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 SYMBOLS: UME (TSXV), UGY (AIM)

NEWS RELEASE

URUGUAY MINERAL EXPLORATION INC ANNOUNCES RESULTS FOR THE QUARTER AND NINE MONTHS ENDED FEBRUARY 28, 2007

Summary of Results

- **Gold production** was 27,921 ounces for the third quarter, bringing year to date production to 67,155 ounces - consistent with the Company's reforecast objective of 95,000 ounces for the full year.
- **Cash costs** were \$US 253 per ounce for the quarter and \$US 303 for the nine months to February 28, compared with \$US 203 and \$US 199 for the corresponding quarter and nine month period of the previous financial year. Cost performance for the third quarter was consistent with previous quarters with the higher production volumes reducing the unit cost per ounce.
- **Net profit after tax** for the third quarter was \$ 3,899,000 or \$ 0.080 basic earnings per share, with net profit for the 9 months to February 28, 2007 of \$ 8,217,000 or \$0 .17 basic earnings per share.
- **Cash flow from operations** before non-cash working capital movements was \$ 5,641,000 for the third quarter and \$ 12,821,000 for the year to date.
- The **higher average realized gold price** for the third quarter of \$ 638 per ounce resulted in increased sales of \$ 16,606,000 when compared with the corresponding quarter of the previous financial year, when sales of \$ 12,167,000 were recorded at an average sales price of \$ 510 per ounce.
- The **interim dividend** of C\$ 2.0 cents per share announced with the results for the second quarter on 11th January 2007 will be paid to shareholders on 12 April 2007.

Tony Shearer, Chairman commented: "The strong production results during the quarter demonstrate that the Company is making up the shortfall from the first half and is on track to produce 95,000 ounces for the year. Unit operating costs have fallen in line with these higher production volumes. Financial performance has also improved with the average sales price of gold benefiting from no hedge deliveries. Approvals to divert the Arroyo Corrales provide increased certainty for the company in achieving its near term objectives and underwrites the cashflows necessary to grow the company in the coming years. Our Board visit to Uruguay during February confirmed that the management team changes are starting to make an impact with increased exploration and development activity, and better focus on delivering resource growth."

		3 Months to		9 Months to	
		Feb 2007	Feb 2006	Feb 2007	Feb 2006
Operating Review					
Gold produced	<i>Ounces</i>	27,921	25,451	67,155	75,937
Average cash cost	<i>US\$/oz</i>	253	203	303	199
Average price received	<i>US\$/oz</i>	638	510	593	465
Financial Review					
Revenue	<i>US\$ '000s</i>	16,606	12,167	41,216	35,214
Net income (loss) for the period	<i>US\$ '000s</i>	3,899	2,322	8,217	6,506
Cash flow from operations*	<i>US\$ '000s</i>	4,840	3,599	11,737	10,913
Basic earnings per share	<i>US\$</i>	0.08	0.05	0.17	0.14
Cash at the end of the period	<i>US\$ '000s</i>	7,796	3,590	7,796	3,590
Total debt at the end of period	<i>US\$ '000s</i>	2,425	4,008	2,425	4,008

* before non-cash working capital movements

Summary of Significant Events

Diversion of the Arroyo Corrales

The Company has been granted the environmental and regulatory approvals necessary to divert the Arroyo Corrales. Construction work began in March and is expected to take four months to complete. Where possible the Company will use its own equipment fleet to assist in construction to provide greater certainty on timing. The level of rain during construction and water flow in the Arroyo may affect the ultimate completion date and contingencies are being developed for such delays.

New appointments

The appointment of Devin Den Boer as the Exploration Manager for the Isla Cristalina Belt during the quarter completes the senior management positions in exploration. Devin and Alex Raab, who was appointed as the Exploration Manager for the Dom Feliciano and Florida Belts in the previous quarter, report to George Schroer, VP Exploration. Ernesto Lamilla, an experienced mining engineer, was also appointed as Technical Services Manager during the quarter.

Increasing Gold Resources

Exploration drilling at the San Gregorio mine during the quarter was focused on resource definition of the Veta A and Veta Sur deposits. A relatively small section of these vein deposits has provided an inferred resource of 28,700 ounces as of the last resource statement. Detailed definition drilling continues to replace the ounces that have been mined from the resource. Exploration in the coming quarter will focus on more significant strike and down dip extensions of these deposits to build a larger resource. Exploration drilling will also test known parallel veins.

The Argentinita/Zapuchay district continues to be developed. Work during the quarter focused on completing drilling for resource and reserve estimation and on mapping and sampling further along strike. New zones of mineralization have been identified along strike further north and east of Argentinita at Lilo and Tito Perez respectively. Rock chip samples have returned values of up to 29 g/t Au in oxidized quartz vein material. These deposits are potentially all part of the same shear zone, and further mapping during the quarter will be followed up with drilling to build resources.

The re-evaluation of the structural setting in the western portion of the Isla Cristalina and a ground magnetic survey over the same area is identifying a priority corridor for exploration between San Gregorio and Argentinita. Sampling and initial mapping at Papagayo, a prospect approximately 5 km west of Argentinita, has identified mineralization associated with a shallow thrust fault and quartz veins. During the coming quarter more detailed mapping of the district will be performed by the Company's structural geologist to develop a conceptual model for the emplacement of mineralization within the district.

Exploration programmes in the Florida and Dom Feliciano Belts were launched during the quarter. Mapping and sampling at Presidente Terra has confirmed the existence of a 7 km mineralized contact shear between meta sediments and granite rock. New areas of gold mineralization and veining have also been discovered. Mapping and sampling at the Crucera project are confirming extensions to mineralized structures and are identifying new veins. Drilling on this target is planned for the coming quarter.

Acquisitions

The Company has entered into a farm-in and data acquisition agreement with DelcoSur S.A. for exploration properties within the Florida Greenstone 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 Greenstone belt. This package allows the Company to accelerate exploration work within the Florida Greenstone Belt and to invest its future exploration expenditure more effectively.

Initial work on the properties acquired will be focused on the Nueva Helvecia property, which is located in the central portion of the Florida Belt. Historic drilling conducted in 1997 by REA Gold Corp at the Campo Rovaina prospect intercepted 10 metres grading 3.2 g/t Au (including 4.85 g/t Au over 5 metres) at a vertical depth of 40 metres. A test trench was excavated by DelcoSur across the surface projection of the drill intercept. Channel samples from the trench averaged 3.28 g/t Au using a one-gram cut off over a width of 12.8 metres. This mineralization coincides with a gold soil anomaly approximately 500 metres long and between 50 to 200 metres wide. The central portion of this gold soil anomaly coincides with a 300-metre long arsenic soil anomaly.

Non-gold exploration

At Lascano, a drill programme is underway to test the magnetic susceptibility and density of the rock units at various points in the most prominent circular feature of the anomaly. Two drill holes, one on the rim and a second in the centre have been completed. A third drill hole on the rim is in progress and is currently at approximately 700 metres. Drilling is relatively slow given the depth of the holes (up to 1,000 metres), the alluvial coverage over the basement rock (50-100 metres), the fact that the drilling is in low-lying, wet areas and that far more rain has fallen recently than is usual.

Dominant rock types encountered to date are diorite to gabbro, quartz feldspar porphyry, and basalt lava flows. In the first hole the more interesting rocks encountered were gabbros to diorites with lenses of granophyre. The rocks in this hole were not altered except for near surface oxidation. The second hole showed evidence of iron oxide metasomatism and locally weak (trace) pyrite and chalcopyrite mineralization. This is both interesting and encouraging. Minor clay alteration is associated with this mineralization. Sampling of selective intervals has been carried out for trace element chemistry and petrographic work as well as geophysical characteristics. This work will allow the Company to continue to develop its conceptual model of the geological setting for the anomaly. At present, the Company is working on two possible geologic models as being the cause of the anomalies. One is that large intrusive bodies have entered the surrounding country rock causing the circular pattern. The second is a volcanic caldera. Significant mineral deposits can be associated with these two model types.

The third drill hole will be completed at the end of April with the remaining three holes expected to be completed over the next three months. Drilling progress will, however, be dependent on the weather. Assaying, petrographic work and geophysical property analysis will then follow and take another month to complete. While analysis is ongoing, the Company expects to define a model, select targets to test for mineralized bodies and decide how to progress this significant and unique project in the second half of the calendar year.

During the quarter, work continued on the diamond project. Kimberlite indicator minerals, including pyrope garnets and chrome spinels have been obtained from follow-up stream sampling for diamonds in the Rivera area during the quarter. This sampling programme, the interpretation of aeromagnetic and gravity surveys, prospecting and air-photo studies have identified a number of priority areas for further work. A detailed ground magnetic survey was performed at one of the priority areas during the quarter and has confirmed magnetic geophysical anomalies consistent with geomorphic features and positive soil and stream sediment indicator minerals. Other priority areas will be followed up and an initial drilling phase is planned for the coming quarter.

During the quarter 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 the diamond exploration in Uruguay, supporting its plan to continue to build value in the project, prior to a farm out or initial public offering.

Chairman's Statement

Financial Performance

Our quarterly results to 28 February 2007 show increased profitability resulting from improved production volumes and higher average sales prices. Our quarterly production of 27,921 ounces has put us on track to achieve the full year reforecast of 95,000 ounces. All sales in the current quarter were delivered at spot following the completion of hedge obligations in the previous quarter.

Operating cash costs have fallen from \$US 345 per ounce for the second quarter to \$US 253 for the third quarter, taking the year to date average to \$US 303. This reduction has been a function of higher production levels with similar costs. Operating costs per tonne of material for the quarter are consistent with the first half of the financial year.

Reconciliation of cash costs between comparable periods in the 2007 and 2006 financial years		
\$US/Ounce		
	9 Months to 28 February	6 Months to 31 November
Cash cost per ounce 2006 financial year	\$ 199	\$ 197
Change in strip ratio	20	20
Other cost increases	49	47
Cash cost before impact of lower production	268	264
Reduced production from lower grade	35	76
Cash cost per ounce 2007 financial year	\$ 303	\$ 340

During the quarter we generated cash from operations and financing of \$ 5,205,000 and re-invested \$3,211,000 of this back into our operations giving a net cash generation for the quarter of \$ 1,994,000. Comparatives for the nine month period are shown in the table below. During the current financial year \$ 1,495,000 has been paid in dividends.

Cashflow Summary		
\$US 000		
	3 Months to 28 February	9 Months to 28 February
Operating cashflows	\$ 4,840	\$ 11,737
Funds received from equity and debt issues	365	1,447
Invested in property plant and equipment	5,205 (1,252)	13,184 (7,628)
Invested in exploration	(1,959)	(5,196)
Cash returned to shareholders as dividends	1,994 -	\$360 (1,495)
Net cash generated/(used)	\$ 1,994	\$ (1,135)

Our Strategy

The Company's primary objective is to create shareholder value through growing gold production to become a mid-tier gold producer over five years. The Company is focused on the key challenge of increasing gold reserves through successful exploration and alternative mining and processing methods.

Accordingly, we have put in place plans to farm out or divest our base metals and diamond prospects going forward.

Production

During the quarter the Company reached a key milestone with the granting of permits to commence the diversion of the Arroyo Corrales. This milestone provides us with increased certainty on our three year mine plans and confirms that we will continue to generate the cashflow from operations necessary to fund our exploration investments. We have started work on the diversion, and expect to complete it in July 2007.

Senior management team

The Company has taken the initial steps in delivering on its growth intentions by recruiting the necessary members of the exploration and development team. Where possible we have also sought to acquire additional information and projects that can accelerate the achievement of these objectives. We have focused over 80 per cent of our exploration effort on known gold projects that have anomalous gold, and we are approaching a phase, over the next 12 months, when many of these projects will be drill tested.

Exploration to extend resources

We have divided our gold exploration teams into two areas, each under the leadership of an experienced and enthusiastic geologist. They are focused on expanding our gold resources. Devin Den Boer is responsible for the Isla Cristalina belt, and he has sub-divided it into three areas: the near mine area around the San Gregoria mine; the Zapucay/Argentinita area about 40 kilometres from the mine; and the eastern end of the belt. Near mine exploration has been refocused on targeting resource expansion from the extensive known gold system we are currently mining. The Zapucay/Argentinita system is in its early stages of evaluation with historical production of 30,000 ounces, new resources of 95,000 ounces (effective 1 November 2006) and an active exploration programme defining new mineralised areas along strike. The eastern end of the belt has received very little attention until a few months ago. There are many reasons to be encouraged with positive results from stream and rock chip samples. No drilling has been done to date but it will follow when the targets are better defined. We now have one team focused on each of these areas.

The second area is the Florida and Dom Feliciano mobile belts that lie respectively to the south and the east of Uruguay. Alex Raab has responsibility for these areas. He has a number of teams working on various projects with known extensive gold mineralisation such as Presidente Terra and Casupa. While these projects represent the immediate priority in our objective to define a resource, new targets are generated, reviewed and prioritised at the same time. Our decision to farm-in to projects owned by DelcoSur (as announced on 22nd March) and to acquire additional information will accelerate our plans and better target our exploration effort in an important part of the Florida belt.

The Board visited Uruguay in February, to understand better the progress on operations, exploration and development. This visit demonstrated that we are making the transition from a consolidation phase, in which our focus was on putting the appropriate people, resources and systems in place, to a development phase, characterised by more intensive and more clearly focused field exploration activity.

With better-qualified technical direction and processes in place, field exploration is also now more systematic. All projects are mapped, sampled and trenched, at reasonable densities, so as to define targets better. During the quarter, over 75% of our exploration efforts focused on these activities and, as a result, we have defined new areas of mineralisation at Argentinita/Zapuchay and Presidente Terra. Management has also sought input from external specialists for structure and geophysics and is

improving the quality of the exploration process. These initiatives are starting to result in better definition of drill targets, enabling the Board to conclude that the Company's chances of exploration success in future drill programmes has been greatly enhanced.

While the recent exploration focus has been, and will continue to be, on adding incremental ore to reserves and resources, it is clear that we now have the cash and people to continue with generative grassroots programmes at the same time. We are following up historical bleg and other anomalies in the eastern and central northern parts of the Isla Cristalina belt and in the Casupa district in the Florida belt. Indications are that all these areas have the potential to host significant gold deposits.

Other sections of the Company's Management Discussion and Analysis for the period explain our work in more detail.

Resources and reserves

Our intention is to publish annually in August, in conjunction with the full year financial statements, an update of the reserves and resources, and in between to describe our activities, only updating the announced reserves and resources if the change is material. Accordingly, the next time we will be updating the published reserves and resources will be August 2007 in conjunction with the announcement of the financial results for the full year ending 31st May 2007.

Non-gold exploration

We are continuing to evaluate the best alternatives for realizing value from the Company's non-gold assets in Uruguay. Interest from international companies in the base metal and nickel properties is still being received and will be considered. A number of international companies are presently reviewing these projects and the Company is considering how best to take them forward.

Important advances have been made on diamond exploration during the quarter and we aim to drill test a number of targets in the coming quarters before re-assessing our divestment options. Our acquisition of the database from Southern Era (as announced on 19th March) should reduce our need for sampling in some areas and accelerate the programme. This should enable us to build value in the project faster than we would otherwise have done, prior to a farm-out or an Initial Public Offering.

Additional work will continue to be done on the Lascano project over the next six months and we will make an assessment of the best way to develop the project in the latter part of Calendar 2007.

Dividend

The interim dividend of C\$ 2.0 cents per share announced on 11th January 2007 will be paid on 12 April 2007 to shareholders registered on 22 March 2007. This will cost a total of C\$ 962,000 and compares with the dividend of C\$ 3.5 cents per share paid on 27 October 2006. It is the Board's intention to recommend to the Annual General Meeting that a final dividend be paid in October 2007.

Summary

The strong production results during the quarter demonstrate that the Company is making up the shortfall from the first half and is on track to produce 95,000 ounces for the year. In line with these higher production volumes, unit operating costs have fallen. Financial performance has also improved with the average sales price of gold benefiting from no hedge deliveries. The granting of approvals to divert the Arroyo Corrales provides increased certainty for the Company in achieving its near term objectives and underwrites the cashflows necessary to grow the Company in the coming years. Our Board visit to Uruguay during February confirmed that the management team changes are starting to make an impact with increased exploration and development activity and better focus on delivering resource growth.

Uruguay Mineral Exploration Inc.
Notes to Consolidated Interim Financial Statements
(Unaudited – prepared by management)
(Thousands of United States Dollars, except where indicated)

Tony Shearer
Chairman

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 Thursday 12th April 2007. The dial-in numbers are: +44 (0)20 7138 0825 / +1 416 915 1269 and participants should quote Uruguay Mineral Exploration. 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:3867642#. 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.

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