of two years from issuance until 2009.(see note 10d of the Financial Statements)

To attract and retain the services of suitably qualified and experienced employees, officers, directors and consultants the Company has adopted a Employee Share Option Plan designed to advance the interests of the Company by encouraging equity participation in the Company. During the 2007 financial year the Company granted 1,601,000 stock options to employees, officers, directors and consultants and 890,000 options were granted in the prior financial year.

A total expense of \$ 975 was recorded in the 2007 financial year for stock based compensation with \$ 1,453 recorded for 2006. During the 2007 financial year 756,000 stock options were exercised with 1,092 stock options exercised in the prior financial year.

The Company had 3,304,333 stock options outstanding at May 31, 2007 of which 1,706,333 were exercisable. Stock options outstanding had a weighted average exercise price of CDN\$ 4.06 and a weighted average life of 3.38 years. Stock options represent 7% of the Company's issued common shares. If in the money options were exercised at 31 May 2007 proceeds of \$784 would be received.

On November 30, 2005 a subsidiary of the Company issued three unsecured convertible notes each with a face value of \$ 1,050 pursuant to the acquisition of the 10% net profit interest over key tenements at the San Gregorio operations as detailed at note (5a) to the financial statements. The three convertible notes are payable on or before July 30, 2006, July 30, 2007 and July 30, 2008 respectively. Each convertible note can be converted into 250,000 ordinary shares during a 30 day period prior to the final payment date for each instalment. The first convertible note expired in July 2006, was paid in cash and was not converted into shares. After the financial year-end, the second instalment of \$1,050 was paid in cash and not converted into shares.

At August 14, 2007 UME had 48,926,268 common shares outstanding, 2,904,000 stock options, 250,000 convertible notes and 20,000 warrants,

7. DEFERRED EXPLORATION AND EVALUATION COSTS

The following table summaries expenditure on exploration and evaluation during the financial year.

Table 7: Movement in exploration and evaluation costs

Project Area	Balance 31 May 2006	Reclassification	(Write off)	Expenditure 2007	Balance 31 May 2007
Minas de Corrales Gold Belt	\$ 3,442	185	-	4,865	8,492
Florida /Arroyo Grande Belts	872	-	-	669	1,541
Don Feliciano Belt	4,423	-	(1,842)	444	3,025
Lascano	1,676	-	-	446	2,122
Diamonds	484	-	-	652	1,136
Regional Exploration	287	-	(287)	-	-
Total	\$ 11,184	185	(2,129)	7,076	16,316

UME plans to spend \$ 7,000 to \$ 9,000 on its projects located in Uruguay during 2008. The Company spent \$ 1,850 in the fourth quarter of 2007. This compares to \$2,683 and \$ 5,478 for the corresponding quarter and full year of 2006.

Each of the major project areas is described below. Details of work performed in the current financial year and planned work for the next year on each of the projects are included in the Company's Annual Report under Exploration for 2007.

Isla Cristalina Belt ("ICB"):

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 erosion window into the crystalline Proterozoic basement rocks of northern Uruguay, approximately 110km in length and 40 km in width. The belt of rocks is composed of Proterozoic granites and greenstones ranging in metamorphic grade from greenschist to amphibolite facies. Anomalous gold mineralization exists across the entire 110 km strike length of the belt. Measured and Indicated resources within the belt are 825,700 ounces with inferred resources of 92,640 ounces. Life to date production from the belt is estimated to be 755,500 ounces.

Florida /Arroyo Grande greenstone belts (Piedra Alta Terrain)

The Florida and Arroyo Grande greenstone belts are composed of Proterozoic meta-volcanic and meta-sedimentary rocks which are hosted in granitic terrain of the Rio de La Plata Craton. This group of rocks is referred to as the Piedra Alta terrain in Uruguay and occupies the south western third of the country. This set of rocks is exposed for 240 kilometres from the western side of the Don Feliciano Mobile Belt to nearly the western border of the country. Exposure of these rocks can be seen locally along the coast line in Montevideo and north 175 kilometres where they are covered by younger Paleozoic and Mesozoic sediments and basaltic lava flows. UME has six gold exploration projects in the Piedra Alta Terrain including Casupa/Crucera, Paso de Lugo, and Nueva Helvecia. Projects are hosted in granitic rocks as well as green stone terrains.

Don Feliciano Belt

The southern end of the Don Feliciano mobile belt lies 95 kilometres east of Montevideo and trends north-northwest. The belt is exposed for over 250 kilometres along strike and is 40-50 kilometres in width. Younger Paleozoic sedimentary rocks cover the northern third of the belt in Uruguay. The belt of rocks is defined by a structurally deformed Proterozoic meta-sediments, schist and granitoids which are bound on the east and west by two major north trending shears. The mobile belt formed as a result of the collision between South America and Africa at the end of the Proterozoic period. Limited historic precious and base metal mining is reported from the belt. UME has a number of precious metal projects located within this belt of rocks including Presidente Terra, Bragado, and Texas. Lead, Zinc and Nickel properties such as Retamosa, Isla Patrulla and Maria Albina are also located within this belt.

Lascano

The Lascano project is located 240 kilometres northeast of Montevideo in the Laguna Marin basin. The project is defined by three large circular, 20 kilometres in diameter, geophysical anomalies. Surface out crop is limited over the anomalies. The anomalies were defined by results from an airborne geophysical survey completed by Bell Geophysical. Drilling this last year has defined lithology which underlies the central anomaly. Units encountered to date include felsic to mafic intrusive rocks that intrude a thick package of vesicular basalt. Minor intermediate and felsic volcanic rocks are also present to a lesser extent. Rock units encountered outside the anomaly are predominately conglomerates and sandstones composed of clasts from the units with in the anomaly and overly intermediate to felsic volcanic units.

Cinco Rios Diamond Project

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 kilometres north of Montevideo. The 100% owned land package is 55,700 hectares in size. The potential for kimberlite discovery in northern Uruguay is shown by the historic recovery of alluvial micro- and macro-diamonds, and peridotitic and eclogitic garnets and chrome spinels during the period 1993 – 2004. The current exploration programme, which commenced at the beginning of 2006, has included follow up sampling, geophysical, and geomorphic studies which have further defined possible source areas. Kimberlite pipe drill targets have been identified from geophysical and geomorphic studies which have associated indicator mineral anomalies. . These targets will be drilled before the end of 2007.

Regional Exploration

The Company has an ongoing programme of identifying and field-checking geochemical anomalies obtained from reviewing data held within the Company's proprietary data-base. Where appropriate successful prospects are designated and allocated to the major project groupings shown above.

8. RESERVE ESTIMATES

The figures for reserves and resources estimates are determined in accordance with National Instrument 43-101, issued by the Canadian Securities Administrators. This National Instrument lays out the standards of disclosure for mineral projects including rules relating to the determination of mineral reserves and resources. This includes a requirement that a "qualified person" (as defined under the NI 43-101) supervise the preparation of the reserve reports. The Company's reserve and

resources are prepared and reviewed by John Sadek, Vice-President Operations and George Schroer, Vice President of Exploration, who are “qualified persons”.

As at June 1, 2007 the Company had proven and probable reserves of 353,000 ounces of contained gold, an increase of 31,000 ounces of contained gold from the previous disclosure of reserves as at November 1 2006, whilst the production was 63,945 during the same period of 7 months.

9. QUARTERLY RESULTS

Highlights for the quarter ended 31 May 2007:

- Gold production of 29,265 ounces at an average cash cost of \$ 273 per ounce compared to 25,350 ounces at an average cash cost of \$ 243 in the corresponding quarter of 2006.
- Net profit after tax of \$ 6,337 or basic earnings per share of \$ 0.13 per share compared to a profit of \$ 4,077 or basic earnings per share of \$ 0.09 in the corresponding quarter of 2006.
- Cash flow from operations before working capital movements of \$ 11,356 for the quarter.
- Operating revenues in the fourth quarter of 2007 were \$ 21,840, compared to \$ 15,992 recorded in the corresponding quarter of 2006. Gold ounces sold were 31,550 ounces at a price of \$ 658 per ounce compared to 27,284 ounces at a price of \$ 543 in the corresponding quarter of 2006.
- During the fourth quarter, 194,000 tonnes of ore were mined from Arenal at an average grade of 2.82 g/t. 130,000 tonnes were also mined from veins at a grade of 3.02 g/t. Plant production for the quarter averaged 114,806 tonnes per month, above the average for the first 9 months of 107,620.

The factors that affected the quarterly production and results during the current and prior financial years are as follows:

- During 2006-2007 higher than anticipated silver values in the Arenal ore, together with a lack of electro winning capacity to remove silver from the circuit on a timely basis reduced gold recoveries by 1-2%. This negatively impacted the first and second quarter of the 2007 fiscal year. This issue was addressed in the second quarter of the 2007 fiscal year with the installation of additional stripping capacity. An increase in ore grade processed through the third and fourth quarter of 2006-2007 also assisted recovery rates.
- The average grade of material mined from Arenal during the first and second quarter of 2007 was lower than the average for Arenal for the 2007 financial year. As a result of a pit wall slip last financial year and the subsequent re-assessment by geotechnical consultants, pit design parameters and modifications to the excavation sequence affected the ore grade available for the first and second quarters of 2007. Gold grades recovered in the third and fourth quarters as high grade ore deferred from the first and second quarters was processed in the third and fourth quarter of 2007.

UME's mining revenues and expenses are in general, not seasonal in nature. Nevertheless, San Gregorio can occasionally be adversely affected by inclement weather particularly during the July to September winter period.

Table 8 2007 Quarterly production

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2007
	Aug 2006	Nov 2006	Feb 2007	May 2007	
Ore processed (tonnes)	315,309	322,214	331,058	344,417	1,312,999
Grade processed (g/t Au)	2.09	2.09	2.79	2.81	2.45
Recovery	90.6%	92.6%	94.1%	94.2%	93.1%
Gold produced (ounces)	19,175	20,059	27,921	29,265	96,420

Table 9 Quarterly Results for 2007

(in thousands of US\$ except where otherwise noted)

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	Aug 2006	Nov 2006	Feb 2007	May 2007	
Gold sold (ounces)	20,809	20,416	24,731	31,550	97,506
Average sales price (\$/ounce)	568	565	638	658	610
Cash operating cost (\$/ounce)	332	345	253	273	294
Operating revenues	12,177	12,433	16,606	21,840	63,056
Net profit interest	-	-	-	-	-
Operating expenses	(6,749)	(7,676)	(7,374)	(9,738)	(31,537)
Operating profit	5,428	4,757	9,232	12,102	31,519
Administration expenses	(1,187)	(1,282)	(1,507)	(1,346)	(5,322)
Amortization and depletion	(2,015)	(1,909)	(2,331)	(2,497)	(8,752)
Interest and financing costs	(88)	(82)	(79)	(65)	(314)
Other	1,275	1,121	75	(1,998)	473
Income taxes	(846)	(854)	(1,491)	141	(3,050)
Net income for the period	2,567	1,751	3,899	6,337	14,554
Basic earnings per share	0.054	0.036	0.080	0.13	0.30
Cash flow from (used in) operations	3,225	3,672	4,840	13,621	25,358
Cash from financing activities	1,119	(1,532)	365	(837)	(885)
Cash invested	(4,730)	(4,883)	(3,211)	(6,602)	(19,426)
Cash on hand	8,545	5,802	7,796	13,978	13,978
Total Assets	62,651	62,725	66,177	74,941	74,941
Shareholders Equity	48,639	50,627	54,306	60,868	60,868

Table 10 2006 Quarterly production

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2006
	Aug 2005	Nov 2005	Feb 2006	May 2006	
Ore processed (tonnes)	312,016	312,881	313,967	327,665	1,266,529
Grade processed (g/t Au)	2.63	2.71	2.68	2.51	2.65
Recovery	95.3%	93.2%	93.9%	92.46%	93.7%
Gold produced (ounces)	25,163	25,323	25,451	25,350	101,287

Table 11 Quarterly Results for 2006

(in thousands of US\$ except where otherwise noted)

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	Aug 2005	Nov 2005	Feb 2006	May 2006	
Gold sold (ounces)	26,049	23,832	23,230	27,284	100,395
Average sales price (\$/ounce)	432	456	510	543	486
Cash operating cost (\$/ounce)	212	182	203	243	210
Operating revenues	11,721	11,326	12,167	15,992	51,206
Net profit interest	(306)	(329)	-	-	(635)
Operating expenses	(5,760)	(4,970)	(5,289)	(5,995)	(22,014)
Operating profit	5,655	6,027	6,878	9,997	28,557
Administration expenses	(592)	(813)	(881)	(2,650)	(4,936)
Amortization and depletion	(1,749)	(2,567)	(2,181)	(2,245)	(8,742)
Interest and financing costs	(93)	(81)	(137)	(28)	(339)
Other	(183)	(485)	(932)	286	(1,314)
Income Taxes	(798)	(137)	(425)	(1,283)	(2,643)
Net income (loss) for the period	2,240	1,944	2,322	4,077	10,583
Basic earnings (loss) per share	0.048	0.042	0.050	0.090	0.230
Cash flow from (used in) operations	4,548	2,794	3,599	7,445	18,386
Cash from financing activities	224	36	168	1,502	1,930
Cash invested	(2,835)	(3,925)	(6,520)	(3,606)	(16,886)
Cash on hand	7,382	6,287	3,590	8,931	8,931
Total Assets	46,635	51,918	51,963	60,008	60,008
Shareholders Equity	33,728	36,236	40,048	45,239	45,239

10. RISKS AND UNCERTAINTIES

UME's net earnings in the near-term are affected principally by its mining operations and, in the longer term, will be affected primarily by the success or failure of its exploration and development activities. The Board recognizes that the exploration and development of natural resources is a speculative activity that involves a large numbers of uncertainties, and a degree of financial risk. Accordingly the Board considers the risks to which the Corporation is exposed as part of its regular operations, and keeps these under review.

The principal risks are considered to be those set out below.

Sensitivity to commodity prices and foreign exchange rates

UME's revenues, net earnings and cash flow from operations are affected materially by changes in the price of gold. Gold has historically been subject to large price fluctuations, and is affected by factors which are unpredictable, including international economic and political conditions, speculative activities, the relative exchange rate of the US dollar with other currencies, inflation, global and regional levels of supply and demand and the gold inventory levels maintained by producers and others.

UME's gold sales are priced in US dollars while its operating costs are predominantly incurred in US dollars, Canadian dollars and Uruguayan pesos. UME has financial exposure to foreign exchange fluctuations in the Uruguayan peso and the Canadian dollar relative to the US dollar.

Key Personnel Risks

Recruiting and retaining qualified personnel is critical to UME's success. The number of skilled mining and exploration professionals in Uruguay is limited and competition for such persons is intense in the global mining industry. As the UME's business activity continues to grow, it will be required to hire additional personnel and retain the services of key personnel. Although UME believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Exploration, Mining and Operational Risks

UME's longer term strategy depends to a certain extent on its ability to find commercial quantities of minerals within Uruguay, and to obtain and retain appropriate access to these minerals. The Board cannot guarantee that it will be able to identify appropriate properties, or negotiate acquisitions, on favourable terms.

UME currently has one producing asset, the Minas de Corrales gold project. As more of its projects mature, the Board expects that more projects will develop into producing assets. In common with all mining operations, there is uncertainty, and therefore risk, associated with operating parameters and costs. Whilst costs can be budgeted with a reasonable degree of confidence, operating parameters can be difficult to predict and are often affected by factors outside the Group's control. In addition, other risks, including cuts in electricity supply, fuel supply shortages, industrial accidents, technical failures, labour disputes and environmental hazards are also beyond the Group's control.

The nature of resource and reserve quantification studies means that there can be no guarantee that estimates of quantities and grades of minerals will be available to extract. The resources and reserves stated have been quantified according to the Australasian Institute of Mining and Metallurgy Code of Mineral Resource Estimation, which is the basis of reporting used by the Australian Stock Exchange.

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate or adequately mitigate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. There is no assurance that commercial quantities of ore will be discovered on any of UME's exploration properties. There is no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. In addition, assuming discovery of a commercial ore-body, depending on the

type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced

The Arroyo (Stream) Corrales is being diverted to allow expansion of the Arenal Pit. There is a risk of water ingress into the pit as a result of this diversion. Geotechnical studies and detailed field investigation during diversion construction has identified no permeable structures that could permit significant water flow between the river diversion and the Arenal pit. Together with the 100m spacing between the river diversion and the designed ultimate pit crest of Arenal, the probability of significant water inflow into the open pit is considered to be low. This will continue to be monitored and dealt with on an operational level via standard industry counter measures should any unforeseen inflow occur.

The flood protection dykes are built to a 1 in 1,000 year rainfall criteria and need to protect the Arenal open pit operations for 3 years. Whilst statistically this design criteria is considered to be adequate, there can be no guarantee that a 1 in 1,000 year flood event does not occur within the next three years. Obviously the operational impact of such a rainfall event is dependent upon its size, but historically large flooding events are of short duration with water levels peaking after much warning. Such events do not pose a significant risk to personnel or equipment, however contingency plans for pit recovery through pumping are to be evaluated.

The Company's business activities are also affected to varying degrees by government regulations respecting, among other things, tax, royalties, utilities service supply, mining legislation and environmental legislation changes.

Title Risks

All prospecting, exploration and mining licenses and titles in Uruguay are granted by the Government of Uruguay for finite periods of time. The Government is bound by strict rules of priority of application, and security of title once granted. However Uruguay is a sovereign state, and there can be no guarantee that the State will continue to grant or respect mining titles, and that the titles of the properties will not be challenged or negated for political or legal reasons.

Individual titles expire from time to time and UME manages the process of retaining its rights by re-application or conversion to other forms of title relevant to each stage of development. The process of re-application involves some risk however, as released titles must fall open before they can be re-applied for.

Political and Economic Risks

Political conditions in Uruguay stable. Changes may however occur in Uruguay's political, fiscal and legal system that might affect the ownership or operation of the Group's interests, including inter alia, changes in exchange control regulations, expropriation of mining rights, changes of government and in legislative and regulatory regimes.

11. FINANCIAL INSTRUMENTS

UME does not enter into financial instruments for trading or speculative purposes. The levels of derivatives contracts the Company have entered into in the past had been consistent with forecast production.

In December 2004 the Company entered into a matched collar for 50,000 ounces with a strike price for the put of \$ 400/oz and a strike price for the call of \$ 436/oz. This contract required deliveries of 2,500 ounces per month.

In October 2005 the Company entered into a matched collar for 10,000 ounces with a strike price for the put of \$ 436 per ounce and a strike price of the call of \$ 486.50 per ounce. This contract requires deliveries of 2,500 ounces per month with deliveries commencing in July 2006.

No outstanding hedge commitments existed at 31 May 2007.

12. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Table 12: Payments due by period

	Total	Less than 1 Year	1-2 Years	2-3 years	3-4 years	4-6 Years
Convertible notes & payment (a)	3,150	1,050	2,100			
Finance Lease	400	187	187	26		
Asset Retirement obligations	2,036		70	137	234	1,595
Total	5,586	1,237	2,357	163	234	1,595

On March 23, 2007, in accordance with an agreement with Delcosur the Company issued 20,000 non-transferable warrants to purchase common shares of the Company. The Company is required to spend \$ 1,050 on exploration over three years to exercise its option to acquire 100% of Delcosur tenements. Upon exercise of the option by the company Delcosur will be entitled to receive a net smelter return royalty of 1% from any gold production from the properties acquired from Delcosur. (See note 10 (d) and 6 (b) of the Financial Statements).

On May 22, 2007 the Company executed with ABN AMRO NV Sucursal Montevideo a guarantee letter by which a line of credit of \$ 2,500 was granted to the Company to be used for trade facilities, leasing, issuance of guarantees and general purposes. As of May 31 2007, \$ 400 was drawn for vehicle leasing, \$600 was used for the issuance of guarantees for exploration permits and \$ 230 was used for letter of credit facilities. (See note 12 (a)) of the Financial Statements)

Uruguayan mining and environmental legislation requires environmental obligations to be supported by guarantees. As a result, a rehabilitation guarantee letter of credit of \$ 1,500 has been provided by Macquarie Bank.

During the year the Company signed an agreement with Southern Era Diamonds Inc. to purchase its Uruguay diamond exploration database. Under the terms of the agreement Southern Era was paid \$ 20 and an additional 0.8% royalty on any net diamond sales from any diamond deposit discovered by the Company in Uruguay. A further 0.2% royalty will be paid to a third party, who has an interest in the database (See note 6 (c) i of the Financial Statements)

13. RELATED PARTY TRANSACTION

The Company has paid and accrued Directors fees of \$ 161 during the year and \$ 42 during the fourth quarter. These transactions are measured and recorded at the amount of consideration established

and agreed by the related parties based in their estimate of fair market value. Total comparative related party transactions were \$ 64 for the 2006 financial year.

14. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may vary from related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Economic lives of mining assets and recoverable value: The economic lives of the Company's mining operation and development assets is based upon the individual mine's mineral reserves. The Company's resources and reserves are calculated in accordance with mining standards and in compliance with NI 43-101 requirements, and the Company reviews and re-evaluates the estimated future discounted net cash flows of its mines and development properties on a regular basis, to ensure that they exceed the carrying value for each property. These calculations rely on estimated reserves and/or resources, estimated future commodity price and production cost.

Inventory: the value assigned to ore stockpiles, in process inventories and finished metal inventories are based on estimated volumes and grades. Volume and grade estimates are made relying on assays and other sampling tests;

Asset retirement obligation: the fair value of the liability is determined based on the net present value of estimated future costs done by management based on feasibility and engineering studies on a site by site basis. The discounted value of these asset retirement obligations as at May 31 2007 was \$ 2,036 and is included in the mine closure and site restoration liability. The \$ 458K unamortized balance of asset retirement costs as at May 31, 2007 is included in property, plant and equipment. While care was taken to estimate the asset retirement obligations, these amounts are estimates of expenditures that are not due until future years;

Share based compensation: The Company has chosen to use the fair value method to account for stock-based employee compensation plans. The calculation of this benefit relies on estimates of the anticipated life of the option and the volatility of the company's share price.

Net future income tax assets and liabilities: Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences may impact the carrying amount of future income taxes. As at May 31, 2007, UME's had unrecognized tax losses of \$ 1,009 in Uruguay and, \$ 500 in Canada. Actual fiscal losses deferred tax effect has been recognized by the Company and no unrecognized tax benefits are left as a consequence of the use of the previous fiscal losses.

Deferred stripping costs: The Company defers stripping cost incurred over the estimated average strip ratio for each mine life. This policy is applied when the Company is able to estimate a mine plan for the pit to determine future strip ratio fluctuations and average strip ratio for the mine life.

Exploration and evaluation expenditure: The recoverability of amounts shown for capitalized exploration and evaluation expenditure is dependant upon the discovery of economically recoverable reserves. At May 31, 2007, UME wrote down the carrying value of exploration assets of \$2,129 as a

result of limited investment planned in the near future for Don Feliciano base metals projects and general regional exploration expenditure.

15. CHANGES IN CANADIAN ACCOUNTING RECOMMENDATIONS

Financial Instruments, Comprehensive Income and Hedges

In January 2005, the CICA issued Handbook Sections 3855, "Financial Instruments – Recognition and Measurement", 1530, "Comprehensive Income", and 3865, "Hedges". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis.

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method;
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 "Hedging Relationships", and the hedging guidance in Section 1650 "Foreign Currency Translation" by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Deferred Stripping

The new recommendations of the Canadian Institute of Chartered Accountants with respect to stripping charges, EIC 160 Stripping Costs Incurred in the Production Phase of a Mining Operation ("EIC 160") require the costs associated with the removal of overburden and other mine waste materials that are incurred in the production phase of mining operations to be charged to income in the period in which they are incurred, except when the costs represent a betterment to the mineral property. Costs represent a betterment when the stripping activity provides access to reserves that would not have been accessible in the absence of the stripping activity. When costs are deferred in relation to a betterment, the costs are amortized over the reserves accessed by the stripping activity using the units of production method.

Effective June 1, 2007, the Company will adopt these new standards and recommendations and is currently assessing the impact of these new standards and recommendations on its consolidated financial statements.

Accounting Changes

CICA Handbook Section 1506: Accounting Changes ("CICA 1506") effective for fiscal years beginning on or after January 1, 2007 establishes standards and new disclosure requirements for the reporting of changes in accounting policies and estimates and the reporting of error corrections. CICA 1506 clarifies that a change in accounting policy can be made only if it is a requirement under Canadian GAAP or if it provides reliable and more relevant financial statement information. Voluntary changes in accounting policies require retrospective application of prior period financial statements, unless the retrospective effects of the changes are impracticable to determine, in which case the retrospective application may be limited to the assets and liabilities of the earliest period practicable, with a corresponding adjustment made to opening retained earnings.

16. DISCLOSURE CONTROLS AND PROCEDURES PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company's system of disclosure controls and procedures includes, but is not limited to, our Continuous Disclosure Policy Procedure, our Code of Business Conduct and Ethics, our Insider Trading Policy and Share Trading Code and Price Sensitive Information Policy, our Whistleblower Policy, Release of Public Information Policy and the effective functioning of the Audit Committee and Board of Directors.

As at the end of the period covered by this management's discussion and analysis, management of the Corporation, with the participation of the President and CEO and the CFO, does not expect that the Corporation's Disclosure Controls will prevent or detect all error and all fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud and error, if any, within the Corporation have been detected.

As at the end of the period covered by this management's discussion and analysis, management of the Corporation, with the participation of the CEO and the CFO, evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and CEO and the CFO have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation, including the President and CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

Internal Controls over Financial Reporting

Multilateral Instrument 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting (“ICFR”), as defined therein, for the Corporation, that the ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP, and that the Corporation has disclosed any changes in its ICFR during its most recent interim period that has materially affected, or is reasonably likely to materially affect its financial reporting.

As discussed above, the inherent limitations in all controls systems are such that they can provide only reasonable, not absolute, assurance that all controls issues and instances of fraud or error, if any, within the Corporation have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

During the period covered by this management, discussion and analysis, the Corporation’s senior management, including CEO and CFO, evaluated the existence and design of the Corporation’s ICFR and confirm there were no changes to the ICFR that have occurred during the financial year ended May 31st, 2007 which materially affected, or are reasonably likely to materially affect, the Corporation’s ICFR.

17. NON GAAP MEASURES

Cash flow from operations, contribution margin and cash cost per ounce are not measures that have any standardized meaning prescribed by Canadian GAAP and are considered non GAAP measures. Therefore these measures may not be comparable to similar measures presented by other issuers. These measures have been presented in this MD&A as additional information regarding the Company’s financial performance and financial position.

Cash flow from operations is calculated by adding back non-cash items to earnings. Contribution margin has been calculated by deducting operating expenses from sales. Operating expenses include movements in inventories but exclude operating Amortization and depletion.

Cash cost per ounce are determined according to the Gold Institute Standard and consist of site costs for all mining, processing, administration, royalties, refining charges, silver credits and inventory adjustments relating to metal production. Capital expenditure, depletion and amortisation, corporate costs and financing costs are not included. Cash costs are total cash costs divided by gold ounces produced. This calculation is detailed below.

Table 13 Cash cost per ounce calculation

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year
	Aug 2006	Nov 2006	Feb 2007	May 2007	May 2007
Operating expenses (000)	6,749	7,676	7,374	9,738	31,537
Other (000)	(383)	(756)	(303)	(1,748)	(3,190)
Total cash costs (000)	6,366	6,920	7,071	7,990	28,347
Gold production in ounces	19,175	20,059	27,921	29,265	96,420
Total cash costs per ounce	332	345	253	273	294

Forward Looking Statements

Certain information contained in this Management Discussion and Analysis constitutes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and forward looking information under applicable Canadian Securities Legislation. Such forward-looking statements or information, included but not limited to those with respect to prices for gold, estimated future production, estimated costs of production, the Company’s hedging policy involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or information. Important factors that could cause actual results to differ materially from those in the forward looking statements contained herein include among others, gold price, weather, exploration results, development and mining activities, geotechnical assumptions, environmental approvals and the availability of technical personnel.

DIRECTORS' PROFILE

Tony Shearer (aged 58, Non-Executive Chairman, appointed February 2002; A, CG, R)

Tony spent over 20 years with Deloitte Haskins & Sells, chartered accountants, in London, Johannesburg, and Edinburgh, qualifying as a chartered accountant in 1971 and becoming a partner in 1980. In 1988 Tony joined M&G Group (the leading UK listed mutual funds group) as their Finance Director and became Chief Operating Officer. He has worked within the City of London since then, as Chief Executive of Singer & Friedlander Group PLC, Deputy Chief Executive of Old Mutual International, and Chief Executive of two other financial services companies. Currently Tony is a director of Wogen Group plc, and Chairman of Jerrold Holdings Limited and a number of other companies.

David Fowler (aged 40, Chief Executive Officer, appointed to Board October 2005).

David joined UME in 2004 as Chief Financial Officer. He became Finance Director in October 2005 and was appointed Chief Executive Officer in June 2006. David is a Chartered Accountant and has a Graduate Diploma in Finance and Investment. He has over 15 years of experience in the mining industry in South America, Australia, and Asia. He was previously Chief Financial officer of Western Metals Limited.

William Lindqvist (aged 65, Non Executive Director Appointed October 2005; CG,R, R&R)

Bill is an Independent Consulting Geologist, with 30 years of international experience in exploration. He was previously Vice President Exploration for Home Stake Mining Company and Executive General Manager for Newcrest Mining Ltd. Bill has a PHD in applied Geology from the Royal London School of Mines and is a member of Aus IMM, SEG and AIME. Bill is currently a Director of Plutonic Power Corporation and Solomon Resources Limited.

John Morris (aged 63, Non-Executive Director, appointed May 2002; A, CG, R)

John has over 30 years experience in exploration, mining and the management of public companies. John has held various directorships with Australian public companies, including the Forsyth Group of companies, which he grew to be the seventh largest gold producer in Australia, and Ramsgate Resources NL, which developed the Mount Monger Gold Project. He is a Director of Chaco Resources PLC.

Julio Porteiro (aged 67, Non- Executive Director, appointed July 2006, A, CG, R)

Julio is the main partner of the Uruguay consulting firm Julio C Porteiro & Associates a consulting firm specializing in the formulation and evaluation of investment projects and company and human resource development in Uruguay. He was the President of Nuevo Banco Comercial S.A. the largest private bank in Uruguay until July 2006, leading its restructure and sale to international investors in June 2006. He has also served as President of the Association of Certified Public Accountants, Economists and Managers of Uruguay and was reappointed in November 2005 for a three year period as a member of the Development Nations Committee of the International Federation of Accountants.

* = Member of the following Committees of the Board: A = Audit Committee, CG = Corporate Governance Committee, R = Remuneration Committee, R&R = Reserves and Resources Committee