

**URUGUAY MINERAL EXPLORATION INC.  
EXPLORATION REPORT  
THIRD QUARTER ENDED FEBRUARY 28, 2009**

This report provides details of exploration activities during the third quarter of fiscal year 2009 ending February 28, 2009.

**1. HIGHLIGHTS**

- At Arenal deeps, an update to the resource estimate was completed by Golders and Associates S.A. and the results are very encouraging. Prefeasibility work is underway to further define the economic viability of this deeper resource as an underground reserve. Results of the study indicate a measured and indicated resource below the ultimate pit boundary of 3.16 million tonnes at 2.21 g/t Au using a 1.5 g/t cut off. Further definition drilling will commence in April 2009. This is an increase of 2.13 million tonnes at 2.20 g/t Au, or 169,000 ounces over the previously released resource at June 1 2009.
- Definition drilling was completed on the extension of the Veta Sur 2 deposit as well as Veta Sur 3. This drilling has led to an update in the reserves of each deposit totaling over 11,000 ounces at 2.6 g/t Au. Significant results include; VSRC144 reporting 4m @ 4.48g/t, VSRC146 reporting 7m @ 3.86g/t, VSRC148 reporting 13m @ 13.67g/t (no top cuts) and VSRC150 intersecting 6m @ 7.82g/t.
- Definition drilling was completed at the Zapucay mine with a number of holes reporting significant values; ZPRC107 reported 6m @ 6.07g/t, ZPRC110 reported 11m @ 3.38g/t and ZPRC111 reported 2m @ 17.15g/t (no top cut). Further drilling to the south of the deposit also returned significant results including; ZPRC096 reporting 6m @ 4.05g/t and ZPRC103 intersecting 5m @ 5.27g/t. Mining has commenced at the Zapucay pit and a resource model for the area south of the mine is expected to be completed in the next quarter .
- Drilling continued on the Peru/Esperanza Trend. The trend is defined by 4.5 kilometers of vein/structure which is anomalous in Au. First pass drilling has tested the entire strike length of the trend. Significant results have been reported from this structural trend including; PRRC027 intersecting 3m @ 4.86g/t and 2m @ 3.17g/t as reported last quarter. Offset drill holes to that mineralized intercept also report significant results and include PRRC042 reporting 3m @ 8.26g/t from 63m, and PRRC044 reporting 5m @ 1.14g/t from 62m. Results from drill hole MDRC010, at Picaflor sector, just east of Minas de Corrales, have been very encouraging This drill hole has reported six meters of mineralization averaging 5.4 g/t starting at a depth of 37 meters. Follow up drilling at Picaflor and the remainder of the Peru/Esperanza trend will continue in the fourth fiscal quarter.
- Offset drilling was completed on the Nueva Australia prospect. The structure was intersected, but only thin zones of mineralization were reported from these drill holes. Deep drilling on this prospect will be postponed until the next fiscal year.
- Drill programs have been started in the Rincon block. Twenty four holes have been completed for 2,334 meters testing structural, geophysical as well as geochemical targets. No significant intercepts have been reported from this area to date. Additional targets have been identified and will be tested in the coming quarter. An IP survey is currently underway between the eastern end of the Arenal Pit and the Rincon block. A consistent chargeability anomaly has been defined and will be drill tested in March.

- Drilling commenced at the Paso De Lugo project. By early March six holes had been completed and results have been mixed. To date the most significant results are from hole PDL-09-05 with 9m at 2.94 g/t Au starting at 92 meters.
- Drilling was completed in the Madre con Hijos prospect in the Casupa district. The vein structure was intercepted in all drill holes. Results were mixed with vein and deformed host rock reporting values between 0.1 g/t and 5.26 g/t. Intercepts of 1 to 2 meters of greater than a 1 g/t were reported from most of the drill holes.
- Independent resource estimates for Santa Teresa and Castrillon are expected to be received by mid April.
- The Texas prospect continues to deliver significant surface results up to 72 g/t Au. The prospective area is over 4.6 kilometers in strike and defined by veins and veining which locally exhibit sheeted to stockwork habit. Mapping and sampling will continue this year with surface magnetics and IP surveys. These programs will define targets for drilling by December 2009.
- The Rocha project is well underway with follow up sampling and geophysical surveys being completed. Blind targets (those which have no rock outcrop) in the central zone are being identified by the soil sampling program as well as the surface magnetic survey. Exploration continues along the entire strike length of the shear zone both north and south of the main prospect.
- The Lascano prospect has been presented to a number of major mining companies for review for participation in taking the property forward. To date, four major mining companies have shown interest and have or will review the detailed data.

## **2. GOLD PROJECTS - ISLA CRISTALINA BELT**

A location map of the major prospects described below can be found at Exhibit 1 to this release. Exploration activities were affected by the holiday break which occurred between December 22, 2008 and January 5, 2009. Drilling activity slowed to 1.5 R.C. rigs operating by the end of the quarter. This slower rate of drilling was planned to decrease exploration expenditures. Priority projects are being drilled and meters are being conserved for the most prospective targets.

### **Minas De Corrales District (Arenal and San Gregorio)**

Exploration during the quarter focused on:

- Updates of resource estimates in Arenal, Veta Sur 2 and 3, Zapucay, Santa Teresa, and Castrillon.
- Drill targets included the above targets as well as Rincon, Peru/Esperanza Trend, Nueva Australia, Polvorin, and additional near mine Veta like targets.
- Surface mapping and sampling continues in the areas of Nueva Australia, Minas de Corrales and Sobresalientes granites.
- Geophysical IP, surveys continued in the east of Arenal and into the Rincon block.
- Follow up programs of stream sediment anomalies will continue in the next quarter.

### Arenal Deep

- An independent resource estimate was completed by Golder and Associates S.A. on the Arenal deposit and more importantly on Arenal Deeps. The resource estimate for the deep portion of the deposit below the present pit boundary is presented in the table below. Results of this estimate have led the Company to proceed with a prefeasibility study and to design a drill out program to further define the resource. A definition drill program will commence in April 2009.
- Results of the resource estimate are presented in the table below.

Cut off Au g/t	Resource Category	Tonnes (dry metric)	Au g/t	Measured + Indicated		
				Tonnes	Au g/t	Contained Au Oz
0.5	Measured	991,000	1.32	9,126,000	1.39	408,000
	Indicated	8,135,000	1.40			
	Inferred	484,000	1.33			
1.0	Measured	616,000	1.65	5,780,000	1.77	328,000
	Indicated	5,164,000	1.78			
	Inferred	254,000	1.84			
1.5	Measured	308,000	2.07	3,164,000	2.21	224,000
	Indicated	2,856,000	2.22			
	Inferred	152,000	2.27			
2.0	Measured	130,000	2.54	1,557,000	2.70	135,000
	Indicated	1,427,000	2.71			
	Inferred	75,000	2.79			
2.5	Measured	49,000	3.09	790,000	3.16	80,000
	Indicated	741,000	3.16			
	Inferred	40,000	3.27			

*A cross section of the down dip drilling at Arenal can be viewed at Exhibit 2 to this report.*

### Veta Sur 2 and 3

Exploration and definition drilling on the Veta Sur 2 and 3 deposits was completed this quarter and defined additional resources. An internal update of the resource models has been completed which was used to define over 11,000 ounces of reserves at an average grade of greater than 2.6 g/t Au. The table below presents the grade and resource for each category for each deposit. Mining of the resource is already underway.

#### Veta Sur 2

Category	Cut off Au g/t	Tonnes	Au g/t	Contained Au Oz
Measured	> 0.5	48,949	2.40	3,782
Indicated	> 0.5	58,797	2.53	4,784
Inferred	> 0.5	7,023	1.62	366

Veta Sur 3

Category	Cut off Au g/t	Tonnes	Au g/t	Contained Au Oz
Measured	> 0.5	-	-	-
Indicated	> 0.5	54,324	2.88	5,036
Inferred	> 0.5	11,729	2.20	831

Drilling this quarter helped confirm mineralization and extend the known resource. Drilling below the historic waste dumps helped to confirm the location and grade of Veta Sur 3. Significant results of that program are presented below.

Hole ID	From	Intercept g/t Au	Sector
VSRC138	22	5m @ 3.33g/t	Veta Sur 2
VSRC139	17	2m @ 0.71g/t	Veta Sur 2
VSRC139	32	2m @ 8.11g/t	Veta Sur 2
VSRC142	35	2m @ 3.47g/t	Veta Sur 2
VSRC142	42	1m @ 0.98g/t	Veta Sur 2
VSRC143	1	2m @ 0.7g/t	Veta Sur 2
VSRC143	16	1m @ 4.63g/t	Veta Sur 2
VSRC143	24	1m @ 2.92g/t	Veta Sur 2
VSRC144	14	4m @ 4.48g/t	Veta Sur 2
VSRC145	28	5m @ 3.90g/t	Veta Sur 3
VSRC145	35	3m @ 1.79g/t	Veta Sur 3
VSRC146	26	1m @ 1.08g/t	Veta Sur 3
VSRC146	46	1m @ 2.12g/t	Veta Sur 3
VSRC146	49	7m @ 3.86g/t	Veta Sur 3
VSRC147	52	5m @ 2.47g/t	Veta Sur 3
VSRC148	32	1m @ 1.9g/t	Veta Sur 3
VSRC148	37	13m @ 13.67g/t	Veta Sur 3
Includes	39	2m @ 76.18g/t	Veta Sur 3
VSRC149	32	4m @ 4.64g/t	Veta Sur 3
Includes	35	1m @ 10.87g/t	Veta Sur 3
VSRC150	36	6m @ 6.68g/t	Veta Sur 3
Includes	36	3m @ 10.25g/t	Veta Sur 3
VSRC151	47	2m @ 2.84g/t	Veta Sur 3
VSRC151	54	3m @ 4.7g/t	Veta Sur 3
VSRC152	50	4m @ 2.90g/t	Veta Sur 3
Includes	51	1m @ 9.43g/t	Veta Sur 3

Drill hole intercepts, are composites using 0.5 g/t cut and may contain 1 meter intercepts of <0.5 g/t *Drill hole thickness reported, approximate true thickness*

Zapucay

Drilling continued at the Zapucay pit and immediately south to further define resource. Mining started in the old pit and the resource should be exhausted by the end of the fiscal year. Knob Hill, an area 500 meters south of the pit was drill tested during the quarter and a small resource is being defined which is expected to deliver approximately 5,000 ounces. Recent drill results from the Zapucay and Knob hill area are reported below.

Hole ID	From	Intercept Au g/t
ZPRC095	14	5m @ 1.24g/t
ZPRC095	32	4m @ 2.21g/t
ZPRC096	16	6m @ 4.05g/t
ZPRC096	35	2m @ 2.73g/t
ZPRC096	39	5m @ 1.11g/t
ZPRC096	46	2m @ 2.16g/t
ZPRC097	37	2m @ 1.84g/t
ZPRC097	43	2m @ 3.84g/t
ZPRC097	47	1m @ 1.57g/t
ZPRC098	38	1m @ 1.41g/t
ZPRC099	11	2m @ 1.54g/t
ZPRC099	19	8m @ 1.87g/t
ZPRC099	26	1m @ 1.19g/t
ZPRC101	9	1m @ 1.96g/t
ZPRC102	9	1m @ 1.26g/t
ZPRC102	12	1m @ 1.36g/t
ZPRC102	18	1m @ .071g/t
ZPRC103	15	5m @ 5.27g/t
ZPRC104	17	7m @ 2.28g/t
ZPRC104	23	1m @ 1.84g/t
ZPRC106	10	2m @ 2.21g/t
ZPRC107	26	6m @ 6.07g/t
includes	27	2m @ 15.96g/t
ZPRC107	41	4m @ 1.74g/t
ZPRC108	0	1m @ 2.39g/t
ZPRC108	7	4m @ 1.25g/t
ZPRC108	17	7m @ 1.18g/t
ZPRC108	26	3m @ 1.40g/t
ZPRC109	5	2m @ 3.56g/t
ZPRC110	0	11m @ 3.38g/t
includes	6	1m @ 19.60g/t
ZPRC111	14	3m @ 1.99g/t
ZPRC111	20	2m @ 2.86g/t
ZPRC111	26	2m @ 17.15g/t
ZPRC112	0	6m @ 1.12g/t

*Drill hole intercepts, are composites using 0.5 g/t cut and may contain 1 meter intercepts of <0.5 g/t Drill hole thickness reported, approximate true thickness*

### **Peru, Esperanza and Areicua**

Drilling continued along the Peru/Esperanza trend. The trend is defined by a number of vein/structures which span nearly five kilometers in a NE-SW strike. Anomalous mineralization has been encountered in most holes across the entire strike length. Results received last quarter from drill hole PRRC027 reporting 3m @ 4.86 g/t Au drilled south of the Peru Mine lead to offset drilling which was completed this quarter. Drill holes PRRC042 through 44 represent these offset holes and report significant results (see table below). In March significant results were received from drill hole MDRC010 located at Picaflor, an area east of Minas Corrales. The hole reported 6m @ 5.40 g/t Au. Results from this quarter are presented in the tables below.

### Minas de Corrales

Hole ID	From	Intercept Au g/t
MCRC001	67	1m @ 0.54g/t
MCRC001	79	2m @ 1.38g/t
MCRC001	85	1m @ 1.78g/t
MCRC003	32	2m @ 0.88g/t
MCRC004	52	1m @ 0.74g/t
MCRC005	3	2m @ 0.98g/t
MCRC010	37	6m @ 5.40g/t

### Peru/Esperanza

Hole ID	From	Intercept Au g/t
PRRC032	0	1m @ 1.09g/t
PRRC032	13	1m @ 1.64g/t
PRRC032	59	1m @ 1.30g/t
PRRC036	21	1m @ 1.37g/t
PRRC038	26	1m @ 4.90g/t
PRRC040	33	1m @ 0.72g/t
PRRC041	2	1m @ 0.55g/t
PRRC041	5	1m @ 1.94g/t
PRRC041	20	1m @ 2.27g/t
PRRC042	63	3m @ 8.26g/t
PRRC043	20	1m @ 4.56g/t
PRRC043	26	1m @ 0.72g/t
PRRC043	29	1m @ 0.70g/t
PRRC043	50	1m @ 0.61g/t
PRRC044	55	1m @ 1.28g/t
PRRC044	62	5m @ 1.14g/t
PRRC045	70	1m @ 1.02g/t
PRRC047	1	1m @ 8.34g/t
PRRC047	5	2m @ 0.91g/t

*Drill result composites of >0.5g/t, includes intervals of 1.0m <0.5 g/t)*

Results of infill drilling in the Peru Mine area were disappointing and did not report high-grade values.

*Geologic map Esperanza, Peru Trend can be viewed at Exhibit 3 to this report.*

### Nueva Australia

The Nueva Australia structure is interpreted to be the structural offset of the main San Gregorio structure and lies 1.2 kilometers to the north of Santa Teresa. It strikes to northwest and dips moderately, ~40 degrees, to the SW. Anomalous surface mineralization defines the structure for over three kilometers.

Offset drilling of NADD003 (4.65m @ 8.57 g/tAu) was completed on the Nueva Australia prospect. The structure was intersected by both holes but only thin zones of mineralization were reported. The first hole, NADD004, was located 130 meters to the ENE and the second hole, NADD005, 200 meters to the NNW. Additional deep drilling on this structure will be postponed until next calendar year. Results of these offset drill holes are presented below.

Hole ID	From	Intercept
NADD004	399.7	0.6m @ 0.83g/t
NADD004	436.6	1.2m @ 0.93g/t
NADD005	260.65	1m @ 4.67g/t
NADD005	350.1	0.5m @ 3.38g/t

*Drill result composites of >0.5g/t, includes intervals of 1.0mt <0.5 g/t*

Shallow drilling along the three kilometer anomalous trend will take place over the next two quarters to test for shallow high grade vein (veta) like targets. Surface work is underway to define these targets.

#### Polvorín

The project has been exploited in the second quarter. A follow up drill program has been completed on the Polvorin structure to test for extension of mineralization down dip and a parallel structure to the west. The drill program had limited success. Results of this drill program are presented in the table below and will be used to assess any economic viability of the deposit.

Hole ID	From	Intercept g/t Au
PORC060	118	1m @ 1.38g/t
PORC061	118	1m @ 0.74g/t
PORC062	15	5m @ 0.58g/t
PORC063	42	5m @ 0.59g/t
PORC064	6	1m @ 0.56g/t
PORC064	10	2m @ 0.55g/t
PORC064	20	1m @ 0.65g/t
PORC065	27	4m @ 5.01g/t
PORC066	19	1m @ 1.38g/t
PORC066	42	1m @ 0.83g/t

*Drill result composites of >0.5g/t. Drill hole thickness reported, not true thickness.*

#### Los Castillos (The Gap)

Rincon and La Cañada, a new target identified this quarter, are two prospects that lie within the Los Castillos block of ground. Permits were received and drilling commenced in these areas during the quarter. Twenty four holes have been completed for 2,334 meters testing structural, geophysical as well as geochemical targets. These holes reported no significant gold anomalies

Work continues in the sector as mapping, sampling and geophysical surveys. Like most of the district, surface veins identify areas of significant mineralization over 10 g/t Au. IP anomalies have identified extensions of the Arenal structure east of the pit which trend to the Southeast. Targets defined by this surface exploration work will be drill tested in the fourth fiscal quarter.

An induced polarization (IP) geophysical survey has been completed east of Arenal to the Cañada prospect. The survey clearly has defined a chargeability and resistivity anomaly which is coincidental with the projection of the Arenal controlling structure. A drill program has been developed to test this anomaly early in the fourth fiscal quarter.

*A geologic map of Los Castillos and the prospects of Rincon, and Cañada can be viewed at Exhibit 4 to this report.*

### Eastern Half Isla Cristalina Belt

Exploration work in the eastern half of the district was limited and a number of prospects remain drill ready. A review of surface data has identified areas for further follow up work as well as areas which will be dropped.

Drilling permits have been received for Vaca Muerta, Curtume, Cerro Chato/Cerrillada and Vichadero. These projects are expected to be drilled during the 2010 fiscal year. Drilling of targets will start with those which are closer to the present plant site.

#### Vichadero:

Stream sediment sampling south of Vichadero continues to define strongly anomalous results. These results have identified new targets which are not associated with the preliminary Vichadero target. Follow up work is underway to identify the source and define drill targets.

### 3. GOLD PROJECTS -

#### Arroyo Grande Belt – Paso de Lugo

Arroyo Grande Belt is located in central Uruguay, 235 kilometers southwest of San Gregorio mine and 200 kilometers north northwest of Montevideo. The lithology of the district is Precambrian in age and is dominated by granodiorite and diorite intrusive as well as meta volcanic and meta sedimentary rocks. Gabbros are also observed in the area of Paso de Lugo as large dikes. A large shear zone trending east northeast hosts the mineralized targets.

An exploration drill program commenced at the end of February 2009. A 13 hole program was designed to test two kilometers of the defined anomalous structure. Six holes were completed as of early March 2009. The structure quartz veining and anomalous mineralization has been encountered in all drill holes to date. One hole, PDL-09-005, reported a strongly mineralized intercept of 9m at 2.95 g/t Au. Drilling continues in March along trend. Offset drilling of this intercept is planned during the month.

HOLE ID	FROM	Intercept g/t Au
PDL-09-001	78 m	1m @ 3.42 g/t
PDL-09-002	63 m	1m @ 0.51 g/t
PDL-09-002	74 m	1m @ 1.50 g/t
PDL-09-003	9 m	1m @ 0.60 g/t
PDL-09-003	23 m	4m @ 1.03 g/t
PDL-09-004	19 m	2m @ 1.67 g/t
PDL-09-004	29 m	1m @ 0.87 g/t
PDL-09-004	91 m	2m @ 1.19 g/t
PDL-09-004	97 m	2m @ 0.73 g/t
PDL-09-004	116 m	1m @ 0.63 g/t
PDL-09-005	79 m	2m @ 0.72 g/t
PDL-09-005	92 m	9m @ 2.95 g/t
Including	96 m	4m @ 5.45 g/t
PDL-09-005	103 m	1m @ 1.47 g/t
PDL-09-006	21 m	1m @ 2.46 g/t
PDL-09-006	48 m	1m @ 1.44 g/t
PDL-09-006	88 m	1m @ 0.84 g/t

*Drill result composites of >0.5g/t. Drill hole thickness reported, not true thickness.*

The vein/shear system strikes approximately east-west and is locally up to 150 meters wide. Sampling on the adjacent Arroyo Grande tenement has also identified anomalous mineralization which lies along strike and is interpreted to be the extension of this mineralization to the west of the Paso de Lugo Tenement. Follow up and detailed sampling has identified anomalous results over 0.5 g/t.

*A map of Drill hole locations, sample results, surface geology and airborne magnetic survey can be viewed at Exhibit 5 of this report.*

### **Casupa/Crucera-District**

The Casupa property is part of the Crucera-Casupa district and its vein systems are located less than 17 kilometers south of Crucera. The development of drill targets in the Casupa district has concentrated on the Madre con Hijos vein, the Central vein and the San Juan vein systems. A number of other veins have been identified and are also expected to be worked up as drill targets.

A thirteen hole drill program was completed on the Madre con Hijos vein system in December. Results of the drill program were encouraging but failed to intercept significant thickness or grade to warrant further drilling on this vein system. A complete table of results is presented below.

Hole ID	From (m)	Intercept g/t Au
MCH-08-001	8 m	1m @ 0.75g/t
MCH-08-001	21 m	2m @ 3.49g/t
MCH-08-002	6 m	2m @ 2.40g/t
MCH-08-002	15 m	1m @ 1.07g/t
MCH-08-003	3 m	2m @ 2.40g/t
MCH-08-003	6 m	1m @ 0.87g/t
MCH-08-004	39 m	1m @ 0.50g/t
MCH-08-005	0 m	1m @ 0.51g/t
MCH-08-005	58 m	2m @ 0.70g/t
MCH-08-007	39 m	2m @ 1.91g/t
MCH-08-008	13 m	1m @ 0.56g/t
MCH-08-008	62 m	1m @ 1.08g/t
MCH-08-008	73 m	1m @ 1.00g/t
MCH-08-009	1 m	2m @ 1.74g/t
MCH-08-009	55 m	1m @ 0.79g/t
MCH-08-010	28 m	2m @ 0.72g/t
MCH-08-010	43 m	1m @ 2.48g/t
MCH-08-010	86 m	4m @ 0.72g/t
MCH-08-010	100 m	1m @ 0.59g/t
MCH-08-010	111 m	1m @ 0.98g/t
MCH-08-011	10 m	2m @ 2.08g/t
MCH-08-011	13 m	1m @ 0.86g/t
MCH-08-011	15 m	1m @ 0.60g/t

Hole ID	From (m)	Intercept g/t Au
MCH-08-012	3 m	1m @ 1.02g/t
MCH-08-012	7 m	1m @ 4.70g/t
MCH-08-013	11 m	1m @ 2.68g/t

*Drill result composites of >0.5g/t. Drill hole thickness reported, not true thickness.*

A number of other vein systems have been identified in the district and have been developed into drill targets. Drilling of these targets has been postponed until next year.

### **Texas**

Texas prospect is located 168 kilometers east southeast of the San Gregorio mine site and 283 kilometers northeast of Montevideo. It lies within the Dom Feliciano Mobile belt of Precambrian rocks.

Surface sampling and mapping at the Texas tenement continues. Results of the last three months have increased the area of interest to 4.7 kilometers in strike length and 1.5 kilometers in width. Surface mineralization is associated with quartz veins hosted in granite. The quartz veins all lie in a northeast trending corridor though the orientation of veins trend in at least three directions including parallel to the main trend. Zones of sheeted and stockwork veining have been identified.

Significant results have been reported from a number of different vein sets and range from thin and discontinuous to broad sheeted and or stock work zones locally. Mapping and sampling will continue to define the area for possible drill targets. Significant rock chip results above 0.5 g/t are presented below.

Sample #	Au g/t
EX16249	61.65
EX16244	39.5
EX16241	29.67
EX16247	23.97
EX16250	22.4
EX16259	15.91
EX16251	14.16
EX16238	9.9
EX16248	9.13
EX16260	6.76
EX16262	6.55
EX16267	5.92
EX16311	5.82
EX16236	4.22
EX16182	4.14
EX16254	3.55
EX16210	3.47
EX16240	2.32

Sample #	Au g/t
EX16271	1.23
EX16314	1.06
EX16232	1.02
EX16287	0.95
EX16216	0.92
EX16293	0.87
EX12546	0.86
EX12543	0.81
EX16178	0.81
EX16295	0.76
EX12536	0.75
EX16302	0.75
EX16211	0.74
EX16315	0.74
EX16237	0.73
EX16308	0.68
EX16166	0.67
EX16264	0.64

Sample #	Au g/t
EX16189	2.28
EX12534	2.25
EX16245	2.23
EX16198	2.19
EX16239	2.1
EX16297	2.04
EX16317	2.03
EX16188	2
EX16246	1.98
EX16289	1.95
EX16256	1.84
EX16190	1.5
EX16180	1.39

Sample #	Au g/t
EX16261	0.61
EX16304	0.61
EX16174	0.6
EX16258	0.6
EX16288	0.59
EX16316	0.57
EX16169	0.56
EX12541	0.55
EX16176	0.54
EX16209	0.54
EX16223	0.54
EX16184	0.52

### Rocha

The Rocha prospect is located approximately 60 kilometers south of Lascano. Mapping and sampling continues along the 15kilometers NNE structural/vein corridor. Soil sampling programs as well as surface geophysical programs are underway and are expected to be completed in the fourth quarter of the fiscal year.

Preliminary results from the soil and geophysical programs due indicate that additional targets have been identified below soil cover. A full review of this information will take place once sampling and geophysical programs are completed. Induced Polarization (IP) survey will take place over the more prospective zones to help define drill targets.

To date, positive anomalous rock chip sampling and mapping has indicated that Qtz veins are associated with the structural corridor. Mineralization is Qtz/Earthy Hematite/Arsenopyrite/Pyrite/±Galena/± trace visible Au. Hairline to veinlets size stockwork and sheeted veining parallel to the main structures also cross the strongly foliated granite and schist host rocks. Sampling of the host rocks, specifically schist as well as quartz veining has resulted in several highly anomalous poly-metallic assay values. Results reporting above 0.5 g/t are presented below for the quarter.

Sample #	Au g/t
EX17374	0.50
EX17397	0.77
EX17349	0.82
EX17357	0.84
EX17320	1.60
EX17408	1.75
EX17391	1.89
EX17409	1.92
EX17343	2.83

Sample #	Au g/t
EX17383	3.46
EX17326	4.25
EX17329	5.97
EX17287	6.00
EX17328	6.12
EX17309	6.88
EX17310	9.26
EX17327	21.33
EX17300	26.80

Strong sulfide mineralization composed of arsenopyrite ± galena mineralization has been identified fairly consistently within the principal vein selvage. The highest grade gold sample, 102 g/t Au, is related to arsenopyrite and galena bearing host rock. To date, mineralized Qtz vein/schist host rock geochemistry has been restricted to a ~ 100m widths around both the principal and secondary vein zones.

Drill targets will be developed and a program planned for the 2010 fiscal year.

#### **Generative Programs**

A limited generative program is being planned for Uruguay for the 2010 fiscal year. New target areas are anticipated to be looked at including younger geologic terrains including the Parana basin and associated rift environments.

### **4. OTHER METALS**

#### **Lascano Geophysical Anomaly**

The Lascano exploration target is composed of three large circular geophysical features which are each approximately 20 kilometers 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 gravity gradient and magnetic anomalies which form the three separate circular patterns. Drilling to date has explored the central geophysical anomaly.

The 2008 drill program was designed to explore the anomalous alteration and weak copper mineralization defined in hole two of the 2007 campaign. Mineralization and alteration are suggestive of an Iron Oxide-Copper-Gold (IOCG) or porphyry copper system and the objective of the drill program is to discover one of these types of systems.

Alteration assemblages described from logging include quartz-sericite-pyrite with fine vein and disseminated pyrite as well as minor chalcopyrite and associate fluorite. Potassic alteration is also described at depth with associated pyrite and minor chalcopyrite mineralization. All rock types encountered show evidence of hydrothermal alteration as well as very weak copper mineralization locally. This includes the overlying volcanic assemblage as well as the intrusive suite of rocks which forms the basement. Alteration minerals include quartz, sericite, pyrite, chalcopyrite, secondary biotite, and minor fluorite. Analytical results have only defined weak but anomalous copper mineralization locally.

Due to its size and complexity, the project is being offered for joint venture. A summary of the project has been distributed to a number of major base metal and gold mining companies for review. To date four major mining companies have shown interest and have or will review the detailed data.

#### **Base Metal Properties**

All base metal properties have been dropped. UME still retains significant information on these properties including geologic mapping, surface and drill hole geochemistry, and airborne and ground based geophysical surveys.

#### **Nickel Properties**

The Carpentaria property in the Isla Cristalina Belt has been identified by GeoDiscovery as a very prospective Ni and or PGE prospect. The geochemistry and host rocks of the prospect are indicative of a productive system. Evaluation of continued geophysical work to identify drill targets is underway.

The other Nickel properties, Cerros Negros and Mal Abrigo are still held by the Company. UME is at present time looking to farm out these properties to a nickel-based mining company.

### **Diamond Exploration**

A non-binding letter of intent has been signed with a Canadian junior on the Company's Cinco Rios diamond project. The letter outlines the general agreement which allows the exploration group to earn in a majority interest in the Cinco Rios diamond properties by spending \$Cdn 750,000 in exploration.

A final agreement is now being negotiated.

## **5. OTHER ACTIVITIES**

### **Permits**

A number of permits have been granted in the last quarter including drilling permits for Rincon and Paso de Lugo. The Company has made a submission to the government to improve permitting regulations over the medium term and has committed additional resources to ensure that it responds rapidly to all requests.

### **Drilling**

Drilling was cut back during the quarter to 1.5 RC drill rigs. A total of 136 holes for 9,952 meters were completed. Targets drilled included:

- Near mine targets including Santa Teresa, Nueva Australia, Veta A and Sur, Polvorin, and Arenal.
- IC Belt including, Rincon area east of Arenal, Zapucay and the Peru Esperanza trend.
- Madre con Hijos, Casupa District, Paso de Lugo, Arroyo Grande Belt.

<b>Isla Cristalina Belt</b>		
	Holes RC: 416	RC mts: 28,258
	Holes DDH: 31	DDH mts: 9,876
<b>Other Projects</b>		
	Holes RC: 51	RC mts: 6,884
	Holes DDH: 10	DDH mts: 2,894
<b>Grand Total</b>	<b>Holes: 508</b>	<b>Meters: 47,912</b>

### **Acquisition**

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

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

## 6. EXHIBITS

### Exhibit 1: Isla Cristalina Generalized Geology and Major Prospects.

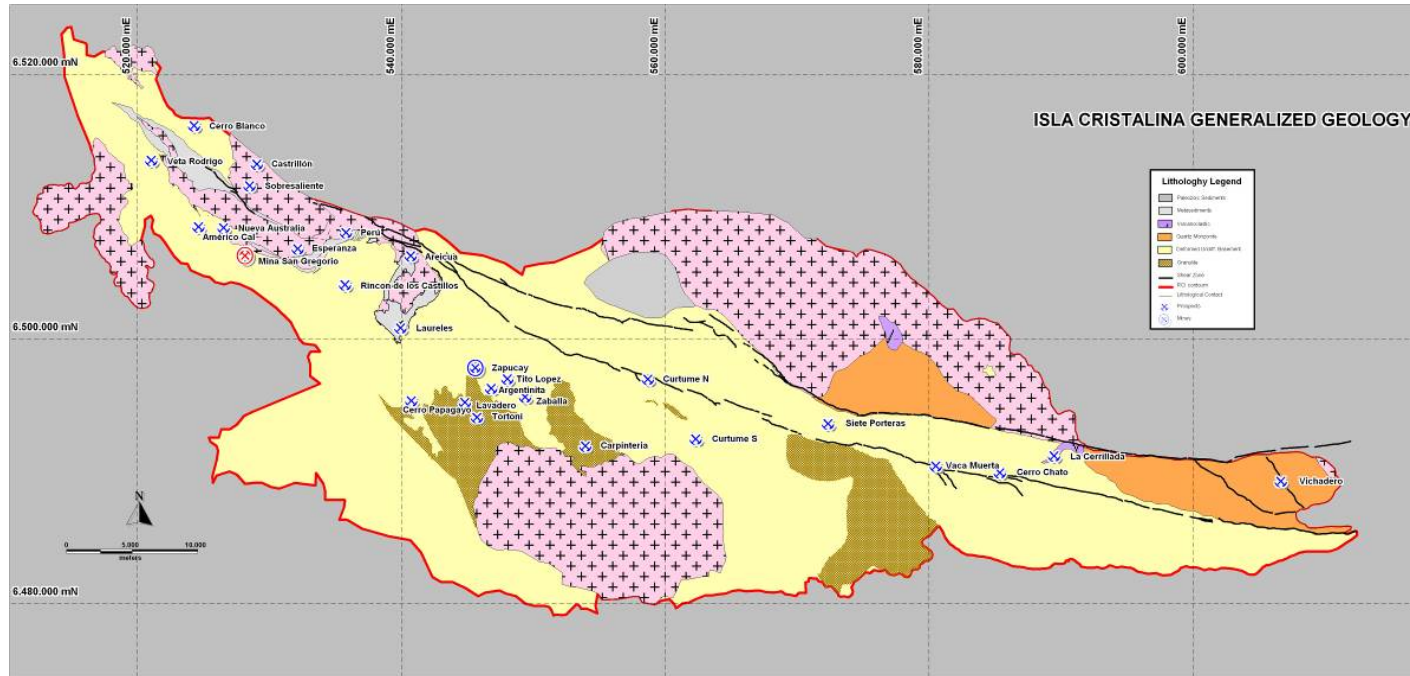


Exhibit 2: Arenal Section Looking West.

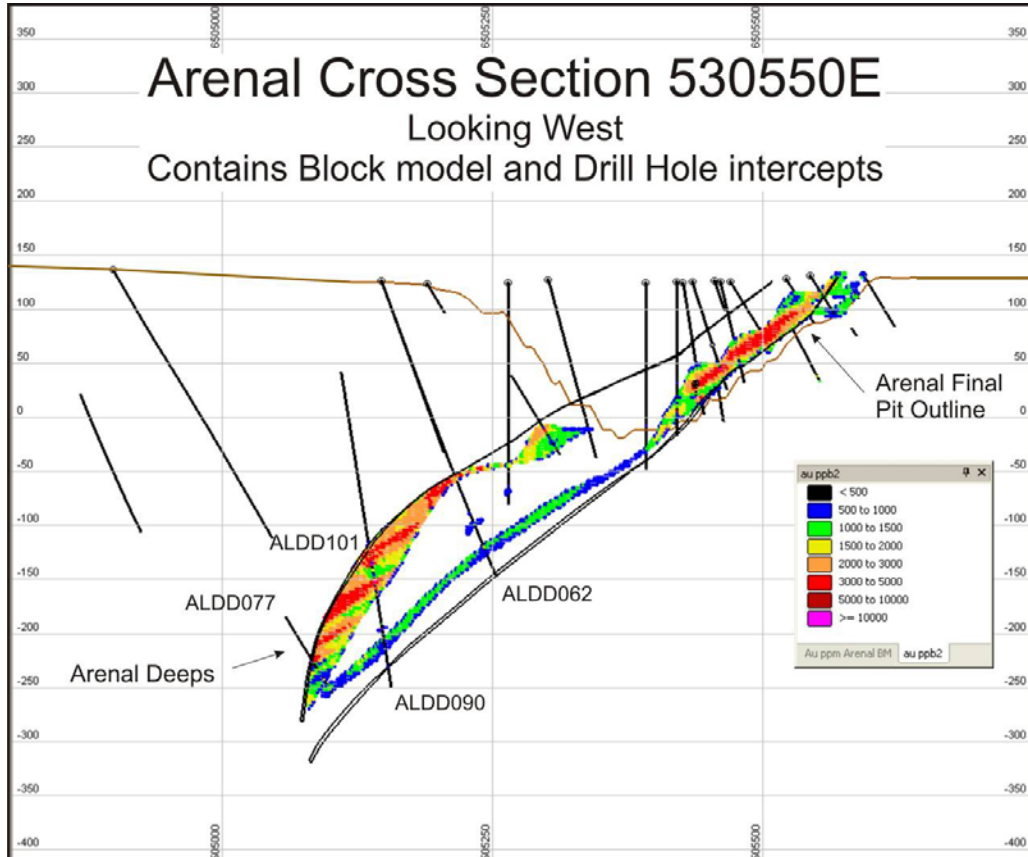


Exhibit 3: Peru-Esperanza Trend.

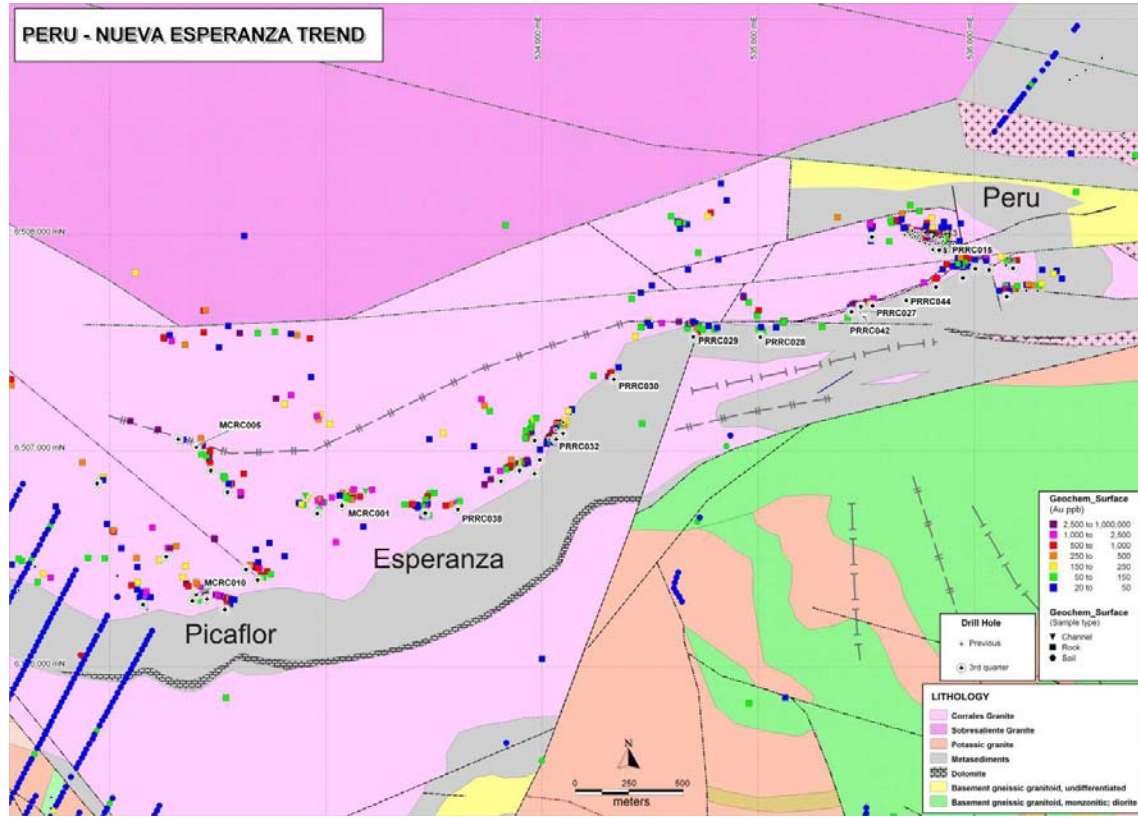
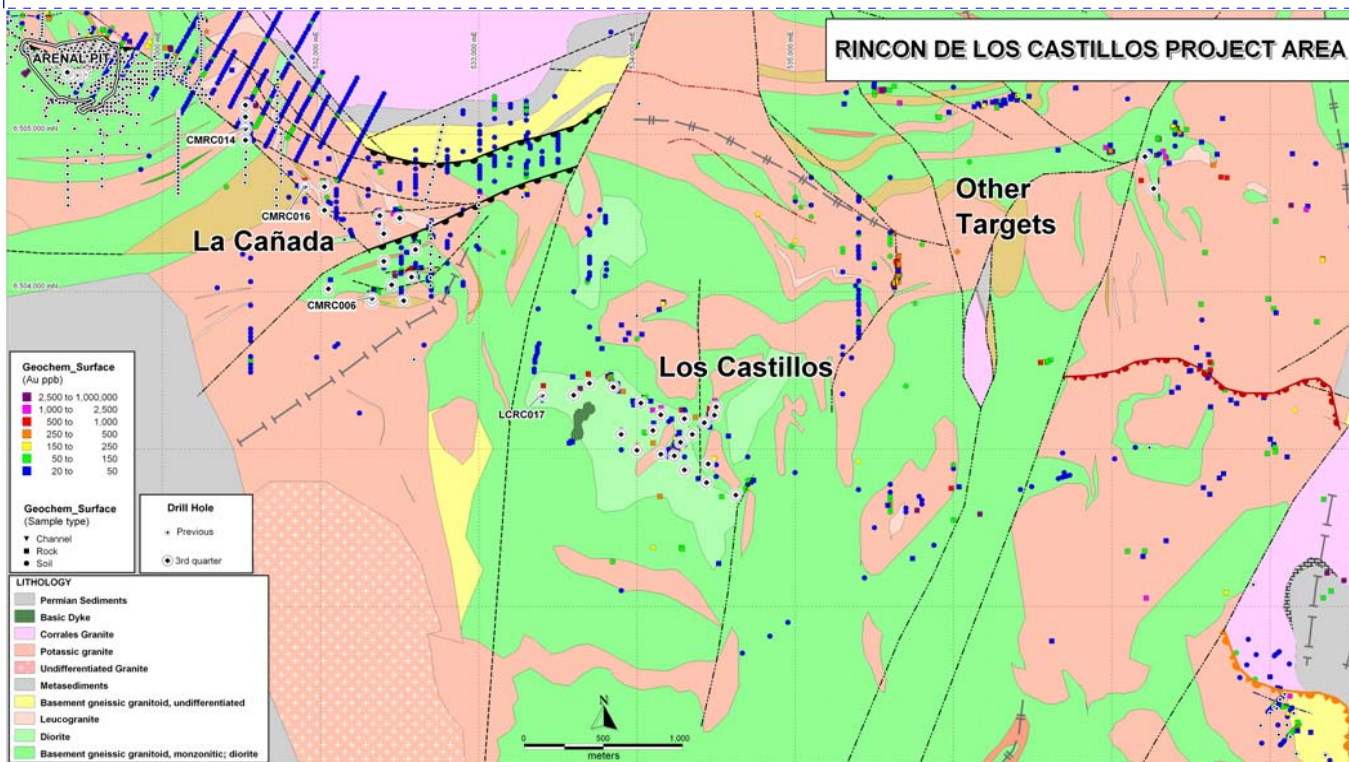


Exhibit 4: Location map of the Los Castillos and Cañada prospects. .



Comment [m1]: smaller font

Exhibit 5: Map of Paso del Lugo with Drill hole locations Q3.

