

**URUGUAY MINERAL EXPLORATION INC.
MEDIA RELEASE**

14th April, 2005

SYMBOLS: UME (TSXV), UGY (AIM)

Third quarter results

UME Announces US\$995,556 Surplus for February Quarter as Arenal Production Hits New Record.

Uruguay Mineral Exploration Inc. (“UME” or the “Company”), today released its results for the third quarter ended February 28, 2005. Highlights were:

- Record quarterly production of 18,896 ounces, well on the way to the targeted 100,000 ounce annualised production level.
- Net income of US\$995,556 for the quarter, compared to a prior quarter loss of US\$2,540,982 a turnaround of over US\$3.5 million.
- Contribution Margin (Revenue – Operating Costs) approaching US\$1 million per month during the quarter.
- The Arenal mineralised structure has now been traced over 1200 metres, giving plenty of scope to extend the Arenal resource.
- A planned escalation in exploration activity elsewhere in Uruguay, which includes planned airborne geophysical surveys; a gravity/magnetic survey at Lascano and electro-magnetics surveys at Isla Patrulla and Mal Abrigo.

Further details are available in the Management Discussion and Analysis that accompanies the Financial Statement, available from www.uruguayminerals.com or at

<http://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00004014>

Key results are:

Production

Production of 18,896 ounces was up 2,962 ounces from the previous quarter, and was a new record for the Company. The gain mainly reflected the continuing increase in grade as the Arenal pit is developed. The average grade for the quarter was 2.24 g/t, up from an average of 1.76 g/t for the second quarter of this year, and still below the Arenal Phase One Pit average of 2.96 g/t Au.

Unit cash operating costs of US\$263 per ounce were well down from the US\$374 reported in the previous quarter. This fall reflected both the increase in grade and the flow through of benefits arising from the new mining fleet, and occurred despite a 30% increase in energy costs (gas-oil and electricity).

Sales revenue of US\$7,873,791 reflected the increase in production, plus a higher realized gold price for the quarter (US\$428/oz) and was up US\$1,491,290 over the previous quarter.

Exploration and Development

With the operational side of the business being bedded down, extra focus is now being placed on the exploration effort. Progress on Isla Patrulla and Mal Abrigo continued to be steady, and the rate of progress on both these projects is expected to accelerate when planned airborne geophysics surveys are completed later this year. Negotiations are almost finalised for an airborne gravity/magnetics survey of Lascano, also scheduled for the second half of the year.

Meanwhile, exploration around the mine is continuing to yield promising results. The Arenal mineralised structure has been traced over 1200 metres so far, giving plenty of scope to increase the size of the Arenal resource. Elsewhere, work around the Santa Maria and Ombú pits is likely to result in a resource upgrade in and around the San Gregorio mine when the resource assessment is completed by mid-year.

Financial

Subsequent to the end of the period the group has received/is expecting to receive conversion notices for 2,012,250 warrants at an exercise price of \$CAD 3.75. This will generate proceeds of \$CAD 7,545,937. This additional working capital will be used to retire debt and accelerate exploration progress.

Chairman Tony Shearer comments "shareholders should be comfortable that we are 'leaving no stone unturned' in our search for further exploration success."

ENDS

The full quarterly report can be obtained from the Company's website at www.uruguayminerals.com or at <http://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00004014>

Editors note: Uruguay Mineral Exploration Inc., which joined AIM in December 2004, is a gold producer and exploration company focussed 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. It is quoted in Canada (TSXV) and London (AIM) and Durlacher Limited is the nominated adviser.

For further information, please contact

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