

**TERMS OF REFERENCE
OF THE RESERVES AND RESOURCES COMMITTEE
FOR THE BOARD OF DIRECTORS OF URUGUAY MINERAL EXPLORATION INC. (UME)**

Composition

1. The Committee will be comprised of no less than one director of the Company, who must be a non-executive. Unless waived, 24 hour notice must be given. Quorum of meetings shall be a majority of members. Meetings may be by telephone or in person.
2. The length of term to be served by directors on the Committee will be determined by the Board of Directors of the Company (the "Board"), giving consideration to the benefits of periodic rotation of committee membership.
3. One of the non-executive directors in the Committee will be appointed Chairman of the Committee by the Board.
4. A Secretary to the Committee will be appointed by the Chairman of the Committee. The Secretary of the Committee may or may not be a member of the Committee.
5. With the approval of the Board, the Committee may retain persons having special expertise to assist the Committee in fulfilling its responsibilities.

Responsibilities

1. The responsibilities which the Committee is required to satisfy itself of, on behalf of the Board, are to:
 - (a) ensure that all reserves and resources are fully compliant with NI 43-101 requirements.
 - (b) recommend to the Board:
 - (i) the guidelines to be followed with respect to the use of external, independent consultants for the estimation and/or auditing of reserves and resources;
 - (ii) the external consultant(s) to be nominated for the purpose of preparing or issuing qualified persons reports or performing other technical audits of reserves and resources for the Company; and,
 - (iii) the compensation of the external consultants if different from standard industry rates.
 - (c) recommend to the Board appropriate business parameters to be applied for reserve and resource estimation (such as metal price, discount rates, etc).
 - (d) review the Company's procedure for providing information to the independent qualified reserves and resources evaluator(s).
 - (e) meet with the independent qualified reserves and resources evaluator(s) or qualified reserves and resources auditor(s) to determine whether any restrictions affected the ability of the same to report without reservation and to inquire whether there had been disputes between the previous independent qualified reserves and resources evaluator(s).
 - (f) review the reserves and resources data with management and the independent qualified reserves and resources evaluator(s).
 - (g) ensure that the reserve/resource information contained in the following publications is complete and not misleading or erroneous:
 - (i) Annual Report to Shareholders

- (ii) Management Discussion and Analysis (“MD&A”)
 - (iii) Annual Information Form (“AIF”)
 - (iv) 43-101 Reports and disclosures
 - (v) Prospectuses
 - (vi) Press Releases
- (h) review the MD&A and annual and interim press releases before the Company publicly discloses this information;
- (i) ensure that adequate procedures are in place for the review of the Company’s public disclosure of technical information extracted or derived from the Company’s qualified persons reports, and periodically assess the adequacy of those procedures.
- (j) ensure that there are established procedures for:
- (i) the receipt, retention and treatment of complaints received by the issuer regarding reserves and resources and quality assurance and procedures for the collection and preparation of data used to compile reserves and resources.
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable technical matters.
- (k) ensure that the Company has implemented appropriate systems of internal control over technical reporting, and appropriate systems of internal control to ensure compliance with legal, regulatory and ethical requirements.

Meetings

1. The Committee will meet at least two times per year. At least one of the meetings shall include a field visit. The meetings will be scheduled to permit timely review of qualified persons’ reports and for meetings with them, prior to a submission of observation and recommendations to the Board.
2. Additional meetings may be held as deemed necessary by the Chairman of the Committee and may be the result of a request for a meeting by any member.

Reporting

1. The minutes of all meetings of the Committee, signed by the Chairman of the Committee and the Secretary to the Committee, are to be provided to the Board. Oral reports on recent matters not yet minuted are to be provided to the Board by the Chairman of the Committee.
2. Supporting schedules and information reviewed by the Committee will be available for examination by any director upon request to the Secretary to the Committee.