

URUGUAY MINERAL EXPLORATION INC.

EXPLORATION REPORT

QUARTER ENDED 29 FEBRUARY 2008

This report provides details of exploration activities during the quarter ending 29 February 2008

1. Highlights

Isla Cristalina Belt

- Near mine drill programs have been designed to test the down dip extensions of the San Gregorio and Arenal deposits. A total of 15 holes have been completed as part of the deep drill programs in the Arenal and San Gregorio deposits. Drilling has intercepted mineralisation at depth in both deposits though no economic widths have been cut. Ten of the fifteen holes were completed at depth along the controlling structure of Arenal. The overall grade from intercepts from this recent drill campaign is lower than is necessary for underground operations, but the results nevertheless still warrant a follow-up in-fill drill campaign in search of higher grade mineralized zones.
- No additional drilling was completed in or around the Veta Sur deposit. Continued generative exploration efforts are underway in defining additional Veta type deposits to add higher grade near surface resource.
- Surface exploration continues at Vichadero on the far eastern end of the Isla Cristalina Belt. Soil lines are 50% complete. Surface magnetic as well as radiometric surveys are underway and should be completed by the end of April. Surface mapping and rock chip sampling are being completed along the soil and geophysical lines. A number of anomalous samples have been reported with one rock chip sample reporting greater than 80 g/t Au.
- In the Zapucay district drilling continues in and around the Zapucay mine and between the Zapucay and Argentinita deposits. Mineralized intercepts are erratic and thin like the Argentinita deposit. It is clear that the same structure hosts mineralisation at both deposits. Drilling on targets in and around the two larger deposits, Zapucay and Argentinita, will continue in the coming months. This will include Lavadero and Tortoni to the south and west. Other targets await exploration permits before they can be drilled.
- At the Papagayo prospect, no significant mineralisation was discovered. Only minor intercepts have been reported.

Southern Gold Exploration

- A first pass drill program at Nueva Helvecia on the Florida Belt has been completed. Results have been mixed with two holes showing significant intercepts. Results from this quarter have been disappointing. Drilling on the project has stopped for now and results are being reviewed. A second drill program will be designed if the review identifies additional targets.
- Drilling at the Volcadero prospect, located in the northern end of the Dom Feliciano Belt, has started and initial interpretation has been encouraging. No assay results have been received to date. The program is designed to test a 1 kilometre by 300 metre wide zone of quartz vein mineralisation.

- Exploration work continues in Presidente Terra. Geophysical and geochemical anomalies will be drill tested in the coming months. Permits and land access have been received and drilling is expected to commence in April 2008.
- Progress at the Crucera/Casupa district, located at the eastern end of the Florida Belt, has slowed pending exploration and prospecting permits. Individual veins have been discovered and are being developed into drill targets across the district. Additional ground geophysics and soil sampling are planned to cover the more prospective areas, before a drill campaign scheduled for the fourth quarter.
- Drilling is expected to commence along the extension of the Crucera prospect, once final land access issues are resolved. Sampling in previous quarters has identified extensions to the mineralisation to the NW and SE, some 1,000 and 700 metres respectively.

Lascano

- The Lascano exploration program has been on hold awaiting exploration drill permits as well as a contract drill rig to become available. The drilling program of seven to ten thousand metres has been rescheduled to commence in April 2008. Land access agreements have been received for the first five holes and exploration permits for these holes are expected to be granted in April. Exploration permits have been filed for 4 of the remaining seven holes and land access agreements are being negotiated.

Permits and Drilling

- The Granting of permits and access to prospects is an ongoing issue in Uruguay. Over the last three quarters a number of permits have been granted and access to the properties has been achieved. A number of prospects, however, still await either exploration permits or land owner access to be granted. A department of five UME employees is consistently pursuing the granting of tenements and land access for exploration.
- Patagonia Drill has been hired to manage and train the drill crews to increase drill rig productivity while improving safety. A change in management occurred in November 2007, following the purchase of Patagonia Drilling by Boart Longyear. As anticipated, production in both RC and Core drilling has increased by 55% over the last quarter as compared to the average for the first half of fiscal year 2008.

2. Gold Projects - Isla Cristalina Belt

Minas Del Corrales District (Arenal and San Gregorio)

Exploration during the quarter focused on:

- Continued drilling of down dip and down plunge extensions of the mineralized bodies of Arenal and San Gregorio.
- Depth extension to the San Gregorio and Arenal deposits seeking similar sized ore bodies.
- Drilling at the Polvorín prospect.

Deep drilling in and around the San Gregorio and Arenal deposits continued in the quarter. Most of the drilling was concentrated on Arenal extension at depth. Results from the first ten holes have been disappointing, producing limited mineralisation thickness and or grade, which would not be economic to exploit for an underground operation. Results have however proven that mineralisation does continue down dip along both structures. The structure in Arenal continues to be wide, up to 90 metres, and could host significant mineralized body at depth. The best results received from this program during the quarter are presented below.

Prospect	Hole ID	From (mts.)	Intercept Au
Arenal	ALDD075	312.7	2.3m @ 1.47g/t
Arenal	ALDD075	316.3	4.3m @ 1.24g/t
Arenal	ALDD075	333.5	2.8m @ 1.1g/t
Arenal	ALDD075	386.1	3.5m @ 0.83g/t
Arenal	ALDD075	393.5	2.4m @ 1.92g/t
Arenal	ALDD076	319.4	1.3m @ 6.31g/t
Arenal	ALDD076	321.7	3.5m @ 1.67g/t
Arenal	ALDD076	326.5	7.7m @ 0.84g/t
Arenal	ALDD076	377.3	5.9m @ 1.48g/t
Arenal	ALDD077	422.4	1.5m @ 6.98g/t
Arenal	ALDD077	429.8	10.7m @ 1.15g/t
Arenal	ALDD077	442.1	3.3m @ 1.62g/t
Arenal	ALDD077	448.7	12.6m @ 1.38g/t
Arenal	ALDD077	473.6	8.2m @ 1.25g/t
Arenal	ALDD078	273.4	1.6m @ 1.71 g/t
Arenal	ALDD080	238.2	2.4m @ 5.59 g/t
Arenal	ALDD081	296.3	2.0m @ 1.66 g/t

(drill hole intercepts, not true thickness, are composites using 0.5 g/t cut)

A follow up drill program is underway at Arenal in search of higher grade mineralized zones.

Drilling along the down dip extension of the San Gregorio deposit in the Rieles sector was completed in March 2008. Intercepts are moderate to thin with moderate grade. Best drill results from this sector are presented below.

Project	Hole Id	From (mts)	Intercept
Rieles	SGD005	319.8	5.9 m @ 2.39 g/t
Rieles	SGD006	304.8	3.0 m @ 1.59 g/t

(drill hole intercepts, not true thickness, are composites using 0.5 g/t cut)

The intercepts will be compared to the present model to help define their significance.

A detailed structural study has been completed by a contract geologist in and around the known mineralized bodies of the district. Structural controls to mineralisation have been better defined and will be used to target additional resources in the district.

Drilling commenced in the Polvorin sector of the district January 2008.. Historic as well as recent sampling has identified an area of anomalous surface mineralisation. The current phase of drilling has been completed and totaled 3,757 metres in the sector with a number of anomalous intercepts being reported. The structure is believed to be northwest trending and could host a thin “Veta” like mineralized body. The most significant results are reported below.

Prospect	Hole ID	From (mts)	Intercept Au
Polvorin	PORC003	129	1m @ 0.92g/t
Polvorin	PORC004	52	8m @ 2.00g/t
Polvorin	PORC006	33	2m @ 1.34g/t
Polvorin	PORC006	116	3m @ 19.61g/t
	Including	116	1m @ 55.56g/t
Polvorin	PORC011	123	2m @ 1.26g/t
Polvorin	PORC017	177	1m @ 4.05g/t
Polvorin	PORC018	168	1m @ 1.51g/t
Polvorin	PORC020	76	5m @ 5.80g/t

(drill hole intercepts, not true thickness, are composites using 0.5 g/t cut)

Follow up drilling is planned to try to define an economic mineralized body.

Zapucay District

Exploration in the Zapucay district during the quarter focused on:

- Defining mineralisation in and around the Zapucay deposit.
- Completing the drill program between the deposits of Zapucay and Argentinita.

Drill programs have started on a number of prospects in and around the district including Lavadero and Tortoni. Tito Lopez and Zaballa are expected to be drilled once exploration permits are received. All of these prospects are within six kilometres of one another.

Drilling has shown that thin erratic mineralisation does continue along the same structure between Zapucay and Argentinita. Mineralisation is similar to that found at Argentinita. Off set drilling continues around the Zapucay deposit and is expected to prove additional resources in this area. Results are pending.

Results below are from the drill program from 50 to 500 metres south of the Zapucay mine. The most significant results are presented.

Prospect	Hole ID	From (mts)	Intercept Au
Argentinita	ARGRC283	31	1m @ 5.57g/t

Prospect	Hole ID	From (mts)	Intercept Au
Zapucay	ZPRC020	13	3m @ 3.05g/t
Zapucay	ZPRC024	2	2m @ 1.59g/t
Zapucay	ZPRC030	24	1m @ 1.60g/t
Zapucay	ZPRC037	1	2m @ 1.76g/t
Zapucay	ZPRC038	13	1m @ 2.75g/t
Zapucay	ZPRC040	65	1m @ 1.75g/t
Zapucay	ZPRC040	72	1m @ 2.03g/t
Zapucay	ZPRC040	74	1m @ 1.37g/t
Zapucay	ZPRC041	31	1m @ 3.44g/t
Zapucay	ZPRC042	38	1m @ 1.28g/t
Zapucay	ZPRC042	41	2m @ 5.81g/t
Zapucay	ZPRC042	70	13m @ 1.6g/t
Zapucay	ZPRC043	73	1m @ 6.6g/t
Zapucay	ZPRC046	67	4m @ 1.75g/t
Zapucay	ZPRC047	24	2m @ 3.4g/t
Zapucay	ZPRC047	47	1m @ 4.33g/t
Zapucay	ZPRC047	64	1m @ 1.86g/t
Zapucay	ZPRC049	11	6m @ 1.06g/t
Zapucay	ZPRC051	12	3m @ 1.27g/t

(drill hole intercepts, not true thickness, are composites using 0.5 g/t cut)

Additional drilling around the Zapucay deposit will be undertaken to better define the resource directly associated with this deposit.

The Papagayo prospect is composed of a number of different targets including northeast and northwest trending structures. Exploration drilling has been completed in this prospect with nearly 5,720 metres drilled into the surface anomaly. No significant mineralisation was encountered and no additional drilling is planned for this prospect.

Surface exploration in the district has defined a new target, Zaballa, which is believed to be along the same structural trend as Tito Lopez and is located 1.9 kilometres SE. Surface sampling during the quarter has returned a number of significant results, the most important are reported below.

Prospect	Sample ID	Au g/t
Zaballa	31541	5.58
Zaballa	31543	2.44
Zaballa	31547	6.22
Zaballa	31550	3.95
Zaballa	31551	1.00
Zaballa	31552	9.26
Zaballa	31553	1.24
Zaballa	31555	4.71
Zaballa	31567	5.32
Zaballa	31568	1.06
Zaballa	31569	1.65
Zaballa	31570	5.79
Zaballa	31573	27.47

Drilling is expected to commence once permits are granted and preliminary exploration work is completed.

Western Isla Cristalina Belt

Exploration drilling has started at Veta Rodrigo. Mineralisation has been intercepted and assays are pending. Results are expected to be similar to other vein deposits in the district. Access permits for the northern half of the vein are in negotiation stage and are expected to be granted in the final quarter of fiscal 2008.

Surface exploration work continues throughout the district. A number of new prospects are expected to be developed in the extreme western end of the district and a number of known vein deposits are also being considered. The Castrillón deposit will be drill tested and a resource estimated in the last quarter of the fiscal year.

Harley Hernandez and Nueva Australia are currently being reviewed. Deep drilling along this structural zone is planned within the next year. These two prospects are believed to be the structural offset of the western extension of the main San Gregorio structure.

Eastern Half Isla Cristalina Belt

Generative exploration work continues in the eastern half of the Isla Cristalina belt and is concentrated in Vichadero. A soil sampling on a grid covering 14 square kilometres is in progress and is expected to be completed by the end of the fiscal year. Ground magnetic and radiometric surveys are also underway to further define the structural setting. Rock chip sampling and mapping have accompanied the soil program and report some anomalous results in the central area of the grid. The most significant are reported below.

Rock Chip Samples

Project	Au g/t
Vichadero	84.10
Vichadero	21.10
Vichadero	15.77
Vichadero	14.83

Project	Au g/t
Vichadero	2.27
Vichadero	1.70

Mapping and sampling have been completed over the Curtume prospect. No significant Au anomalies were identified from this work. A Ni anomaly was defined and will be further reviewed by GeoDiscovery in conjunction with the Carpintería prospect. The project area is under review and limited drilling is planned to test the historic gold prospect sites once drilling permits are granted.

The Vaca Muerta prospect has been evaluated and an exploration drill program is being developed. Mapping and sampling of the prospect have been finished and results are pending. Historic sampling and drilling indicate that a mineralized structure trending ESE (100 degrees), carries anomalous mineralisation. Drilling is planned for the project once drilling permits are granted.

Cerro Chato which lies west of the Vichadero prospect is being reviewed at this time and will be worked up as an exploration drill target. Work on this prospect has just begun.

3. Gold Projects - Dom Feliciano and Florida Belts

Volcadero

Volcadero is located in the northern area of the Dom Feliciano Belt, 50 kilometres north of Presidente Terra. An eight hole 1,000 metre drill program has started for the prospect to test anomalous gold mineralisation associated with quartz veins. The area to be tested is 1 kilometre by 300 metres.

Drilling started in late February and no assay results have been received to date. Zones of quartz sericite and pyrite mineralisation have been encountered and are reported to be up to 16 metres wide in drill hole intercepts.

Presidente Terra

Work on the Presidente Terra prospect continued during the quarter with the completion of surface geophysical studies. Soil sampling and trench work are still in progress with results expected by the end of April. Results from these programs will be used to target areas for exploration drilling. Drilling is planned to commence in April. The objective is to discover at least one resource of 0.5 to 1.0 million ounces along the 10 kilometre mineralized trend.

Exploration permits were received in January and access permits have been negotiated with land owners.

Crucera

The Crucera vein deposit is one of a number of vein deposits that are currently being explored and developed in the Crucera/Casupa district of the Florida Belt. The district lies in the eastern end of the Piedra Alta terrain and covers an area of 20 by 5 kilometres.

Mapping along trend was completed on the prospect. Drilling is expected to commence once access permits are received.

Casupa

The development of drill targets in the Casupa district has concentrated around the Madre con Hijos vein, the central vein and the San Juan vein systems. A number of other veins have been identified and will be worked up as drill targets. Drill permits are expected to be received in the final quarter of this fiscal year. Soil and geophysical surveys are planned for the veins systems to better define their extent as they disappear below the pasture land. The district continues to return significant analytical results from rock chip sampling of the vein systems. Anomalous results for the quarter are presented below.

Prospect	Sample	Au g/t
Casupa	EX13596	3.55
Casupa	EX13598	9.03
Casupa	EX13600	9.20
Casupa	EX13696	0.99

Drilling of these vein systems is planned once all preparatory work is finished and exploration permits are granted.

Nueva Helvecia

UME is earning a 100% interest in the Nueva Helvecia property under an agreement with Delcosur S.A.. The property is located in southeastern Uruguay. Drilling to find an economic mineralized body continued during the quarter. Mapping and sampling were also completed during the quarter. Drilling has encountered additional mineralisation along a northwest trending structure and within altered volcanic dikes. Six holes were completed during the quarter with only one hole reporting greater than 1 g/t Au over a moderate intercept. The one anomalous intercept is reported below.

Prospect	Trench	From (mts)	Intercept Au
Nueva Helvecia	NH_07_013	47	3m @ 1.20 g/t

Results have been disappointing and have not defined a significant mineralized body. A review of the data will take place in the coming months. Additional exploration drilling, with the use of a core rig to help better define the structural control to the known mineralisation, is expected to take place after review is complete.

A second exploration tenement has been applied for east of the present tenement, where mapping has identified drill targets.

4. Other Metals

Lascano Geophysical Anomaly

The second round of drilling on the Lascano Geophysical anomaly is expected to start in the first half of April 2008. Drilling will explore the anomalous alteration and weak copper mineralisation defined in hole two of the 2007 campaign. Drill sites have been selected with the use of 3D magnetic and gravity geophysical models and the holes are designed to test possible structural settings which may host higher grade results.

The Lascano exploration target is composed of three large circular geophysical features which are each approximately 20 kilometres in diameter. The anomalies were defined by an airborne geophysical survey flown in 2005 by Bell Geospace. The geophysical features are composed of both high and low of gravity gradient and magnetic anomalies which form the three separate circular patterns. Drilling to date has explored the central geophysical anomaly.

Exploration work on the Lascano project this quarter has concentrated on detailed logging of all drill holes, three dimensional interpretation of the geophysical features and selectively sampling of the core for geochemical, petrographic and geophysical features.

The 3D modeling of the geophysical features has helped to further define the anomalies and has been used to refine drill targets for the next round of drilling. This program will consist of four to five drill holes in and around hole 2 and an additional seven drill holes in similar geophysical setting within the central anomaly. Mineralisation and alteration are suggestive of an Iron Oxide-Copper-Gold (IOCG) or porphyry copper system. The objective of the drill program is to discover one of these types of systems.

Base Metal Properties

A number of groups are presently interested in the base metal properties and have signed confidentiality agreements and are reviewing the data. One group has completed a property visit with two other groups scheduling property reviews in April 2008.

GeoDiscovery, nickel exploration consultants, have worked up a program to advance exploration on the Mal Abrigo/Cerros Negros and Carpenteria nickel properties. Exploration work commenced in early March. A report on the projects is expected by the end of the fiscal year. The ultimate goal is to discover significant mineralisation so the projects can be developed with a partner. A number of groups have signed confidentiality agreements and have reviewed the data.

Diamond Exploration

Diamond exploration activities have been suspended until exploration permits are granted and land access agreements finalised. A number of additional targets have been identified for drill

testing. It is expected that exploration permits will be received in the last quarter of the fiscal year.

Interest in the project has been shown by a number of groups. A confidentiality agreement has been signed and a data review is underway by a diamond exploration company.

5. Other Activities

Drilling

The Company presently runs a fleet of five UME owned exploration drill rigs. Productivity and utilization of these machines has been below expectation. Patagonia Drill of Argentina, has been hired to train and manage the drill fleet as of the first week of November. Over the last quarter drill productivity has increased 55% on both RC and Core drill rigs. No accidents have been reported since the management change.

Patagonia Drill was purchased by Boart Longyear in January 2008.

Acquisition

UME is presently evaluating opportunities across South America. The objective is to acquire a property that has the potential to produce 500,000 ozs or more and that can be put into production within two to three years.

A number of advanced exploration targets located in Brazil and Chile are presently under review.

6. Qualified Person's Statement

The technical information presented in this report 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.

7. 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.

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