



Press Release  
August 13, 2008  
Symbols: TSXV: UME; AIM: UGY

## Uruguay Mineral Exploration Announces Results for Fiscal Year 2008

**Uruguay Mineral Exploration Inc. (“UME” or the “Company”)**, a South American gold production and exploration company, today reported results for the year ended May 31, 2008.

David Fowler, UME’s Chief Executive Officer, commented: “We have developed a four-year mine plan at San Gregorio which anticipates 240,000 ounces of production based on existing deposits. This establishes a clear base from which to build improvements through exploration, resource conversion, underground mining and process improvements. As a result of these activities, we are confident that actual production will exceed the current profile and the mine life will be extended.

“No dividend will be declared for the second half of the fiscal year,” Mr. Fowler continued. “We believe that, in the coming years, cash will best be directed at exploration and development activities and we therefore have made the decision to cease dividend payments.”

Tony Shearer, UME Chairman, said, “In the last few months, the hard work of our first class exploration team has begun to show real results:

- We are having success developing higher-grade ore near the mine, at Polvorín, Castrillón, Veta A and Arenal down plunge. As a result, we are confident that the mine life will be considerably longer than the current plan to produce a total of 240,000 ounces of gold over four years;
- The programme to the east of the San Gregorio/Arenal trend at Los Castillos, shows promising results, and leads us to believe that we have found the eastern extensions of an area that has already produced over 900,000 ounces;
- At Presidente Terra, anomalous mineralization has been encountered in the majority of the targets tested to date;
- Our drill results at Lascano are very encouraging; and
- Field work at Casupa/Crucera has identified promising targets and drilling will start as soon as permits are granted.”

Summary of Results <sup>1</sup>	Three-months ended May 31,		Fiscal Year ended May 31,		
	Q4 2008	Q4 2007	FY 2008	FY 2007	
<b>Operating Results</b>					
Gold produced	Ounces	20,713	29,265	90,668	96,420
Average cash cost	US\$/oz	540	273	413	294
Average price received	US\$/oz	926	658	814	610
<b>Financial Results</b>					
Revenue	\$US '000s	22,408	21,840	79,061	63,056
Net income for the period	\$US '000s	(3,737)	6,337	7,798	14,554
Cash flow from operations <sup>2</sup>	\$US '000s	11,804	11,356	33,067	24,177
Basic earnings (loss) per share	\$US	(0.08)	0.13	0.16	0.30
Cash at the end of the period	\$US '000s	18,601	13,978	18,601	13,978
Total debt at the end of the period	\$US '000s	2,300	3,385	2,300	3,385

<sup>1</sup> Results are based on Canadian GAAP and expressed in U.S. dollars.

<sup>2</sup> Before non-cash working capital movements.

**Operations**

Gold production for the full year was 90,668 ounces compared to our target of 95,000 ounces. This shortfall resulted from a 10-day industrial dispute in April 2008, when no production occurred, and lower than anticipated grade in the later part of the year. The 10-day work stoppage was disappointing, particularly because it occurred against a background of three years of constructive union negotiations. This action, by a minority of the workforce, followed the dismissal of an employee for a series of safety breaches. From UME's perspective, the right to take disciplinary action for repeated safety breaches is fundamental to ensuring a safe work environment. That right was ultimately upheld in tripartite negotiations convened by the Ministry of Labour.

Whilst gold prices increased significantly during this period, from \$US 659 at 1 June 2007 to \$US 886 at 31 May 2008, margins have suffered from a substantial increase in unit costs. For the fiscal year, cash costs were \$US 413 per ounce, above the forecast range of \$US 360 to \$US 380 per ounce expected at the beginning of the period. This was principally due to a 5,000 ounce shortfall in anticipated production for the fourth quarter, increases in energy and consumable costs, and the appreciation of the Uruguayan peso against the \$US. A reconciliation of the cash cost per ounce of \$US 413 for fiscal 2008 and the forecast of \$US 345 per ounce at the beginning of the financial year is shown below.

	<b>\$US per ounce produced</b>
Average cash costs forecast for the 2008 financial year	345
Difference due to lower production for the year (assuming 95,000 full year)	19
Cost changes	49
<b>Actual cash costs for the 12-month period ended May 31, 2008</b>	<b>413</b>

In 2008 we continued to work hard to focus on productivity, systems and training to minimize the impact of cost increases and we will continue to do so in 2009. Initiatives to increase silver recoveries and marginally increase process plant throughput are also expected to form part of our plans to mitigate cost increases beyond fiscal 2009.

**Financial Performance**

UME reported a net profit after tax for the financial year to May 31 2008 of \$US 7.8 million or \$US 0.22 basic earnings per share. We have elected to take a conservative position on the exploration portfolio and this result includes a write down of exploration expenditure of \$US 11.1 million, including all remaining historical expenditures on nickel, base metals and diamonds.

Operational cash flows were \$US 26.5 million in 2008. Of this amount, \$US 9.3 million was invested in property plant and equipment, and \$US 9.6 million in exploration throughout Uruguay. An additional \$US 2.7 million was returned to shareholders as dividends and a further \$US 0.4 million was used to repurchase shares. We ended the year with a net increase of \$US4.5 million in cash balances.

Cash on hand at year end totalled \$US 18.5 million, up from \$US14.0 million at the beginning of the year. In the first quarter of the current financial year we paid down \$US 2.1 million of convertible notes, totally eliminating debt.

We believe that in the coming years cash will best be directed at exploration and development activities and we have therefore taken the prudent decision to cease dividend payments and suspend the repurchase of the company's share buy back program.

## **SAN GREGORIO DEVELOPMENT**

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The San Gregorio operation has historically produced in excess of 900,000 ounces of gold. Our base case mine plan over the next four years shows a further 240,000 ounces will be produced, albeit at lower grades. As outlined last year, our challenge remains to develop additional resources and to look at alternative mining or processing methods to improve production levels and extend mine life.

During 2008 we completed studies, test work and benchmarking of processing alternatives. This analysis justifies a capital investment of \$US 25 million to upgrade the plant to a capacity of 1.9 million tonnes per annum if we can identify a further 2 million tonnes of ore at more than 2 g/t equivalent (about 130,000 ounces). This remains a real possibility as we continue to make progress in exploration. Heap leach test work has now commenced and the results of this testing will be incorporated into future mine development scenarios as appropriate.

The review of processing alternatives, in turn, identified two potentially beneficial enhancements to the current processing plant. The first is a \$US 2.5 million investment in an expanded elution circuit that, together with the addition of oxygen to the circuit, has the potential to increase gold recovery by half a percent and increase silver recovery from 40% to 80%. The second is a \$US 1 million investment to add a secondary crushing circuit stage to increase throughput by approximately 10%. Evaluation of these two opportunities is expected to be completed in the first half of the 2009 financial year and implementation would be in the second half, if justified.

Our current four-year mine plan of 240,000 recovered ounces over four years assumes a gold price of \$750 per ounce. Additional resources could convert to reserves at higher gold prices. By way of example, modeling during the year examined the potential of pit cutbacks to further extend the mine plan. This modeling demonstrated that at Arenal a pit cutback would produce additional reserves of over 2 million tonnes at approximately 1 g/t (about 62,500 ounces) at a gold price of \$800 per ounce.

Initial results of potential underground mining scenarios for Arenal lead us to believe that underground mining is likely to produce better returns than deepening existing pits. Deep drilling and mine planning will be completed at Arenal in the first half of 2009. In the Rieles area of San Gregorio we currently have a resource in excess of 2 million tonnes above 1 g/t that is not included in the mine plan. Additional drilling and resource modeling will be completed in this area as well as at the Ombú and Santa Teresa deposits during the 2009 fiscal year to try to convert additional resources to reserves through open pit or underground means.

The San Gregorio operation represents a significant asset in that incremental feed for the process plant could be sourced from anywhere within Uruguay, without having to invest the significant capital required by a new plant or the need to obtain more onerous environmental permits. Assuming a gold price of \$US700 per ounce, it is estimated that the cost of transporting ore at current fuel prices from remote sources is equivalent to 0.9 g/t for every 100 kilometres of haulage. This represents 2.9 g/t for a project such as Presidente Terra, 320 kilometres by road to the south. Transportation costs can be further reduced if those sources are metallurgically amenable to concentration prior to haulage.

## **GROWTH**

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Over the past two years our priority has been to achieve organic growth through exploration discovery. While this is always challenging, we believe that we have progressed and there are real opportunities for discovery and value creation in our existing exploration portfolio.

The area near the San Gregorio mine is structurally complex and highly anomalous for gold mineralisation. Our focus during 2007 and 2008 has been to better understand the structural setting and ore controls within the district and to use this knowledge, together with field mapping and sampling, to re-examine old targets and define new ones. This process has allowed us to successfully develop a structural model, and target and define modest new resources at Veta A, Veta Sur, Polvorin and Castrillón. It also is being used to define new bulk targets along strike to the east of Arenal in areas such as Los Castillos. Work will continue in these areas to define targets for drilling in the first half of fiscal 2009.

Our regional exploration program in the Isla Cristalina has defined drill targets at seven projects in the central, western and eastern parts of Isla Cristalina Belt that we plan to drill in the first half of the 2009 financial year. Additional areas are also in the pipeline to be developed as drill targets for the second half of the year.

Outside the Isla Cristalina Belt we spent most of 2007 defining targets and in 2008 we restarted our drill testing. The best results to date have been obtained at Presidente Terra with a number of good intercepts. Drilling programmes will continue and we are optimistic that we can convert this initial success into a resource by the end of fiscal 2009. Drilling is expected to recommence in the Casupa/Crucera district in the first half of fiscal 2009, where our objective will also be to define resources during 2009. The proximity of these two areas, approximately 100 kilometres apart, provides good potential for the combined development of a project in southern Uruguay.

The detailed geological work completed at Lascano during 2008 confirms that we have a relatively young intrusive – approximately 120 million years old, in a rift setting. This work, together with the alteration and mineralisation profile is suggestive of an IOCG or porphyry copper setting and provides significant encouragement as we start our second phase drilling. The initial three holes in this programme have encountered modest amounts of hydrothermal alteration and assays are pending.

We also completed field visits or desktop evaluations of 10 gold development projects outside Uruguay during 2008. The objective of these evaluations was and is to acquire projects which have the potential to add to our production profile. We also have seen a growth of project acquisition opportunities among the junior mining companies over the past six months, as market conditions have become less favourable.

## **EXPLORATION HIGHLIGHTS**

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Key exploration highlights for fiscal 2008:

- Deep drilling at Arenal has identified a zone of higher grade mineralisation down plunge of the existing ore body that has the potential to be mined as an underground operation.
- Higher grade resources defined at Castrillón, Polvorín and Veta Sur during the year. These deposits will provide mine feed for San Gregorio operation in the coming years.
- Generative work east of Arenal at Los Castillos has identified anomalous gold in rock chips associated with a potential continuation of the Arenal/San Gregorio thrust system.
- Exploration work at Presidente Terra and in the Casupa district is defining high potential exploration targets.
- Detailed geological work at Lascano completed during 2008 confirms potential for IOCG or porphyry copper system.
- The Company increased its investment in acquisition evaluation throughout the year with numerous projects in regional countries being visited. Efforts will continue to find value enhancing projects for our shareholders.

A total of \$US 9.6 million was invested in exploration during fiscal 2008 and included 63,721 meters of drilling. UME's aggressive exploration programme included over 40 projects evaluated and 20 of them drill tested over the last 12 months. The most important projects are summarised in the table below.

Project	Activities	2007 / 2008 Results	2008/2009	Permitting
<b>Isla Cristalina Near Mine</b>				
Arenal	5,155 meters drilled	Defining down dip/ plunge extension	4,325 meters of drilling	Granted
San Gregorio	5,794 meters drilled	Deep drilling encountered mineralization. Foot wall exploration with no significant results	2,400 meters of drilling	Granted
Santa Teresa	621 meters drilled	Veta exploration with no significant results	2,200 meters of drilling	Granted
Polvorin	5,665 meters drilled	Discovered and defined vein like mineralization	200 meters of drilling	Granted
Veta Sur	7,323 meters drilled	Defined resource	750 meters of drilling	Granted
Veta A	1,344 meters drilled	Exploration on extension with limited success	750 meters of drilling	Granted
Cross Hill	2,697 meters drilled	No significant results		
Nueva Australia	Surface sampling and mapping		3,300 meters of drilling	Granted
Los Castillos	Surface sampling and mapping	Discovery of a number of different targets	6,500 meters of drilling	H1 2009
<b>Isla Cristalina Central</b>				
Argentinita/Zapucay	10,004 meters drilled	Drilling defined remnant resources	3,000 meters of drilling	Granted
Lavadero, Torton, Papagayo, Laureles	9,790 meters drilled	No significant results	No drilling planned	Granted
Tito Lopez, Zaballa	Mapped and sampled	Drill targets defined	2,500 meters of drilling	H1 2009
<b>Isla Cristalina West</b>				
Veta Rodrigo	1,114 meters drilled	Mineralization encountered and to be further defined	1,850 meters of drilling	H2 2009
Castrillon	2,974 meters drilled	Resource and reserve being defined	1,000 meters of drilling	
<b>Isla Cristalina Eastern</b>				
Curtume	Mapped and sampled	Drill targets defined	1,500 meters of drilling	Granted
Vaca Muerta	Mapped and sampled	Drill targets defined	1,500 meters of drilling	H1 2009
Vichadero	Mapped and sampled	Drill targets defined	3,000 meters of drilling	H1 2009
Cerro Chato	Generative work in progress	Encouraging results reported		H2 2009
<b>Don Feliciano, Florida and Arroyo Grande Belts</b>				
Presidente Terra	Mapped and sampled. Drilling commenced with 1,550 meters drilled	Vein mineralization defined	8,000 meters of drilling	Two thirds granted, H2 2009
Bragado	1,474 meters drilled	No significant gold results		Granted
Volcadero	965 meters drilled	No significant gold results		Granted
Texas	Mapped, sampled and generative work in progress	Encouraging results reported	1,000 meters of drilling	H2 2009
Casupa	Mapped, Sampled Generative work in progress	Vein mineralization defined	5,000 meters of drilling	H2 2009
Crucera	3,940 meters drilled	Vein mineralization defined	3,000 meters of drilling	H2 2009
Nueva Helvecia	Mapped, sampled with 1,826 meters drilled	Weak mineralization encountered	750 meters of drilling	Granted
Arroyo Grande Belt	Generative work in progress	Encouraging results reported	5,000 meters of drilling	H2 2009
Chamizo/Mahoma	Mapped and sampled	Weak mineralization reported	3,000 meters of drilling	H2 2009
Lascano	2,414 meters drilled	Weak mineralization reported	7,000 meters of drilling	Granted

For a detailed review of exploration progress for fiscal 2008, please refer to the Company's Exploration Report published on July 17, 2008.

## OUTLOOK

UME 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.

The Company expects to produce 80,000 ounces of gold during fiscal 2009 year at a cash cost per ounce target of \$US 575 per ounce. This cost assumes that waste mining costs are expensed and that fuel prices are the equivalent to \$US 122 per barrel and the Uruguayan Peso to \$US exchange rate is 19.5. Production is expected to be 17,000 ounces in the first quarter of fiscal 2009.

## **FOURTH QUARTER 2008 EARNINGS CONFERENCE CALL**

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UME will hold its fiscal 2008 fourth quarter earnings conference call on Wednesday, August 13, 2008 at 10:00 Toronto time, 15:00 UK time.

During the call management will discuss its year-end results as well as its four-year base case mine plan and strategies to improve this plan.

The conference call can be accessed by dialing +1 718 354 1361 (Canada and US) or +44 (0)20 7138 0821 (UK) and giving passcode 5432796. All participants will be required to register with the operator.

A live web cast of the conference call and replay will be available at <http://www.uruguayminerals.com>. You will need to have Windows Media Player installed on your computer and you will also be required to complete a registration page in order to log on to the webcast.

A slide presentation will also be available for download from 09:00 Toronto time, 14:00 UK time from the investor relations section of UME's corporate website at: <http://www.uruguayminerals.com/investors/presentations/>

A replay of the call will be available until midnight (UK time) on August 24, 2008. The replay is accessible by dialing +1 718 354 1112 (Canada & US) or +44 (0)20 7806 1970 (UK) and entering passcode 5432796#.

### **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.

### **Forward Looking Statements**

All statements, other than statements of historical fact, contained or incorporated by reference in this news release, including any information as to the future financial or operating performance of UME, constitute "forward-looking statements" within the meaning of certain securities laws, including the "safe harbour" provisions of the Securities Act (Ontario) and the United States Private Securities Litigation Reform Act of 1995 and are based on expectations estimates and projections as of the date of this news release. There can be no assurance that such statements will prove to be accurate, such statements are subject to significant risks and uncertainties, and actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements include, without limitation success of exploration activities; permitting time lines; the failure of plant; equipment or processes to operate as anticipated; accidents; labour disputes; requirements for additional capital title disputes or claims and limitations on insurance coverage. UME disclaims any intention or obligation to update or revise any forward looking statements whether as a result of new information, future events and such forward-looking statements, except to the extent required by applicable law.

### **ENDS**

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

### **About Uruguay Mineral Exploration Inc.**

Uruguay Mineral Exploration Inc. (UME) is a gold production and exploration company that identifies and develops mineral opportunities in South America. UME is a fully integrated mining company, possessing the skills necessary to explore and develop its discoveries. UME operates San Gregorio, the only producing gold mine in Uruguay, and is the leading mineral exploration company in Uruguay with an exploration portfolio of gold, diamonds and base metal prospects, including copper, nickel, lead, and zinc.

Uruguay Mineral Exploration Inc. is quoted in Canada (TSXV) and London (AIM) and RBC Capital Markets is its Nominated Adviser and Broker. More information can be found at [www.uruguayminerals.com](http://www.uruguayminerals.com)

For further information, please contact

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**-- Financial Statements Follow --**

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

<b>As at May 31</b>	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 18,601	\$ 13,978
Accounts receivable (Note 4)	2,810	2,275
Inventories (Note 5)	16,749	8,484
Prepaid expenses and other	1,004	647
	<u>39,164</u>	<u>25,384</u>
Property, plant and equipment and mineral properties (Note 6)	29,681	30,714
Deferred exploration (Note 7)	8,948	16,316
Future income tax assets (Note 12)	5,375	2,387
Restricted cash	191	140
<b>Total assets</b>	<u>\$ 83,359</u>	<u>\$ 74,941</u>
<b>Liabilities and Shareholder's Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 8,816	\$ 6,238
Current portion of long term debt (Note 8)	2,275	1,231
	<u>11,091</u>	<u>7,469</u>
Long term tax payable (Note 12)	2,414	2,414
Long term debt (Note 8)	25	2,154
Asset retirement obligation (Note 9)	2,869	2,036
Total liabilities	<u>16,399</u>	<u>14,073</u>
Capital stock	35,043	34,592
Warrants and Convertible notes (Note 10)	12	12
Contributed surplus	3,882	3,297
Accumulated other comprehensive income	(19)	(19)
Retained earnings	28,042	22,986
Total shareholders' equity	<u>66,960</u>	<u>60,868</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 83,359</u>	<u>\$ 74,941</u>

*For notes, refer to the full financial statements available on the Company's website.*

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

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

<b>For the years ended May 31</b>	<b>2008</b>	<b>2007</b>
<b>Net sales</b>	<b>\$ 79,061</b>	<b>\$ 63,056</b>
Operating expenses	<b>38,947</b>	31,928
Amortization and depletion	<b>15,724</b>	8,361
<b>Operating expenses</b>	<b>54,671</b>	40,289
<b>Sub-total</b>	<b>24,390</b>	22,767
<b>Other expenses (income)</b>		
Stock based compensation expense	<b>792</b>	975
Fair value adjustment for derivatives	<b>0</b>	(2,317)
Exploration expenses written off	<b>11,103</b>	2,129
General and administrative expense	<b>4,605</b>	4,347
Interest expense, debt accretion and financing fees	<b>371</b>	314
Interest earned and other income	<b>(923)</b>	(510)
Foreign exchange	<b>(238)</b>	225
	<b>15,710</b>	5,163
<b>Income before taxes</b>	<b>8,680</b>	17,604
Current income taxes provision (Note 12)	<b>3,870</b>	3,582
Future income taxes recovery (Note 12)	<b>(2,988)</b>	(532)
<b>Net and comprehensive income for the year</b>	<b>7,798</b>	14,554
<b>Retained earnings, beginning of year</b>	<b>22,986</b>	10,775
<b>Dividends</b>	<b>(2,742)</b>	(2,343)
<b>Retained earnings, end of year</b>	<b>\$ 28,042</b>	<b>\$ 22,986</b>
<b>Earnings per common share</b>		
<b>Basic (Note 16)</b>	<b>0.16</b>	0.30
<b>Diluted (Note 16)</b>	<b>0.16</b>	0.30
<b>Weighted average shares outstanding</b>		
Basic	<b>48,911,779</b>	48,258,892
Diluted	<b>48,924,272</b>	48,668,269

*For notes, refer to the full financial statements available on the Company's website*

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

<b>For the years ended May 31</b>	<b>2008</b>	<b>2007</b>
<b>Operating activities</b>		
Net income for the year	\$ 7,798	\$ 14,554
Adjustments for :		
mortization and depletion	15,724	8,361
Exploration expenses written off	11,103	2,129
Accretion of debt	252	159
Future income taxes	(2,988)	(532)
Tax deferred payment	0	928
Fair value adjustment of derivatives	0	(2,317)
Stock based compensation	792	975
Others	386	(80)
	<u>33,067</u>	<u>24,177</u>
Net change in non-cash working capital balances (Note 16)	<u>(6,579)</u>	<u>1,181</u>
	<u>26,488</u>	<u>25,358</u>
<b>Financing activities</b>		
Proceeds from the issue of share capital	592	1,515
Share repurchases (Note 10 (c))	(406)	0
Payments of finance lease net of drawdowns	(188)	(57)
Dividends	(2,744)	(2,343)
	<u>(2,746)</u>	<u>(885)</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment and development costs	(9,159)	(12,350)
Exploration expenditure	(9,960)	(7,076)
	<u>(19,119)</u>	<u>(19,426)</u>
Increase in cash	4,623	5,047
Cash at the beginning of year	<u>13,978</u>	<u>8,931</u>
<b>Cash at the end of year</b>	<b>\$ 18,601</b>	<b>\$ 13,978</b>

*For notes, refer to the full financial statements available on the Company's website.*

**Uruguay Mineral Exploration Inc.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
Thousands of United States Dollars, except where indicated

For the years ended May 31	May 31, 2008		May 31, 2007	
	Number (000's)	Amount	Number (000's)	Amount
<b>Common shares</b>				
Balance at beginning of year	48,531	\$ 34,592	47,525	\$ 32,670
Exercise of stock options	410	857	756	910
Share repurchases	(130)	(406)	0	0
Exercise of warrants	0	0	250	1,012
Balance at end of year	<u>48,811</u>	<u>\$ 35,043</u>	<u>48,531</u>	<u>\$ 34,592</u>
<b>Warrants and Convertible notes (Note 10)</b>				
Balance at beginning of year	520	\$ 12	1,000	\$ 188
Issued for farm in agreements	0	0	20	12
Expired warrants	(250)	0	(250)	0
Exercise of warrants	0	0	(250)	(188)
Balance at end of year	<u>270</u>	<u>\$ 12</u>	<u>520</u>	<u>\$ 12</u>
<b>Contributed surplus</b>				
Balance at beginning of year		\$ 3,297		\$ 1,625
Employee stock based compensation recognised		792		975
Commitment to issue stock options		0		917
Transfer to common shares		(207)		(220)
Balance at end of year		<u>\$ 3,882</u>		<u>\$ 3,297</u>
<b>Accumulated other comprehensive income</b>				
Balance at beginning of year		\$ (19)		0
Adjustment to opening other comprehensive income		0		(19)
Balance at end of year		<u>\$ (19)</u>		<u>\$ (19)</u>
<b>Retained earnings</b>				
Balance at beginning of year		\$ 22,986		\$ 10,775
Net income for the year		7,798		14,554
Dividends		(2,742)		(2,343)
Balance at end of year		<u>\$ 28,042</u>		<u>\$ 22,986</u>
Shareholders' equity at end of year		<u>\$ 66,960</u>		<u>\$ 60,868</u>

*For notes, refer to the full financial statements available on the Company's website.*