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SYMBOLS: UME (TSXV), UGY (AIM)

Exploration Report for the Fourth Quarter Ended 31 May 2008

Uruguay Mineral Exploration Inc (UME) today reports on the results of exploration activities during the quarter ended 31 May 2008.

David Fowler, Chief Executive Officer commented: *"We have made good progress in the fourth quarter towards achieving our exploration objectives; results overall have been encouraging.*

"Near the mine, we have had better results in the deep drilling program at Arenal and have identified a likely zone of higher grade mineralization. We have also intercepted a second mineralized zone 100 meters below the existing shear that hosts the Arenal gold deposit. Exploration work along strike east of Arenal may also have discovered a continuation of the San Gregorio/Arenal thrust.

"Drilling during the quarter also identified high grade vein mineralization at the Polvorín prospect, near the mine, and at the Castrillón prospect in the Western Cristalina Belt, 10 kilometres away from the mine.

"We are very encouraged with the initial results of our drilling program at Presidente Terra, in the Don Feliciano Belt in southern Uruguay. Twelve of the planned 51 drill holes have been completed, with 50% of the holes hitting intercepts of +1 g/t Au."

"We have resumed drilling at Lascano with hydrothermal alteration and weak mineralization, similar to LASDDH-002, being found in the two holes completed to date.

"In our third quarter report issued on April 9, 2008, we noted that we did not anticipate a significant restatement of resources and reserves for the fiscal year 2007/08. We will however issue a press release early in August 2008 with our base case three-year mine plan and strategies to improve this plan. This release will reflect results of exploration and development work completed in the 2007/08 fiscal year. Our intention is to then provide a full update of resources and reserves in March 2009 when we have completed drilling and modeling on Arenal Deeps and on other targets," closed Mr. Fowler.

A summary of the results from our exploration report is presented below. For more information on UME's exploration activities for the fourth quarter, including relevant maps, please refer to the Exploration Report for the Quarter ended May 31, 2008 which can be found on our website at www.uruguayminerals.com

Exploration Strategy

UME's exploration activity during the fourth quarter of the 2008 fiscal year has been directed towards three main objectives. The first is finding high grade resources near the San Gregorio operation in the Isla Cristalina Belt to be blended with lower grade bulk resources. Secondly, finding one or more stand-alone ore bodies in the Isla Cristalina, Don Feliciano or Florida belts to enable either the development of a

second gold operation or transportation to the San Gregorio plant. The third objective is to make a significant discovery at Lascano. Progress has been made on all three fronts as detailed below.

Summary of Exploration Results

Isla Cristalina Belt: San Gregorio Near Mine Exploration Program

During the year the Company completed an initial assessment of the depth potential of the existing deposits at San Gregorio and Arenal. As of May 31, 2008 12 holes had been drilled at Arenal and six holes at San Gregorio.

At Arenal, the initial drilling tested for mineralization at depth south and southeast of the existing pit. This program indicated that higher grade mineralization trended down plunge and drilling during the fourth quarter focused on this area. The best result was reported in hole ALD086 with 10.45 meters at 4.46 g/t, including 1.05 meters at 28.94 g/t from 317.4 meters. This drill hole also intercepted a second mineralized zone of 17.2 meters at 1.5 g/t from 431 meters. Two holes; ALDD085 and ALDD082, were deepened in June to test the lower zone and the latter hole encountered 5.8 meters at 4.05 g/t from 509.5 meters. Drilling in the first quarter of fiscal 2008/09 will further explore the deep mineralization and its potential for underground exploitation.

At San Gregorio, two holes were completed in the Rieles area. These results were reported in the previous quarter. Additional infill drilling up dip is planned in the first half of fiscal 2008/09 after an initial assessment of Arenal has been completed.

Drilling on the Polvorín intersected vein-like mineralization. The best results were hole PORC028 with 1.0 meter at 25.80 g/t, from a drill depth of 11 meters and hole PODD001 with 3.2 meters at 8.11 g/t, from a drill depth of 24.1 meters. Further drilling and modeling will be completed to define the resource for mining.

Generative exploration work was initiated at Los Castillos which lies along strike to the east of the Arenal deposit. Initial geological mapping and exploration sampling have identified a number of anomalous zones and a possible extension of the San Gregorio/Arenal structure. Work will continue in this area to define targets for drilling in fiscal 2008/09. Other targets to be evaluated over the next two quarters in this sector are the potentially high grade veins at Esperanza and Peru.

Isla Cristalina Belt: Zapucay District Exploration Program

Exploration drilling during the quarter focused on a number of prospects including the structural corridor between Zapucay and Argentinita, areas around the Zapucay deposit and the Zaballa, Tito Lopez, Laureles, Lavadero, Lilo and Tortoni prospects.

Drilling around the Zapucay deposit extensions was completed to augment the remnant resource around the old mine site, and a resource is being developed from this recent drilling and historic data.

Drilling to date south of Zapucay and on trend with Argentinita, has indicated that both deposits are located within the same structural zone. We obtained access to the property that lies between the two deposits and this is expected to be drilled in the first half of fiscal 2008/09. This area is bounded by some of the better intercepts at Zapucay and Argentinita.

The Laureles, Lavadero, Lilo and Tortoni prospects were drill tested during the quarter with limited success and no further work is planned on these prospects at this time.

Drilling at a number of other prospects, including Tito Lopez and Zaballa, is expected to commence in the first half of fiscal 2008/09, once exploration permits are granted.

Isla Cristalina Belt: Regional Exploration Program

The focus of regional work in the Isla Cristalina Belt is transitioning from prospecting to drilling specific targets, including Veta Rodrigo, Harley Hernandez, Nueva Australia, Vaca Muerta, Vichadero, Curtume, Cerro Chato and Cerrillada.

At Castrillón, definition drilling was completed over a strike length of approximately 300 meters, confirming defined historical mineralization. Best results were hole CTRC055 with 5 meters at 9.97 g/t and hole CTRC055 with 6 meters at 5.37 g/t, from drill depths of 54.0 and 82.0 meters respectively. Engineering has commenced to develop this project to feed the San Gregorio plant.

A first round of exploration drilling was completed on the southern half of Veta Rodrigo encountering anomalous mineralization. Best results were holes VRR003 with 4 meters at 2.42 g/t from 73.0 meters, VRR008 with 7 meters at 2.39 g/t from 38.0 meters and VRR010 with 2 meters at 62.35 g/t from 40.0 meters. The northern portion of the vein will be drilled once access is obtained.

Deep drilling at Harley Hernandez and Nueva Australia is expected to take place in the first half of fiscal 2008/09. These two prospects are believed to be the structural offset of the western extension of the main San Gregorio structure.

Drill exploration permits were received for Curtume, and drilling will commence in the first half of fiscal 2008/09, while Vaca Muerta will be drilled once permits are received.

Surface exploration over a 14 square km area near Vichadero has been completed and has defined two gold soil anomalous areas. Drilling is expected to commence in the second quarter of fiscal 2008/09 after targets are defined and permits received.

The Cerro Chato and Cerrillada targets, 20 kilometers to the west of Vichadero, have reported encouraging anomalous surface samples over the quarter and are planned to be developed over the next six months.

Southern Uruguay Exploration Program

Drilling commenced at Presidente Terra and 12 of the 51 planned holes of the 6,400 meter first pass drill program were completed by the end of May. Results to-date are very encouraging with anomalous mineralization encountered in the majority of the targets tested. Assays for the first nine holes have been received and intercepts of plus 1g/t Au have been reported in six holes. The best result was in hole PT-08-006 with 4.0 meters at 5.02 g/t, including 1.0 meter at 17.52 g/t from a drill depth of 40.0 meters. The drilling program will continue over the next six months.

Presidente Terra is located near a regional north-west shear structure within the Don Feliciano Belt. Anomalous mineralization extends for 10 kilometres along strike and is found along a contact between granite and metasediments which is believed to be sheared. Mineralization also occurs in metasediments and in quartz veining within the granites.

Drilling of previously defined targets at the Crucera/Casupa district, located at the eastern end of the Florida Belt, has slowed as the Company continues to await access and exploration permits. Mapping and sampling, however, continued during the quarter and have led to the discovery of additional veins that are being developed into drill targets. Geophysics and soil sampling will be used to define drill targets on these new veins with drilling to follow when permits are obtained.

At Nueva Helvecia, a five-hole drill program is underway to test the remaining targets and will be completed by the end of July.

Regional exploration programs continue in the Florida, Don Feliciano and Arroyo Grande belts. Preliminary indications from the first pass exploration in the Arroyo Grande Belt, as well as the Don Feliciano Belt are encouraging. Property evaluation is ongoing in the Florida Belt near Chamizo, Mahoma and Colla.

Lascano Project Exploration Program

A second round of drilling of 13 holes for 8,000 meters of diamond drilling commenced in April 2008. Two drill holes were completed during the quarter in the central anomaly near drill hole LASDDH-002. They showed similar hydrothermal alteration and weak sulfide mineralization. Assay results for these holes are pending.

Drilling will continue in July 2008 to complete the remaining eleven planned drill holes. Land access agreements and exploration permits have been received for the first five holes. Exploration permits have been filed for five of the remaining eight holes and land access agreements are being negotiated. The objective of the drill program is to discover a major Iron oxide-copper/gold or porphyry copper deposit.

Exploration Outlook

During the current and coming quarters, the Company's exploration activity will continue to be focused on adding high grade resources near the mine, defining stand alone resources further afield and discovery at Lascano.

Fourth Quarter 2007/08 Exploration Report Conference Call

The management of UME will hold a conference call to discuss the exploration progress for the fourth quarter of fiscal year 2007/08 ended May 31, 2008 at 10:00 Toronto time, 15:00 UK time on Thursday, July 17 2008. The conference call can be accessed by dialing +1 718 354 1362 (Canada and US) or +44 (0)20 7138 0838 (UK) and giving passcode 2416190. All participants will be required to register with the operator.

A simultaneous webcast of the call will be available at 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 is available for download 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 July 24 2008. The replay is accessible by dialing +1 718 354 1112 (Canada & US) or +44 (0)20 7806 1970 (UK) and entering passcode 2416190#.

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

For further information, please contact:

Uruguay Mineral Exploration Inc

Tony Shearer, Chairman: +44 (0)20 7602 1570; tonyshearer@btinternet.com
David Fowler, CEO: + 598 2 6016354; urumin@ume.com.uy

Investor/Media Relations

Emily Bruning, Shared Value Ltd: +44 (0) 20 7321 5027; ebruning@sharedvalue.net

Investor Relations in North America

Susan Borinelli, Breakstone Group: +1 646-330-5907; sborinelli@breakstone-group.com

RBC Capital Markets

Andrew Smith: +44 (0) 20 7029 7882; andrew.smith@rbccm.com

Sarah Wharry: +44 (0)20 7653 4667; sarah.wharry@rbccm.com