



MESA EXPLORATION CORP.
QUARTERLY REPORT FOR THE THREE MONTHS ENDED JUNE 30, 2011

**Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
Management’s Discussion & Analysis
Three months ended June 30, 2011, as of September 28, 2011**

General

This Management’s Discussion and Analysis of Mesa Exploration Corp. (the “Corporation”), formerly Mesa Uranium Corp., has been prepared by management as of September 28, 2011, and should be read in conjunction with the audited annual financial statements and related notes thereto of the Corporation for the year ended March 31, 2011, and the unaudited condensed consolidated interim financial statements of the Corporation for the three months ended June 30, 2011, and the unaudited consolidated financial statements for the three months ended June 30, 2010. All amounts are expressed in Canadian Dollars unless otherwise indicated. The condensed consolidated interim financial statements for the three months ended June 30, 2011, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), including comparative figures. The consolidated financial statements for the year ended March 31, 2011, have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). Further information on the transition to IFRS is provided in the “International Financial Reporting Standards” section of this Management’s Discussion and Analysis.

Forward-Looking Statements

Certain statements contained in the following Management’s Discussion and Analysis may be deemed forward-looking statements within the meaning provided by Canadian security laws. All statements other than statements of historical facts, including the likelihood of commercial mining and possible future financings are forward-looking statements. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include unsuccessful exploration results, changes in commodity prices, changes in the availability of funding for mineral exploration, unanticipated changes in key management personnel and general economic conditions. Mining exploration is an inherently risky business. Accordingly the actual events may differ materially from those projected in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements while considering the risks set forth below. The Corporation does not undertake to update any forward-looking information, except as, and to the extent, required by applicable securities laws.

Description of Business

The Corporation is an exploration stage mining company engaged in the identification, acquisition and exploration of uranium, lithium and potash mineral properties located in the United States. The Corporation acquired its wholly-owned subsidiary, BZU Minerals Ltd. (“BZU”), on December 21, 2005, and changed its name from Fintry Enterprises Inc. to Mesa Uranium Corp. On March 30, 2011, the Corporation further changed its name to Mesa Exploration Corp. to reflect a shift in focus from uranium into a more diversified exploration and development company. The Corporation was incorporated in British Columbia and its shares are listed on the TSX Venture Exchange.

Overview of Performance

The Corporation’s working capital as of June 30, 2011, was \$1,087,332 which increased from the working capital position of \$910,707 as of March 31, 2011. The increase in working capital was primarily the result of cash receipts from the warrants exercised during the period. The loss for the three months ended June 30, 2011, was \$138,135 or \$0.01 per share which was higher than the comparable net loss of \$72,182 or \$0.01 per share for the three months ended June 30, 2010.

Mineral Projects

The Corporation is engaged in the exploration and development of mineral properties and owns mineral property interests in Utah and Arizona.

Lisbon Valley Project

The Lisbon Valley property is located in the Colorado Plateau region of southeastern Utah in San Juan County near the border of Colorado. Historically, in excess of 85 million pounds of uranium have reportedly been produced in this district from 1952 until the early 1990's from an arcuate belt 16 miles long by ½ mile wide along the southwestern flank of the Lisbon Valley anticline. All of the major ore bodies did not outcrop and were discovered by exploration drilling. The Lisbon Valley district accounted for over 80% of the uranium mined in the state of Utah and had some of the highest uranium grades in the United States ranging from 0.2 to 0.4 percent uranium. The Corporation is exploring for economic deposits on its property interests within this district and is following a strategy of acquiring a dominant land position within this district and systematically drilling high-priority targets. Most of the targets are located on mineralized trends adjacent to or between historic uranium mines in the Lisbon Valley. The Corporation wholly owns the Lisbon Valley uranium project and controls approximately 2,850 hectares of mining claims and state mineral leases in the Lisbon Valley Mining District in Utah, USA.

Moonshine Springs Project

During February 2007, the Corporation acquired an additional uranium property. The property, known as the Moonshine Springs project, is owned 100% by the Corporation, and is located in Mohave County, Arizona. The Corporation has a 320 acre lease from the State of Arizona. The previous owner of the property conducted uranium exploration drilling in 1979. The Corporation possesses data on four widely spaced drill holes completed and the best intercept was six feet grading 0.4% U3O8 (8 pounds per ton). This high grade uranium mineralization is within a stream channel in the Chinle sandstone. The 6 million pound Moonshine Springs uranium deposit is located within 2 miles of the project and is hosted in the Chinle formation. In 2007, the Corporation commenced a planned drilling program which consisted of 10-12 holes for a total footage of 6,000 feet.

Potash Projects: White Cloud, Salt Wash, Whipsaw, Holbrook

During September 2008, the Corporation filed applications for potash exploration permits with the Bureau of Land Management ("BLM") for the White Cloud potash project. The property contains potash from both solution mining and naturally-occurring potash brines. The White Cloud project is located in the Paradox Basin, a geologic province known to contain potash deposits and potash brine. The United States Geological Survey and Utah Geological Survey have documented these occurrences in various reports. The project is within an area categorized as a high "known mineral deposit area" for potash beds by the U.S. Bureau of Mines. The Corporation plans to obtain reports and radiometric logs from historic oil drilling on the project to assess grade, thickness and depth of the potash beds and grade and flow rates for the potash brines. Sources for the information have been identified and the Corporation is currently acquiring and evaluating the information to guide future exploration work.

During May 2009, the White Cloud potash project was expanded to 35,510 acres. The property is located 40 miles north of the Lisbon Valley uranium project in southeastern Utah. Access and infrastructure are considered good as the project is close to rail, interstate highway and power lines. Applications were also filed for two new projects, Salt Wash at 21,184 acres and Whipsaw with 17,968 acres. A total of 74,662 acres (116 square miles) of the Corporation's applications have passed BLM Suitability Reviews.

During January 2009, the Corporation acquired 3 additional potash exploration permits through the Arizona State Land Department covering 1,950 acres (three square miles) covering a portion of the Holbrook Basin for the Holbrook potash project.

In September 2010, the Corporation signed an option agreement ("Agreement") with Passport Potash Inc. ("PPI") on the Holbrook potash project. The project consists of Arizona State Land Department exploration leases covering 1,950 acres and was 100% wholly-owned by the Corporation. Under the Agreement, PPI acquired a 75% interest in the leases by issuing to the Corporation 500,000 shares of PPI and paid US\$20,000, in cash, and the exploration expenditures as required by the Arizona State Land Department. Any additional work will be paid for by PPI on a

100% basis. PPI will have the right to acquire the remaining 25% interest by paying the Corporation an additional US\$100,000 cash or PPI stock equivalent with equivalent value. The Corporation will retain a 2% NSR royalty which PPI has the option to purchase for US\$300,000.

Green Energy Project

During November 2009, the Corporation announced that it acquired, by staking, the Green Energy lithium project in Utah. The project consists of mining claims covering an area of approximately 10 square miles (6,000 acres) and is 100% wholly-owned.

During March 2010, the Corporation added new claims extending over a potentially high grade brine target at the Green Energy lithium project in Utah. The new claims have been staked bringing the total acreage under the Corporation's control to 7,840, or approximately 12 square miles. The project is wholly owned by the Corporation. The new claims overlay a syncline, or structural trough, thought to contain higher concentrations of brine exceeding the previously acquired portion of the project located on an anticline, or structural dome. A petroleum engineering report from 1966 suggested the syncline would host a higher concentration of minerals through hydrodynamic drive (gravity and water pressure). Historic oil exploration wells focused on the anticline, known traps for oil and gas reservoirs, no holes were drilled into the syncline. This report went on to suggest a minimum brine reservoir of 15 million barrels with upside in the hundreds of millions of barrels.

During March 2011, the Corporation staked new claims contiguous to the existing claim block at the Green Energy project, for a total position of 10,080 acres.

Selected Information

The following table sets forth selected consolidated annual financial information of the Corporation for, and as of the end of, each of the last three fiscal years and for the three months ended June 30, 2011, and 2010. The selected consolidated financial information should be read in conjunction with the Consolidated Financial Statements of the Corporation. The Corporation made the transition to IFRS effective April 1, 2011, and as a result, certain quarters have financial information calculated under IFRS and others are presented using Canadian GAAP ("CGAAP").

	Three months ended			Year ended	
	June 30,			March 31,	
	2011	2010	2011	2010	2009
	IFRS	IFRS	IFRS	CGAAP	CGAAP
	\$	\$	\$	\$	\$
Net loss	138,135	72,182	1,220,897	1,772,461	1,690,085
Net loss per share	0.01	0.01	0.11	0.18	0.18
Total cash and cash equivalents	820,298	73,958	525,185	170,474	25,173
Working capital	1,087,332	45,512	910,707	146,060	12,349
Total liabilities	41,484	29,156	17,060	25,204	55,217
Total assets	2,349,842	1,568,493	2,131,693	1,636,723	3,170,805
Shareholders' equity	2,308,358	1,539,337	2,114,633	1,611,519	3,115,588

Results of Operations

For the three months ended June 30, 2011

For the three months ended June 30, 2011 (the "first quarter"), the Corporation had a net loss of \$138,135 or \$0.01 per share compared to a net loss of \$72,182 or \$0.01 per share with the corresponding period in 2010. The increase in net loss was mainly due to increased expenditures related to professional fees, management and consultant fees, and exploration office expenses. Professional fees were higher for the three months ended June 30, 2011, as the result of accruing the March 31, 2011 year end audit fees in the first quarter and which were under accrued in the year ending March 31, 2011. Management and consultant fees increased to \$43,364 in the first quarter from

\$26,845 for the three months ended June 30, 2010. The increase in management and consultant fees was due to the increase in activities in regards to administration and business development. General and administrative costs remained comparable from \$9,287 to \$9,436 in the first quarter and public company expenses also remained comparable from \$24,825 to \$27,334 in the first quarter.

Exploration office expenses increased to \$20,294 in the first quarter from \$7,352 for the three months ending June 30, 2010. The increase was primarily a result of expensing unaccrued exploration office expenses during the three months ended June 30, 2011. Activities relating to property evaluations and investigations are ongoing. Exploration expenses in the period also include all costs associated with maintaining the Corporations' exploration offices in Reno, Nevada.

As a result of the increase in fair value of the PPI shares from the issue date, the Corporation reported \$245,000 in other comprehensive income in the first quarter. There was no such income or loss as at the three months ended June 30, 2010.

Summary of Quarterly Results

Selected consolidated financial information for each of the most recently completely quarters of fiscal 2011, 2010, and 2009 are as follows. The Corporation made the transition to IFRS effective April 1, 2011, and as a result, certain quarters have financial information calculated under IFRS and others are presented using Canadian GAAP.

	2011		2010		2009			
	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30
	IFRS	IFRS	IFRS	IFRS	IFRS	CGAAP	CGAAP	CGAAP
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	820,298	525,185	259,206	5,955	73,958	170,474	239,976	47,505
Working capital	1,087,332	910,707	400,834	(37,070)	45,512	146,060	235,670	22,245
Total assets	2,349,842	2,131,693	1,852,816	1,531,407	1,568,493	1,636,723	3,304,495	3,097,294
Shareholder's equity	2,308,358	2,114,633	1,848,341	1,485,354	1,539,337	1,611,519	3,297,298	3,071,345
Net loss	(138,135)	(1,051,741)	(42,991)	(53,983)	(72,182)	(1,683,252)	(44,966)	(25,415)
Net loss per share	(0.01)	(0.09)	(0.00)	(0.00)	(0.01)	(0.15)	(0.00)	(0.00)

Liquidity and Capital Resources

The Corporation's working capital as at June 30, 2011, was \$1,087,332 (March 31, 2011 - \$910,707).

On December 6, 2010, the Corporation closed a non-brokered private placement of 1,300,000 units at a price of \$0.25 per unit for gross proceeds of \$325,000. Each unit consisted of one common share and one non-transferable common share purchase warrant. Each whole warrant entitled the holder to purchase one additional common share at a price of \$0.35 per warrant share. The warrants expire 24 months from the date of issue unless the closing price of the common shares has been \$0.50 or higher for 20 consecutive trading days, in which case the warrants expire if not exercised within 30 days. The securities issued under the Offering were subject to a four month hold period which expired April 6, 2011. No value was allocated to the warrants included in these units as the warrants had no intrinsic value at the time the units were issued. The Corporation recorded \$9,022 in finders' fees and granted 19,600 non-transferable common share purchase warrants as finders' warrants. The Corporation recorded \$12,318 in non-cash share issue costs related to the 19,600 warrants. These warrants have the same term and exercise price as the private placement warrants. During the three months ended June 2011, 1,200,000 stock purchase warrants and 19,600 finder's warrants at \$0.35 were exercised for gross proceeds of \$426,860. 100,000 stock purchase warrants with an exercise price of \$0.35 expired in accordance with the acceleration clause as the share price was over the defined limit for 20 consecutive trading days.

On March 11, 2011, the Corporation closed a non-brokered private placement of 404,818 units at a price of \$1.10 per unit for gross proceeds of \$445,300. Each unit consisted of one common share and one non-transferable common share purchase warrant. Each whole warrant entitled the holder to purchase one additional common share

at a price of \$1.60 per warrant share. The warrants expire 24 months from the date of issue unless the closing price of the common shares has been \$2.20 or higher for 20 consecutive trading days, in which case the warrants expire if not exercised within 30 days. The securities issued under the Offering were subject to a four month hold period expiring July 11, 2011. No value was allocated to the warrants included in these units as the warrants had no intrinsic value at the time the units were issued. The Corporation recorded \$14,372 in finders' fees and granted 9,450 non-transferable common share purchase warrants as finders' warrants. The Corporation recorded \$5,688 in non-cash share issue costs related to the 9,450 warrants. These warrants have the same term and exercise price as the private placement warrants.

Transactions with Related Parties

The Corporation's related parties consist of companies which have certain directors in common or have certain directors as partners as follows:

<u>Related Party</u>	<u>Nature of Transactions</u>
American Bonanza Gold Corp.	General and administration and management fees
Axium Law Corporation	Legal services

The Corporation recovered under cost-sharing arrangements the following expenditures from companies which have certain directors in common:

Three months ended June 30,	2011	2010
	\$	\$
General and administration and management fees	12,250	9,000
	12,250	9,000

During the three months ended June 30, 2011, the Corporation incurred management and general and administration services expenses of \$12,250 (2010 – \$9,000) from a company with common directors.

As of June 30, 2011, accounts payable and accrued liabilities include amounts owing to related parties of \$5,415 (2010 - \$2,376). The amount owing consists of \$181 to the Corporation's law firm of which one of its partners serves as a director of the Corporation, \$3,759 to an officer of the Corporation, and \$1,475 to a company which has certain directors in common.

Related party transactions are recorded at the amount paid or received as established by contract or as agreed upon by the Corporation and the related party.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangement.

Commitments

The Corporation is committed to a management and administration service agreement to a company with common directors and common management for management services at \$6,250 per month. This agreement is automatically extended for successive six-month terms unless terminated by the Corporation or the company.

Controls and Procedures

The Chief Executive Officer and Chief Financial Officer have instituted a system of disclosure controls for the Corporation to ensure proper and complete disclosure of material information. The limited number of employees within the Corporation facilitates access to real time information about developments in the business for the person responsible for drafting disclosure documents and reporting financial and other information. All documents are circulated to responsible members of management and the board of directors according to the disclosure time-lines contained within the disclosure controls policy. The disclosure controls conform with the Corporation's Corporate Governance policies.

The Chief Executive Officer and Chief Financial Officer also have designed internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the integrity and reliability of financial reporting information and the preparation of financial statements for external purposes in accordance with IFRS. After evaluating the effectiveness of the Corporation's disclosure controls and procedures, the Officers have concluded that the Corporation's disclosure controls and procedures were effective to ensure that material information relating to the Corporation was made known to them by others within the Corporation during the period.

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer have concluded, based on an evaluation as of June 30, 2011, that the disclosure controls and procedures for the Corporation was effective to provide reasonable assurance that material information related to the Corporation is made known. It should be noted that while the Corporation's Chief Executive Officer and the Chief Financial Officer believe that the Corporation's disclosure controls and procedures provide a reasonable level of assurance that the system of internal control are effective, they do not guarantee that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Critical Accounting Estimates and Risk Factors

Critical accounting estimates used in the preparation of the financial statements include the Corporation's estimated net recoverable value of these mineral properties. The business of mineral exploration involves a high degree of risk since very few properties that are explored and developed ultimately achieve commercial production. At present, none of the Corporation's properties have a known body of commercial ore.

The Corporation's determination of impairment and resulting estimated net recoverable values for its mineral projects are based on estimated underlying mineral resources associated with the properties and estimated future costs required for ultimate realization through mining operations or by sale of the properties. The Corporation is in an industry that is exposed to a number of risks and uncertainties, including exploration, development, commodity, operating, ownership, political, funding, currency and environmental risk. While factoring these risks the Corporation has relied on very preliminary resource estimates on its properties, however, these estimates include assumptions that are potentially subject to significant changes that are not yet determinable. Accordingly, there is always the potential for a material change to the presentation in the financial statements relating to the carrying value of the Corporation's mineral properties.

Other significant areas requiring the use of management estimates and assumptions relate to the valuation of amounts receivable, future income tax assets and liabilities and assumptions used in valuing options and warrants in stock-based compensation calculations. Actual results could differ from those estimates.

Risk Factors

General

Mineral exploration is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of the Corporation and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of mining facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, any of which could result in the Corporation not receiving an adequate return on invested capital.

Mineral Prices

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist for the sale of same. Factors beyond the control of the Corporation may affect the marketability of any mineral occurrences discovered. The price of minerals is affected by numerous factors beyond the control of the Corporation, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the United States dollar relative to the Canadian dollar and other currencies), interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.

Currency Exposure

Currency fluctuations may affect the costs the Corporation incurs at its operations and may affect the Corporation's operating results and cash flows. The principal source of funds for the Corporation has traditionally been through the sale of its common shares, which are sold in Canadian dollars, while a significant portion of the Corporation's expenditures are incurred in United States dollars. Fluctuations in the exchange rate of the Canadian dollar to the United States dollar could have a material effect on the Corporation's results of operations, may impact the development of its mineral projects, and the availability of fund for further mineral exploration.

Operating History

The Corporation and its predecessor companies have no history of earnings. The Corporation has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Corporation is through the sale of its equity shares or by way of debt facilities. While the Corporation may generate additional working capital through the operation, development, sale or possible syndication of its properties, there is no assurance that any such funds will be generated.

Environmental Regulation

All phases of the Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations, or its ability to develop its properties economically. Before production may commence on any property, the Corporation must obtain regulatory and environmental approvals and permits. There is no assurance such approvals and permits will be obtained on a timely basis, if at all. Compliance with environmental and other regulations may reduce profitability, or preclude economic development of a property entirely.

Competition

The resource industry is intensely competitive in all of its phases, and the Corporation competes with many companies possessing greater financial resources and technical facilities than it. Competition could adversely affect the Corporation's ability to acquire suitable producing properties or prospects for exploration in the future.

Joint Venture Interests

The Corporation may enter into joint ventures with one or more mining companies in respect of its other mineral properties. The Corporation may require additional funding to meet obligations under any joint venture agreement, and there is no guarantee such funding will be available. The inability of the Corporation to meet its funding commitments under any joint venture agreement could result in the dilution of the Corporation's interest in the property subject to the joint venture agreement. In addition, should any of the Corporation's joint venture partners determine not to fund their commitments under such joint venture agreement, the development of that project may be materially delayed or stopped, and the operations or financial results of the Corporation materially affected.

Title Matters

In those jurisdictions where the Corporation has property interests, the Corporation makes a search of mining records in accordance with mining industry practices to confirm satisfactory title to properties in which it holds or intends to acquire an interest, but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims, or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be contested. In particular, in Canada mineral title is increasingly subject to challenges and claims of aboriginal title to land subject to mining claims. The Corporation is not aware of any challenges to the location or area of its mineral claims. There is, however, no guarantee that title to the Corporation's properties and concessions will not be challenged or impugned in the future. The properties may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.

Dependence on Key Personnel

The success of the Corporation and its ability to continue to carry on operations is dependent upon its ability to retain the services of certain key personnel. The loss of their services to the Corporation may have a material adverse effect on the Corporation. The Corporation does not presently have "key person" life insurance for any of its officers.

Conflicts of Interest

Certain of the directors of the Corporation are directors of other mineral resource companies and, to the extent that such other companies may be interested in a project also of interest to the Corporation, or may in the future participate in one or more ventures in which the Corporation participates, such directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises, at a meeting of the directors of the Corporation, a director who has such a conflict will abstain from voting for or against the approval of such acquisition or participation. In the appropriate cases, the Corporation will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participating in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program.

Legal Proceedings Against Foreign Directors

The Corporation is incorporated under the laws of British Columbia, Canada, and some of the Corporation's directors and officers are residents of Canada. Consequently, it may be difficult for United States investors to effect service of process within the United States upon the Corporation or upon its directors or officers, or to realize in the United States upon judgments of United States courts predicated upon civil liabilities under the United States Securities Exchange Act of 1934, as amended. Furthermore, it may be difficult for investors to enforce judgments of U.S. courts based on civil liability provisions of the U.S. federal securities laws in a foreign court against the Corporation or any of the Corporation's non-U.S. resident officers or directors.

Additional Funding Requirements

The business of mineral exploration and extraction involves a high degree of risk with very few properties that are explored ultimately achieving commercial production. At present, none of the Corporation's properties have a known body of commercial ore. As a mining company in the exploration stage, the future ability of the Corporation to conduct exploration and development will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means. In turn, the Corporation's ability to raise such funding depends in part upon the market's perception of its management and properties, but to a great degree upon the price of the minerals and the marketability of securities of speculative exploration and development mining companies.

The development of any ore deposits found on the Corporation's exploration properties depends upon the Corporation's ability to obtain financing through any or all of equity financing, debt financing, the joint venturing of projects, or other means. There is no assurance that the Corporation will be successful in obtaining the required financing.

Composition of the Audit Committee

The independent members of the audit committee are Giulio Bonifacio, Joseph Giuffre and Brian Kirwin. All members are considered to be financially literate.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemptions in section 2.4 (De Minimis Non-audit Services), section 3.2 (Initial Public Offerings), section 3.4 (Events Outside Control of Member), section 3.5 (Death, Disability or Resignation of Audit Committee Member) or Part 8 (Exemptions) of NI 52-110.

Reliance on the Exemption in Subsection 3.3(2) or Section 3.6

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in subsection 3.3(2) (Controlled Companies) or section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances) of NI 52-110.

Reliance on Section 3.8

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on section 3.8 (Acquisition of Financial Literacy) of NI 52-110.

Audit Committee Oversight

The audit committee has not made any recommendations to the board of directors to nominate or compensate any external auditor.

Pre-Approval Policies and Procedures

It is within the mandate of the Corporation's Audit Committee to approve all audit and non-audit related fees. The Audit Committee has pre-approved specifically identified non-audit related services, including tax compliance and review of tax returns as submitted to the Audit Committee from time to time. The auditors also present the estimate for the annual audit related services to the Audit Committee for approval prior to undertaking the annual audit of the financial statements.

International Financial Reporting Standards (IFRS)

Effective January 1, 2011, Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date is January 1, 2010.

The Corporation adopted IFRS on April 1, 2011, with a transition date of April 1, 2010. The three months ended June 30, 2011, is the Corporation's first reporting period under IFRS.

The IFRS conversion team identified four phases to the Corporation's conversion: scoping and planning, detailed assessment, implementation and post-implementation. The Corporation has now completed the IFRS conversion project through implementation. Post-implementation will continue in future periods, as outlined below.

The following outlines the transition project, IFRS transitional impacts and the on-going impact of IFRS on the financial results.

Notes to the consolidated interim financial statements provides more detail on the key Canadian GAAP to IFRS differences, the accounting policy decisions and IFRS 1, First-Time Adoption of International Financial Reporting Standards, optional exemptions for significant or potentially significant areas that have had an impact on the financial statements on transition to IFRS or may have an impact in future periods.

Transitional Financial Impact

The adoption of IFRS has resulted in no changes to the Corporation's reported financial position and results of operations. The Corporation's adoption of IFRS did not have an impact on the total operating, investing or financing cash flows.

The transition from Canadian GAAP to IFRS had no effect on the equity as at April 1, 2010, and no effect on the equity, total comprehensive loss and reported cash flows of the amounts previously reported by the Corporation in accordance with Canadian GAAP as at and for the periods ended June 30, 2010, and March 31, 2011.

Presented below are reconciliations of the Corporation's consolidated equity at April 1, 2010, June 30, 2010, and March 31, 2011, showing no changes from Canadian GAAP to IFRS:

April 1, 2010

	Canadian GAAP	Adjustments	IFRS
	April 1, 2010		April 1, 2010
	\$	\$	\$
SHAREHOLDERS' EQUITY			
Share capital	6,031,541	-	6,031,541
Other equity reserve	1,246,345	-	1,246,345
Deficit	(5,666,367)	-	(5,666,367)
TOTAL SHAREHOLDERS' EQUITY	1,611,519	-	1,611,519

June 30, 2010

	Canadian GAAP	Adjustments	IFRS
	June 30, 2010		June 30, 2010
	\$	\$	\$
SHAREHOLDERS' EQUITY			
Share capital	6,031,541	-	6,031,541
Other equity reserve	1,246,345	-	1,246,345
Deficit	(5,738,549)	-	(5,738,549)
TOTAL SHAREHOLDERS' EQUITY	1,539,337	-	1,539,337

March 31, 2011

	Canadian GAAP	Adjustments	IFRS
	March 31, 2011		March 31, 2011
	\$	\$	\$
SHAREHOLDERS' EQUITY			
Share capital	6,772,446	-	6,772,446
Other equity reserve	1,889,451	-	1,889,451
Accumulated Other Comprehensive Income	340,000	-	340,000
Deficit	(6,887,264)	-	(6,887,264)
TOTAL SHAREHOLDERS' EQUITY	2,114,633	-	2,114,633

Control Activities

For all changes to policies and procedures that have been identified, the effectiveness of internal controls over financial reporting and disclosure controls and procedures has been assessed and any changes have been implemented. In addition, controls over the IFRS changeover process have been implemented, as necessary. The Corporation has identified and implemented the required accounting process changes that resulted from the application of IFRS accounting policies and these changes were not significant. The Corporation applied its existing control framework to the IFRS changeover process. All accounting policy changes and transitional financial position impacts were subject to review by senior management and the Audit Committee of the Board of Directors.

Information Technology and Systems

The IFRS transition project did not have a significant impact on our information systems for the convergence periods. The Corporation also does not expect significant changes in the post-convergence periods.

Post-Implementation

The post-implementation phase will involve continuous monitoring of changes in IFRS in future periods. The Corporation will ensure that potential changes are monitored and evaluated. The impact of any new IFRSs and IFRIC Interpretations will be evaluated as they are drafted and published.

New Accounting Pronouncements

Adoption of new accounting policies

The following new or amended IFRSs have been issued which are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, with the exception of IFRS 13 which is effective prospectively from January 1, 2013:

IFRS 9 *Financial Instruments*

IFRS 10 *Consolidated Financial Statements*

IFRS 11 *Joint Arrangements*

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 13 *Fair Value Measurement*

Amendments to IAS 19 *Employee Benefits*

Amendments to IAS 28 *Investments in Associates and Joint Ventures*

IFRS 9 *Financial instruments* (“IFRS 9”) was issued in November 2009 and will replace IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

IFRS 10 *Consolidated Financial Statements* (“IFRS 10”) replaces the guidance in IAS 27 *Consolidated and Separate Financial Statements* (“IAS 27”) and SIC-12 *Consolidation – Special Purpose Entities*.

IAS 27 (2008) survives as IAS 27 (2011) *Separate Financial Statements*, only to carry forward the existing accounting requirements for separate financial statements. IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008).

IFRS 11 *Joint Arrangements* (“IFRS 11”) replaces the guidance in IAS 31 *Interests in Joint Ventures* (“IAS 31”). Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled

assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method. Upon adoption of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 (2011) and IAS 36 *Impairment of Assets*. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented.

IFRS 12 *Disclosure of Interests in Other Entities* ("IFRS 12") contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows.

IFRS 13 *Fair Value Measurement* ("IFRS 13") replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

IAS 19 *Employee Benefits* ("IAS 19") will modify accounting for pensions and other post-retirement and post-employment benefits and impact corporate financial reporting, including reported net profit. The key impacts of the amendments will include:

- Changes in how a plan's funded status and its variation during a reporting period will affect balance sheet and comprehensive income
- Changes in the reported benefit expense due to the removal of the expected return on assets and amortization items
- Significant changes to the footnote disclosures
- Potential implications for the way that plan sponsors manage defined benefit plan risk

IAS 28 *Investments in Associates and Joint Ventures* ("IAS 28") will modify the existing standard as issued in 2008 as follows:

- Associates and joint ventures held for sale. IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.
- Changes in interests held in associates and joint ventures. Previously, IAS 28 and IAS 31 specified that the cessation of significant influence or joint control triggered re-measurement of any retained stake in all cases with gain recognition in profit or loss, even if significant influence was succeeded by joint control. IAS 28 will be modified so that in such scenarios the retained interest in the investment is not re-measured.

These new and revised accounting standards have not yet been adopted by Mesa Exploration Corp., and the Corporation has not yet completed the process of assessing the impact that they will have on its financial statements or whether to early adopt any of the new requirements.

Financial Instruments and Other Instruments

The Corporation's financial instruments consist of cash and cash equivalents, marketable securities, amounts receivable and accounts payable. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from the Corporation's cash and cash equivalents, accounts receivable and accounts payable.

The Corporation is exposed to currency risk on acquisition and exploration expenditures on its properties since the expenditures have to be settled either in local currency or U.S. dollars. The Corporation's expenditures are negatively impacted by increases in value of either the U.S. dollar or local currencies versus the Canadian dollar.

Use of Financial and Other Instruments

The Corporation has not entered into any specialized financial agreements to minimize its investment, currency or commodity risk. There are no off-balance sheet arrangements. The principal financial instruments affecting the Corporation's financial condition and results of operations are currently its cash and cash equivalents and marketable securities.

Outlook

The Corporation intends to focus the majority of its exploration and development efforts in the United States for purposes of acquiring, exploring and developing high-grade uranium, potash and lithium projects.

As an exploration stage company, the future liquidity of the Corporation will be affected principally by the level of its development and exploration expenditures and by its ability to raise an adequate level of capital through the capital markets.

The Corporation will continue to evaluate its funding requirements on a going forward basis in an effort to meet its future development and growth initiatives.

Other Requirements

Additional disclosure pertaining to the Corporation's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

Share Data

Capital Structure as of September 28, 2011:

Common shares issued and outstanding: 13,886,460

Total stock options outstanding: 1,222,666

Number of Options	Exercise Price	Expiry Date
200,000	\$0.42	April 13, 2012
75,000	\$0.42	September 7, 2012
947,666	\$0.77	February 3, 2016
1,222,666		

Total share purchase warrants outstanding: 1,101,768

Number of Warrants	Exercise Price	Expiry Date
500,000	\$0.30	November 20, 2011
187,500	\$0.30	December 1, 2011
414,268	\$1.60	March 11, 2013
1,101,768		

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, “Continuous Disclosure Obligations”, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Corporation have been prepared by management and approved by the Audit Committee and Board of Directors of the Corporation.

The Corporation’s independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditors.

MESA EXPLORATION CORP. (formerly “Mesa Uranium Corp.”)
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	June 30, 2011	March 31, 2011	April 1, 2010
	\$	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	820,298	525,185	170,474
Amounts receivable	12,018	12,582	790
Prepaid expenses	1,500	-	-
Marketable securities (note 3)	295,000	390,000	-
	1,128,816	927,767	171,264
Reclamation bonds (note 4)	12,539	12,605	26,847
Exploration and evaluation assets (note 5)	1,208,487	1,191,321	1,409,232
Deferred financing costs	-	-	28,500
Office equipment (note 6)	-	-	880
	2,349,842	2,131,693	1,636,723
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	41,484	17,060	25,204
SHAREHOLDERS' EQUITY			
Share capital (note 8)	7,211,624	6,772,446	6,031,541
Other equity reserve	1,877,133	1,889,451	1,246,345
	9,088,757	8,661,897	7,277,886
Accumulated other comprehensive income (loss) (note 3)	245,000	340,000	-
Deficit	(7,025,399)	(6,887,264)	(5,666,367)
	(6,780,399)	(6,547,264)	(5,666,367)
	2,308,358	2,114,633	1,611,519
	2,349,842	2,131,693	1,636,723

NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS (note 1)

COMMITMENT (note 9)

APPROVED ON SEPTEMBER 28, 2011 ON BEHALF OF THE BOARD:

Signed: /s/ “*Brian P. Kirwin*”

Brian P. Kirwin, Director

Signed: /s/ “*Foster Wilson*”

Foster Wilson, Director

MESA EXPLORATION CORP. (formerly “Mesa Uranium Corp.”)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND
COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

For the three months ended June 30, 2011 and 2010

	2011	2010
	\$	\$
EXPENSES		
Exploration office expenses	20,294	7,352
General and administrative	9,436	9,287
Management and geological consulting fees	43,364	26,845
Professional fees	35,025	4,438
Public company expenses	27,334	24,825
	<u>135,453</u>	<u>72,747</u>
OTHER INCOME (EXPENSE)		
Foreign exchange gain (loss)	(2,682)	565
	<u>(2,682)</u>	<u>565</u>
LOSS FOR THE PERIOD	<u>(138,135)</u>	<u>(72,182)</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized gain (loss) on available-for-sale marketable securities (note 3)	(95,000)	-
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	<u>(95,000)</u>	<u>-</u>
COMPREHENSIVE LOSS FOR THE PERIOD	<u>(233,135)</u>	<u>(72,182)</u>
Net Loss Per Share - Basic and Diluted	<u>(0.01)</u>	<u>(0.01)</u>
Weighted Average Number of Shares Outstanding	<u>13,068,300</u>	<u>10,945,378</u>

MESA EXPLORATION CORP. (formerly “Mesa Uranium Corp.”)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

For the three months ended June 30, 2011 and 2010

	2011	2010
	\$	\$
OPERATING ACTIVITIES		
Loss for the period	(138,135)	(72,182)
Non-cash items		
Unrealized foreign exchange loss (gain)	66	(1,289)
	(138,069)	(73,471)
Changes in non-cash operating accounts		
Amounts receivable	564	80
Prepaid expenses	(1,500)	-
Accounts payable and accrued liabilities	24,424	3,952
	(114,581)	(69,439)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(17,166)	(27,077)
	(17,166)	(27,077)
FINANCING ACTIVITIES		
Issuance of common shares, net of issue costs	426,860	-
	426,860	-
Increase (decrease) in cash and cash equivalents	295,113	(96,516)
Cash and cash equivalents, beginning of period	525,185	170,474
Cash and cash equivalents, end of period	820,298	73,958
Supplemental Disclosures		
Interest Paid	-	-
Interest Received	-	-
Income Tax Paid	-	-

Non-cash transaction (note 3)

MESA EXPLORATION CORP. (formerly “Mesa Uranium Corp.”).

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Share Capital		Other Equity Reserve	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
	Shares	Amount				
		\$	\$	\$	\$	\$
Balance, April 1, 2010	10,945,376	6,031,541	1,246,345	-	(5,666,367)	1,611,519
Loss for the period	-	-	-	-	(72,182)	(72,182)
Balance, June 30, 2010	10,945,376	6,031,541	1,246,345	-	(5,738,549)	1,539,337

	Share Capital		Other Equity Reserve	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
	Shares	Amount				
		\$	\$	\$	\$	\$
Balance, April 1, 2011	12,666,861	6,772,446	1,889,451	340,000	(6,887,264)	2,114,633
Exercise of warrants	1,219,600	426,860	-	-	-	426,860
Rounding adjustment	(1)	-	-	-	-	-
Reclass finders' warrants exercised	-	12,318	(12,318)	-	-	-
Other comprehensive income	-	-	-	(95,000)	-	(95,000)
Loss for the period	-	-	-	-	(138,135)	(138,135)
Balance, June 30, 2011	13,886,460	7,211,624	1,877,133	245,000	(7,025,399)	2,308,358

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Mesa Exploration Corp. (the “Corporation” or “Mesa”), formerly Mesa Uranium Corp., is an exploration stage mining company engaged in the identification, acquisition and exploration of uranium, lithium, and potash mineral properties located in the United States. It was incorporated in British Columbia as Fintry Enterprises Inc. (“Fintry”) and its shares are listed on the TSX Venture Exchange.

The Corporation acquired BZU Holdings, Inc. (“BZU”) on December 21, 2005, and then changed its name from Fintry Enterprises Inc. to Mesa Uranium Corp. As the former shareholders of BZU acquired control of the Corporation this transaction was accounted for as a reverse takeover, and these consolidated financial statements are a continuation of the historical financial statements of BZU from the date of its incorporation on October 12, 2005. On September 15, 2008, the trading symbol changed from MZU to MSA. On March 30, 2011, the Corporation further changed its name to Mesa Exploration Corp. to reflect a shift in focus from uranium into a more diversified exploration and development company.

These condensed consolidated interim financial statements have been prepared on a going concern basis. The Corporation’s ability to continue as a going concern is dependent upon the continued support of its shareholders, obtaining sufficient financing to complete its acquisition and exploration objectives and generating revenues sufficient to cover its operating costs or, ultimately obtaining proceeds from profitable disposal of its properties. There is no certainty that the Corporation will be able to achieve these objectives particularly in light of current challenges faced by exploration stage companies in raising capital through public markets. These condensed consolidated interim financial statements do not give effect to any adjustments which would be necessary should the Corporation be unable to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). These are the Corporation’s first International Financial Reporting Standards (IFRS) condensed consolidated interim financial statements and IFRS 1, *First Time Adoption of IFRS* has been applied, as these condensed consolidated interim financial statements are part of the period covered by the Corporation’s first IFRS financial statements for the year ending March 31, 2012. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. The Corporation’s condensed consolidated interim financial statements were prepared in accordance with accounting principles generally accepted in Canada (Canadian GAAP) until March 31, 2011. Canadian GAAP differs from IFRS in some areas and accordingly, the significant accounting policies applied in the preparation of these condensed consolidated interim financial statements are set out below and have been consistently applied to all periods presented except in instances where IFRS 1 either requires or permits an exemption. An explanation of how the transition from Canadian GAAP to IFRS has affected the reported statements of operations and comprehensive loss, financial position, and cash flows of the Corporation is provided in note 13. This note includes information on the provisions of IFRS 1 and the exemptions that the Corporation elected to apply, reconciliations of equity, net loss and comprehensive loss for comparative periods and equity at the date of transition, April 1, 2010.

Principles of consolidation

These consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, BZU Holdings, Inc. (incorporated in Nevada, USA). All inter-company transactions and balances have been eliminated on consolidation.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in accordance with IAS 34 requires management to make estimates and assumptions regarding certain assets and liabilities based on careful judgement and actual results could differ from such estimates. Significant areas requiring the use of management estimates relate to the determination of the recoverability and impairment of exploration and evaluation assets, amounts receivable, quantification of deferred income tax assets and liabilities and assumptions used in valuing options and warrants in stock-based compensation calculations.

Foreign currency translation

The reporting and functional currency of the Corporation and its subsidiary is the Canadian dollar.

Accordingly, monetary assets and liabilities are translated to Canadian dollars at the prevailing period-end exchange rate. Non-monetary assets and liabilities are translated at historical exchange rates. Revenue and Expense items are translated at the rates of exchange in effect at the time of the transactions. Translation gains and losses are included in the statement of operations and comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents consists of cash on deposit with banks and highly liquid short-term interest bearing securities with original terms to maturity of less than ninety days at the time of acquisition, or which are redeemable at the option of the Corporation.

Marketable securities

Marketable securities are classified as available-for-sale and are carried at the fair value based upon quoted market prices. Changes in fair value are included in other comprehensive income until realized, or if an unrealized loss is considered other than temporary, in which case the unrealized loss is recorded to operations.

Exploration and evaluation assets

Costs related to mineral activities, which include the investigation and exploration of mining properties, are capitalized on a property-by-property basis until such time as the Corporation determines that economically recoverable reserves are established or the property is evaluated as non-productive or uneconomical. Where exploration activities are conducted jointly with others, only the Corporation's proportionate cost in the related mineral projects is included in these financial statements.

Management reviews conditions relating to mineral properties on a quarterly basis, taking into account factors such as the property's stage of exploration or development, exploration results, market prices for ores, and the economic viability of the properties. Carrying values relating to non-productive or uneconomical properties are written down by charges to earnings. The recoverability of amounts capitalized is dependent upon the discovery of economically recoverable reserves, securing and maintaining title to the properties and obtaining the necessary financing to complete the exploration and development of these projects and attaining future profitable production or from proceeds from disposal of the properties. The amounts shown for exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future values.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclamation and restoration

The fair value of obligations associated with the retirement of tangible long-lived assets is recorded in the period it is incurred with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in depletion, amortization and accretion expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and amortization of the related asset. As at June 30 and March 31 of 2011 and April 1, 2010, the Corporation did not have any asset retirement obligations.

Office equipment

Office equipment, consisting of office and computer equipment, is recorded at cost and amortized on a straight-line basis over five years.

Impairment of long-lived assets

At each reporting date the carrying amounts of the Corporation's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

For the purposes of impairment testing, equipment and exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

The Corporation uses the balance sheet method of accounting for income taxes, under which deferred tax assets and liabilities are recognized on differences between the carrying amounts of assets and liabilities and their respective tax bases. Where applicable, deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which temporary differences are expected to be reversed and the effect of a change in tax rates is recognized in income in the period of enactment. The effect of a change in income tax rates on deferred income tax assets and liabilities is recognized in income in the period that the change occurs. Tax assets are recognized only to the extent they are more likely than not to be realized.

Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, amounts receivable, marketable securities and accounts payable. Except for the marketable securities, the fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

All financial instruments are classified into one of five categories: fair value through profit and loss, held to maturity investments, loans and receivables, available for sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) fair value through profit and loss financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available for sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

The Corporation classifies its cash as fair value through profit and loss, its amounts receivable as loans and receivables, its marketable securities as available-for-sale and its accounts payable as other financial liabilities.

The Corporation classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Unadjusted quote prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;

Level 3 – Inputs that are not based on observable market data.

Share issuance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

Stock-based compensation

The Corporation applies the fair value method to stock-based payments for all awards that are direct awards of stock, that call for settlement in cash or other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments. Compensation expense is recognized over the applicable vesting period with a corresponding increase in other equity reserve. When the options are exercised, the exercise price proceeds together with the related other equity reserve are credited to share capital.

Loss per share

Basic loss per share is calculated using the treasury stock method to determine the weighted average number of common shares outstanding. Outstanding stock options and share purchase warrants have not been included in the computation of diluted loss per share because they are anti-dilutive.

Comprehensive loss

Comprehensive loss reflects net loss and other comprehensive income (loss) for the year. Other comprehensive income (loss) includes changes in unrealized foreign currency translation amounts arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale assets and changes in the fair value of derivatives designated as cash flow hedges to the extent they are effective.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

Financial instruments (continued)

New accounting pronouncements

In November 2009, the IASB published IFRS 9, *Financial Instruments*, which covers the classification and measurement of financial assets as part of its project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Corporation on April 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively. There is not expected to be a significant impact on the Corporation upon implementation of the issued standard.

3. MARKETABLE SECURITIES

	Number of Shares	Fair Value	Cost	Accumulated unrealized gains
		\$	\$	\$
June 30, 2011				
Passport Potash Inc.	500,000	295,000	50,000	245,000
March 31, 2011				
Passport Potash Inc.	500,000	390,000	50,000	340,000
April 1, 2010	-	-	-	-

In September, 2010, the Corporation signed a mineral property option agreement with Passport Potash Inc. (“PPI”; TSXV:PPI.V) on the Holbrook potash project in Arizona. The project consists of Arizona State Land Department exploration leases covering 1,950 acres and is wholly-owned by Mesa. Under the agreement, Mesa received 500,000 shares of PPI valued at \$0.10 per share giving a cost base of \$50,000, US\$20,000 in cash and a 2% NSR subject to a buyback for US\$300,000. As of June 30, 2011, the fair value of these shares was \$295,000 providing an unrealized gain of \$245,000 which has been recognized in other comprehensive income as this instrument has been classified as available for sale.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

4. RECLAMATION BONDS

Reclamation bonds are compromised of the following:

	June 30, 2011	March 31, 2011	April 1, 2010
	\$	\$	\$
Lisbon Valley			
US\$	10,000	10,000	11,429
Foreign Exchange	(355)	(309)	181
Moonshine Springs			
US\$	3,000	3,000	15,000
Foreign Exchange	(106)	(86)	237
	12,539	12,605	26,847

Reclamation bonds are held as security for the estimated cost of reclamation of the Corporation’s land and unproven mineral interests. Once reclamation of the properties is complete, the bonds will be returned to the Corporation.

5. EXPLORATION AND EVALUATION ASSETS

Mineral Property Interests

a) Lisbon Valley

The Corporation holds mineral claims and leases in the Lisbon Valley uranium mining district of Utah comprising an area of approximately 2,850 hectares (approximately 11 square miles) of unpatented United States federal mining claims and Utah State mineral leases. The Lisbon Valley uranium mining district is located in the Colorado Plateau region, in southeastern Utah in San Juan County.

During the year ended March 31, 2011, management’s evaluation of the Corporation’s future plans for the project determined the property to be impaired as exploration plans had been delayed on the property. Although the Corporation may continue to hold the related claims, an impairment charge of \$234,316 (2010 - \$1,273,196) was recorded to the statement of operations.

On May 22, 2008, the Corporation signed a definitive agreement with Energy Fuels Inc. to form an exploration joint venture, West Lisbon JV, LLC for the Dar property. The Dar property is located in the Lisbon Valley Mining District of San Juan County, Utah and consists of 60 staked mining claims (approximately 1,240 acres). The joint venture contemplates a 50-50 shared expenditure agreement to conduct exploration drilling on the property. On discovery of an economic uranium deposit on the Dar property, Energy Fuels Inc. will operate any mine that is developed. No exploration work was undertaken by the Corporation under the proposed joint venture agreement.

b) Moonshine Springs

The Moonshine Springs project is located in Mohave County, Arizona. The project is wholly-owned by the Corporation and consists of 320 acres.

During the year ended March 31, 2010, as the Corporation had no exploration activity planned for the property in the foreseeable future, the total carrying amount of \$178,907 was written off during the quarter ending March 31, 2010. There has been no further activity with this project.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

5. EXPLORATION AND EVALUATION ASSETS (continued)

c) Breccia Pipe

The Breccia Pipe project is located in Mohave and Coconino Counties, northern Arizona in the Arizona Strip Uranium District. The project was wholly-owned by the Corporation and consists of 7,585 acres.

During the year ending March 31, 2010, management chose not to renew state leases to further explore the property. Consequently, the carrying value of this property of \$147,516 was written off during the quarter ending March 31, 2010. There has been no further activity with this project.

d) Silvey Pocket

During March 2008, the Corporation acquired the Silvey Pocket project located in the Montrose County, Colorado approximately 4-5 miles east of the Lisbon project. This property consisted of 1,620 acres. The property was dropped during the year ended March 31, 2010, and the carrying value of \$56,804 was written off during the quarter ending March 31, 2010. There has been no further activity with this project.

e) Potash Projects

During September 2008, the Corporation filed applications for potash exploration permits with the Bureau of Land Management (“BLM”). The White Cloud potash property contains potash from both solution mining and naturally-occurring potash brines.

During May 2009, the White Cloud potash project was expanded to 35,510 acres. The property is located 40 miles north of the Lisbon Valley uranium project in southeastern Utah. Applications were also filed for two new projects, Salt Wash at 21,184 acres and Whipsaw with 17,968 acres. A total of 74,662 acres (116 square miles) of the Corporation’s applications have passed BLM Suitability Reviews.

During January 2009, Exploration permits were granted from the Arizona State Land Department covering 1,950 acres (3 square miles) in the Holbrook Evaporite Basin.

On September 2, 2010, the Corporation signed a mineral property option agreement with Passport Potash (“PPI”) on the Holbrook potash project. The project consists of Arizona State Land Department exploration leases covering 1,950 acres and is wholly-owned by the Corporation. PPI acquired a 75% interest in the leases for US\$20,000 cash and issued 500,000 PPI shares to the Corporation. PPI paid exploration expenditures as required by the Arizona State Land Department and additional work will be paid for by PPI on a 100% basis. PPI will have the right to acquire the remaining 25% interest by paying the Corporation an additional US\$100,000 cash or PPI stock with equivalent value. The Corporation will retain a 2% NSR royalty which PPI has the option to purchase for US\$300,000.

e) Green Energy

During November 2009, the Corporation acquired, by staking, the Green Energy lithium project located in Utah. The project consists of mining claims covering an area of approximately 10 square miles (6,000 acres) and is wholly-owned.

During March 2010, additional lithium claims were staked bringing the total acreage under the Corporation’s control to 7,840 acres, or approximately 12 square miles.

During March 2011, the Corporation staked new claims contiguous to the existing claim block at the Green Energy project, for a total position of 10,080 acres.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

5. EXPLORATION AND EVALUATION ASSETS (continued)

Accumulated acquisition, exploration and evaluation expenditures are comprised as follows:

	Lisbon Valley	Potash Projects	Green Energy	Other	Total
	\$	\$	\$	\$	\$
Balance, April 1, 2010	1,339,320	54,540	13,912	1,460	1,409,232
Property acquisition	1,840	-	-	-	1,840
Engineering and environmental	-	-	2,507	-	2,507
Land fees, permit, licenses	689	24,062	2,332	-	27,083
Joint venture contribution	(4,353)	-	-	-	(4,353)
	(1,824)	24,062	4,839	-	27,077
Balance, June 30, 2010	1,337,496	78,602	18,751	1,460	1,436,309

	Lisbon Valley	Potash Projects	Green Energy	Other	Total
	\$	\$	\$	\$	\$
Balance, April 1, 2011	1,127,643	8,602	53,616	1,460	1,191,321
Property acquisition	-	163	(163)	-	-
Engineering and environmental	-	9,676	5,128	-	14,804
Land fees, permit, licenses	2,362	-	-	-	2,362
	2,362	9,839	4,965	-	17,166
Balance, June 30, 2011	1,130,005	18,441	58,581	1,460	1,208,487

6. OFFICE EQUIPMENT

	Cost	Accumulated Amortization	June 30, 2011 Net Carrying Amount	March 31, 2011 Net Carrying Amount	April 1, 2010 Net Carrying Amount
	\$	\$	\$	\$	\$
Office equipment	4,034	4,034	-	-	880

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

7. RELATED PARTY TRANSACTIONS

The Corporation’s related parties consist of companies which have certain directors in common or have certain directors as partners.

During the three months ended June 30, 2011, the Corporation incurred management, general and administration services expenses of \$12,250 (2010 – \$9,000) from a company with common directors.

As of June 30, 2011, accounts payable and accrued liabilities include amounts owing to related parties of \$5,415 (2010 - \$2,376).

Related party transactions are recorded at the amount paid or received as established by contract or as agreed upon by the Corporation and the related party.

8. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

Issued	Number of Common Shares	Amount
		\$
Balance, April 1, 2010	10,945,376	6,031,541
Shares issued for private placement, net of share issue costs	1,300,000	303,660
Shares issued for private placement, net of share issue costs	404,818	425,240
Options exercised	16,667	12,005
Balance, March 31, 2011	12,666,861	6,772,446
Warrants exercised	1,200,000	420,000
Finders’ warrants exercised	19,600	6,860
Reclass finders’ warrants exercised	-	12,318
Rounding adjustment	(1)	-
Balance, June 30, 2011	13,886,460	7,211,624

On December 6, 2010, the Corporation closed a non-brokered private placement of 1,300,000 units at a price of \$0.25 per unit for gross proceeds of \$325,000. Each unit consisted of one common share and one non-transferable common share purchase warrant. Each whole warrant entitled the holder to purchase one additional common share at a price of \$0.35 per warrant share until December 6, 2012. The warrants expire 24 months from the date of issue unless the closing price of the common shares has been \$0.50 or higher for 20 consecutive trading days, in which case the warrants expire if not exercised within 30 days. The shares issued were subject to a four month hold period which expired April 6, 2011. No value was allocated to the warrants included in these units as the warrants had no intrinsic value at the time the units were issued. The Corporation recorded \$9,022 in finders’ fees and granted 19,600 non-transferable common share purchase warrants as finders’ warrants. The Corporation recorded \$12,318 in non-cash share issue costs related to the 19,600 warrants. These warrants have the same term and exercise price as the private placement warrants.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the three months ended June 30, 2011 and 2010

8. SHARE CAPITAL (continued)

On March 11, 2011, the Corporation closed a non-brokered private placement of 404,818 units at a price of \$1.10 per unit for gross proceeds of \$445,300. Each unit consisted of one common share and one non-transferable common share purchase warrant. Each whole warrant entitled the holder to purchase one additional common share at a price of \$1.60 per warrant share until March 11, 2013. The warrants expire 24 months from the date of issue unless the closing price of the common shares has been \$2.20 or higher for 20 consecutive trading days, in which case the warrants expire if not exercised within 30 days. The securities issued under the Offering were subject to a four month hold period expiring July 11, 2011. No value was allocated to the warrants included in these units as the warrants had no intrinsic value at the time the units were issued. The Corporation recorded \$14,372 in finders’ fees and granted 9,450 non-transferable common share purchase warrants as finders’ warrants. The Corporation recorded \$5,688 in non-cash share issue costs related to the 9,450 warrants. These warrants have the same term and exercise price as the private placement warrants.

During June 2011, 1,219,600 stock purchase warrants at \$0.35 were exercised for gross proceeds of \$426,860 and 100,000 stock purchase warrants with an exercise price of \$0.35 expired in accordance with the acceleration clause as the share price was over the defined limit for 20 consecutive trading days.

Options

The Corporation grants incentive stock options as permitted pursuant to the Corporation’s Stock Option Plan (the “Plan”) approved by the shareholders on December 21, 2005, and subsequently reapproved by shareholders on September 23, 2011. The Plan has been structured to comply with the rules of the TSX Venture Exchange. The aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Corporation as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of five years. If the optionee ceases to be qualified to receive options from the Corporation those options expire immediately. All options vest when granted unless otherwise specified by the Board of Directors.

On December 21, 2010, 391,667 options at \$0.42 per option expired.

On January 4, 2011, 16,667 options at \$0.42 were exercised for gross proceeds of \$7,000.

On February 3, 2011, the Corporation granted 947,666 stock options to employees and consultants at a price of \$0.77 per share expiring February 3, 2016 and recorded \$630,105 as stock-based compensation.

On February 11, 2011, 160,000 options at \$0.42 per option expired.

	Number of Options	Exercise Price	Expiry Date
Balance, April 1, 2010	843,334	\$0.42	
Cancelled: December 21, 2010	(391,667)	\$0.42	December 21, 2010
Exercised: January 4, 2011	(16,667)	\$0.42	April 13, 2012
Granted: February 3, 2011	947,666	\$0.77	February 3, 2016
Cancelled: February 11, 2011	(160,000)	\$0.42	February 11, 2011
Balance, March 31, June 30, 2011	1,222,666		

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

8. SHARE CAPITAL (continued)

Options (continued)

Details of stock options outstanding and exercisable as at June 30, 2011, are:

Expiry Date	Exercise Price	Stock Options Outstanding
April 13, 2012	\$0.42	200,000
September 7, 2012	\$0.42	75,000
February 3, 2016	\$0.77	947,666
		1,222,666

At June 30, 2011, the weighted average remaining contractual life for the options outstanding and exercisable was 3.77 years (June 30, 2010 – 0.99 years).

The Corporation uses the Black-Scholes option pricing model to value stock options which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The weighted average fair value for the February 3, 2011, option grant was \$0.66 per option.

	2011
	947,666 options
Risk free interest rate	2.66%
Expected life (in years)	5
Expected volatility	130%
Expected dividend yield	0.0%

The risk free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average life is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche. Expected forfeitures are based on historical forfeitures of the Corporation’s options. The expected volatility is based on the Corporation’s historical prices.

Warrants

Warrants issued and exercised are as follows:

	Number of Warrants	Exercise Price	Expiry Date
Balance, April 1, 2010	687,500		
Private Placement of 1,300,000 units	1,300,000	\$0.35	December 6, 2012
Finders’ warrants	19,600	\$0.35	December 6, 2012
Private placement of 404,818 units	404,818	\$1.60	March 11, 2013
Finders’ warrants	9,450	\$1.60	March 11, 2013
Balance, March 31, 2011	2,421,368		
Warrants exercised	(1,200,000)	\$0.35	December 6, 2012
Finders’ warrants exercised	(19,600)	\$0.35	December 6, 2012
Warrants expired*	(100,000)	\$0.35	December 6, 2012
Balance, June 30, 2011	1,101,768		

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

8. SHARE CAPITAL (continued)

Warrants (continued)

On December 6, 2010, the Corporation completed a private placement of 1,300,000 units at \$0.25 each. Each unit consisted of one common share and one non-transferable common share purchase warrant exercisable at a price of \$0.35 per share until December 6, 2012. The Corporation also issued 19,600 warrants as finders’ fees. The finders’ warrants have the same terms and exercise price as the private placement units. The fair value of the 19,600 stand-alone finders’ warrants was estimated to be \$12,318 using a Black-Scholes option pricing model.

*During June 2011, 1,219,600 stock purchase warrants at \$0.35 were exercised for gross proceeds of \$426,860 and 100,000 stock purchase warrants with an exercise price of \$0.35 expired in accordance with the acceleration clause as the share price was over the defined limit for 20 consecutive trading days.

On March 11, 2011, the Corporation completed a private placement of 404,818 units at \$1.10 each. Each unit consisted of one common share and one non-transferable common share purchase warrant exercisable at a price of \$1.60 per share until March 11, 2013. The Corporation also issued 9,450 warrants as finders’ fees. The finders’ warrants have the same terms and exercise price as the private placement units. The fair value of the 9,450 stand-alone finders’ warrants was estimated to be \$5,688 using a Black-Scholes option pricing model.

The following assumptions were used for the Black-Scholes option pricing model calculation resulting in the following estimated grant date values for the finders warrants:

	19,600 warrants	9,450 warrants
Risk free interest rate	1.56%	1.74%
Expected life	2 years	2 years
Expected volatility	170%	138%
Expected dividend yield	0.0%	0.0%
Grant date value	\$0.74	\$1.01

The following table summarizes the share purchase warrants outstanding as at June 30, 2011:

Number of warrants	Exercise Price	Expiry Date
500,000	\$0.30	November 20, 2011
187,500	\$0.30	December 1, 2011
414,268	\$1.60	March 11, 2013
1,101,768		

At June 30, 2011, the weighted average remaining contractual life for the warrants outstanding and exercisable was 0.89 years (June 30, 2010 – 1.40 years).

9. COMMITMENT

The Corporation is committed to a management and administration service agreement to a company with common directors and common management for management services at \$6,250 per month. This agreement is automatically extended for successive six-month terms unless terminated by the Corporation or the company.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

10. FINANCIAL INSTRUMENTS

Fair values

The carrying amounts reported in the consolidated balance sheet for short term financial assets and liabilities, which include cash and cash equivalents, amounts receivable and accounts payable approximate their fair values due to the immediate or short-term maturities of these financial instruments.

The following table summarizes the carrying values of the Corporation’s financial instruments:

	June 30, 2011	March 31, 2011	April 1, 2010
	\$	\$	\$
Fair value through profit and loss (i)	820,298	525,185	170,474
Loans and receivables (ii)	12,018	12,582	790
Available-for-sale (iii)	295,000	390,000	-
Other financial liabilities (iv)	41,484	17,060	25,204

- (i) Cash
- (ii) Amounts receivable
- (iii) Marketable securities
- (iv) Accounts payable

Following is a classification of fair value measurements recognized in the consolidated balance sheet using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

<u>Fair value measurement at reporting date using:</u>				
	June 30, 2011	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Cash and cash equivalents	820,298	820,298	-	-

Level 1 – Unadjusted quote prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;

Level 3 – Inputs that are not based on observable market data.

Cash and cash equivalents are classified as held for trading and therefore are recorded at fair value.

Financial risk factors

The Corporation manages its exposure to financial risks, including foreign exchange risk and interest rate risk, based on a conservative framework to protect itself against adverse rate movements. All transactions undertaken are to support the Corporation’s ongoing business and the Corporation does not acquire or issue derivative financial instruments for trading or speculative purposes. The Corporation’s Board of Directors oversees management’s risk management practices by setting trading parameters and reporting requirements.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

10. FINANCIAL INSTRUMENTS (continued)

The Corporation’s activities are exposed to currency risk, interest rate risk, credit risk and liquidity risk.

a) Currency risk

The Corporation has operations in the United States which are transacted into U.S. dollars. Accordingly, the Corporation is exposed to foreign exchange risk with respect to these transactions. The Corporation has not undertaken hedging activities to mitigate this risk.

b) Interest rate risk

The Corporation is not exposed to significant interest rate risk at this time since it does not have significant interest bearing instruments.

c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Corporation to credit risk consist of cash and cash equivalents and amounts receivable. The Corporation has reduced its credit risk by placing its cash and cash equivalents with high credit quality financial institutions.

d) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. The Corporation handles liquidity risk through the management of its capital structure.

The Corporation monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Corporation’s financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Corporation does not have investments in any asset backed deposits.

e) Sensitivity analysis

The Corporation has completed a sensitivity analysis to estimate the impact on the net income caused by changes in foreign exchange rates during the year ended June 30, 2011.

The sensitivity analysis includes the assumption that changes in individual foreign exchange rates do not cause foreign exchange rates in other countries to alter.

The result of the sensitivity analysis shows a change of 10% in the USD exchange rate could cause an increase or decrease of approximately \$10,945 on the Corporation’s net income and vice versa.

The above impact arises primarily as a result of the Corporation having USD denominated amounts receivable and accounts payable balances. The financial position of the Corporation may vary at the time that a change in foreign exchange rate occurs, causing the impact on the Corporation’s results to differ from that shown above.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

11. MANAGEMENT OF CAPITAL

The Corporation’s objectives of capital management are intended to safeguard the entity's ability to support the Corporation’s development and exploration of its mineral properties and support any expansionary plans.

The capital of the Corporation consists of the items included in shareholders’ equity. The Corporation manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Corporation’s underlying assets.

To effectively manage the entity’s capital requirements, the Corporation has in place a rigorous planning and budgeting process to help determine the funds required. The Corporation may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. The Corporation is not subject to externally imposed capital requirements.

12. SEGMENTED INFORMATION

The Corporation operates in the single business segment of mineral exploration and development in the United States (“USA”).

The Corporation operates in two geographic segments. Geographic distribution of operating results in the two geographic segments is as follows:

	June 30, 2011		
	Canada	USA	Total
Exploration and evaluation assets	\$ -	\$ 1,208,487	\$ 1,208,487
Interest income	\$ -	\$ -	\$ -

	March 31, 2011		
	Canada	USA	Total
Exploration and evaluation assets	\$ -	\$ 1,191,321	\$ 1,191,321
Interest income	\$ -	\$ -	\$ -

	April 1, 2010		
	Canada	USA	Total
Exploration and evaluation assets	\$ -	\$ 1,409,232	\$ 1,409,232
Office equipment	\$ -	\$ 880	\$ 880
Interest income	\$ -	\$ 6,807	\$ 6,807

13. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Corporation adopted IFRS on April 1, 2011, with a transition date of April 1, 2010. Under IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied. IFRS provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

13. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (continued)

a) *IFRS exemption options*

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

Share-based payments

IFRS 1 permits the application of IFRS 2, Share Based Payments only to equity instruments granted after November 7, 2002, that had not vested by the date of transition to IFRS. The Corporation has applied this exemption and applied IFRS 2 for equity instruments granted after November 7, 2002, that had not vested by April 1, 2010.

Additionally, in accordance with IFRS 1, an entity’s estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Corporation’s IFRS estimates as of April 1, 2010, are consistent with its GAAP estimates for the same date.

Revaluation as deemed cost

IFRS 1 permits a first-time adopter to use an eligible previous GAAP revaluation at, or before, the date of transition to IFRS as deemed cost at the date of the revaluation. In fiscal year 2010, the Corporation recorded an impairment in the carrying amount of certain exploration and evaluation assets. The Corporation will utilize this exemption; as a result, the fair value of those assets as of the fiscal year 2010 impairment is the deemed IFRS cost of those properties on transition to IFRS.

b) *Reconciliations to previously presented Canadian GAAP financial statements*

The adoption of IFRS has resulted in no changes to the Corporation’s reported financial position and results of operations. The Corporation’s adoption of IFRS did not have an impact on the total operating, investing or financing cash flows.

The transition from Canadian GAAP to IFRS had no effect on the equity as at April 1, 2010, and no effect on the equity, total comprehensive loss and reported cash flows of the amounts previously reported by the Corporation in accordance with Canadian GAAP as at and for the periods ended June 30, 2010, and March 31, 2011.

Presented below are reconciliations of the Corporation’s consolidated equity at April 1, 2010, June 30, 2010, and March 31, 2011, showing no changes from Canadian GAAP to IFRS:

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

13. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (continued)

April 1, 2010

	Canadian GAAP	Adjustments	IFRS
	April 1, 2010		April 1, 2010
	\$	\$	\$
SHAREHOLDERS' EQUITY			
Share capital	6,031,541	-	6,031,541
Other equity reserve	1,246,345	-	1,246,345
Deficit	(5,666,367)	-	(5,666,367)
TOTAL SHAREHOLDERS' EQUITY	1,611,519	-	1,611,519

June 30, 2010

	Canadian GAAP	Adjustments	IFRS
	June 30, 2010		June 30, 2010
	\$	\$	\$
SHAREHOLDERS' EQUITY			
Share capital	6,031,541	-	6,031,541
Other equity reserve	1,246,345	-	1,246,345
Deficit	(5,738,549)	-	(5,738,549)
TOTAL SHAREHOLDERS' EQUITY	1,539,337	-	1,539,337

March 31, 2011

	Canadian GAAP	Adjustments	IFRS
	March 31, 2011		March 31, 2011
	\$	\$	\$
SHAREHOLDERS' EQUITY			
Share capital	6,772,446	-	6,772,446
Other equity reserve	1,889,451	-	1,889,451
Accumulated Other Comprehensive Income	340,000	-	340,000
Deficit	(6,887,264)	-	(6,887,264)
TOTAL SHAREHOLDERS' EQUITY	2,114,633	-	2,114,633

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

13. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (continued)

Reconciliations of total comprehensive income for the three months ended June 30, 2010, and the year ended March 31, 2011, are as follows:

June 30, 2010

	Canadian GAAP June 30, 2010	Adjustments	IFRS June 30, 2010
Expenses			
Exploration office expenses	7,352	-	7,352
General and administrative	9,287	-	9,287
Management and geological consulting fees	26,845	-	26,845
Professional fees	4,438	-	4,438
Public company expenses	24,825	-	24,825
	<u>72,747</u>	<u>-</u>	<u>72,747</u>
Foreign exchange gain (loss)	565	-	565
Net loss and comprehensive loss for the period	<u>(72,182)</u>	<u>-</u>	<u>(72,182)</u>

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the three months ended June 30, 2011 and 2010

13. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (continued)

March 31, 2011

	Canadian GAAP March 31, 2011	Adjustments	IFRS March 31, 2011
Expenses			
Amortization	880	-	880
Exploration office expenses	19,738	-	19,738
General and administrative	38,506	-	38,506
Management and geological consulting fees	92,249	-	92,249
Professional fees	45,172	-	45,172
Public company expenses	158,437	-	158,437
Stock-based compensation	630,105	-	630,105
	<u>985,087</u>	-	<u>985,087</u>
Other Income (Expense)			
Impairment of exploration and evaluation assets	(234,316)	-	(234,316)
Foreign exchange gain (loss)	(1,494)	-	(1,494)
Net loss for the period	<u>(1,220,897)</u>	-	<u>(1,220,897)</u>
Other comprehensive income	340,000	-	340,000
Comprehensive loss for the period	<u>(880,897)</u>	-	<u>(880,897)</u>

CORPORATE INFORMATION

DIRECTORS

Giulio T. Bonifacio
Vancouver, Canada

Joseph Giuffre
Vancouver, Canada

Brian P. Kirwin
Reno, United States

Foster Wilson
Reno, United States

OFFICES

Corporate Office

*Suite 1238 – 200 Granville Street
Vancouver, British Columbia
Canada, V6C 1S4
Telephone (604) 681-5152
Fax (604) 681-0122*

Exploration Office

*Suite 7, 290 Gentry Way
Reno, Nevada
United States, 89502
Telephone (775) 824-4533*

INVESTOR RELATIONS CONTACT

*Telephone (604) 681-5152
Email info@mesauranium.com*

WEBSITE

Additional information about the Corporation can be found at our website www.mesaexploration.com

OFFICERS

Brian P. Kirwin
Non-Executive Chairman

Foster Wilson
President & Chief Executive Officer

Joe Chan
Chief Financial Officer

Catherine Tanaka
Corporate Secretary

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.
Vancouver, Canada

SHARES LISTED

TSX Venture Exchange: MSA

CAPITALIZATION

(As at September 28, 2011)
Shares Issued and Outstanding: 13,886,460

AUDITOR

Manning Elliott, Chartered Accountants
Vancouver, Canada

LEGAL COUNSEL

Axium Law Corporation
Vancouver, Canada