

URUGUAY MINERAL EXPLORATION INC. (“UME”)

Governance Guidelines

The Board of Directors is currently comprised of a Non-Executive Chairman, four Non-Executive Directors, and one Executive Director. The Board is responsible to the shareholders for overall direction and control of the Company and its subsidiaries (collectively the “Group”), as well as for UME’s corporate governance. It guides and monitors the business and affairs of the Company on behalf of the shareholders who elect the Directors and to whom they are accountable. The Board is committed to sound corporate governance practices which are in the interest of its shareholders and contribute to effective, efficient decision making.

The Board has established operational guidelines to ensure proper discharge of its responsibilities. It has delegated to the CEO the management, operation and administration of UME within parameters set by the Board, and has delegated certain matters to Board Committees. The Board ensures that the Executive Management is appropriately qualified and experienced to discharge their responsibilities, and regularly monitors their performance. In addition the Board sets Company strategy including any change in the nature of the Group's business, all decisions relating to the issue of shares, options and warrants, dividend policy, any material decisions with respect to acquisition or disposal of fixed assets, companies, businesses, properties and titles, any partnerships, joint ventures or “farm-in” arrangements, the approval of UME’s financial statements, and the approval of all circulars and listing information required by the authorities.

At each scheduled meeting, Directors are apprised of the Group's current performance, financial position, and any significant strategic issues. The Corporate Secretary ensures that Board procedures are followed, and all Directors have access to her advice and services. In order to properly discharge its duties, the Board is provided with quality information in an appropriate form. To further their duties and if considered appropriate, Directors may, seek independent professional advice, at UME’s expense.

Each year at the Annual General Shareholder meeting, all Directors are elected. Appointments are made at the next meeting which must be held within 15 months of the prior Annual General Shareholders meeting. The composition of the Board is reviewed on a regular basis to ensure that its make up and the diversity of skills and experience are appropriate for UME. The Directors bring a wide range of experience and skills, and participate fully in decisions on key issues facing the Group. The Directors hold regular meetings with shareholders and their representatives to discuss UME's strategy and financial performance. These discussions could encompass strategy, performance management and corporate governance issues.

The Board meets at least quarterly, in person or by phone, and has regular contact between the Directors during the year.
