



MESA EXPLORATION CORP.
2011 ANNUAL REPORT



MESA EXPLORATION CORP.
(formerly "Mesa Uranium Corp.")

Consolidated Financial Statements
For the years ended March 31, 2011 and 2010
together with the Auditors' Report



MANNING ELLIOTT
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Mesa Exploration Corp. (formerly "Mesa Uranium Corp.")

We have audited the accompanying consolidated financial statements of Mesa Exploration Corp. (formerly "Mesa Uranium Corp."), which comprise the consolidated balance sheets as at March 31, 2011 and 2010, and the consolidated statements of operations and deficit, comprehensive loss and cash flows for the years then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained based on our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mesa Exploration Corp. as at March 31, 2011 and 2010, and its financial performance and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

We draw attention to Note 1 to these consolidated financial statements which describes the uncertainty related to Mesa Exploration Corp.'s ability to operate as a going concern in the future. Our opinion is not qualified in respect of this matter.

/s/ "Manning Elliott LLP"

Chartered Accountants

Vancouver, British Columbia

July 26, 2011

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

CONSOLIDATED BALANCE SHEETS

(Expressed in Canadian Dollars)

As at March 31, 2011 and 2010

	2011	2010
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	525,185	170,474
Amounts receivable	12,582	790
Marketable securities (note 4)	390,000	-
	<u>927,767</u>	171,264
Reclamation bonds (note 5)	12,605	26,847
Mineral properties (note 6)	1,191,321	1,409,232
Deferred financing costs	-	28,500
Office equipment (note 7)	-	880
	<u>2,131,693</u>	1,636,723
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	<u>17,060</u>	25,204
SHAREHOLDERS' EQUITY		
Share capital (note 9)	6,772,446	6,031,541
Contributed surplus (note 10)	1,889,451	1,246,345
	<u>8,661,897</u>	7,277,886
Accumulated Other Comprehensive Income (notes 4, 11)	340,000	-
Deficit	<u>(6,887,264)</u>	(5,666,367)
	<u>(6,547,264)</u>	(5,666,367)
	<u>2,114,633</u>	1,611,519
	<u>2,131,693</u>	1,636,723

NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS (note 1)

COMMITMENT (note 12)

SUBSEQUENT EVENT (note 17)

APPROVED ON BEHALF OF THE BOARD:

Signed: /s/ “*Brian P. Kirwin*”
Brian P. Kirwin, Director

Signed: /s/ “*Foster Wilson*”
Foster Wilson, Director

The accompanying notes are an integral part of these consolidated financial statements

MESA EXPLORATION CORP. (formerly “Mesa Uranium Corp.”)**CONSOLIDATED STATEMENTS OF OPERATIONS LOSS AND DEFICIT**

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

	2011	2010
	\$	\$
EXPENSES		
Amortization	880	933
Exploration office expenses	19,738	19,146
General and administrative	38,506	1,100
Management and geological consulting fees	92,249	34,500
Professional fees	45,172	25,476
Public company expenses	158,437	31,342
Stock-based compensation	630,105	-
	<u>985,087</u>	<u>112,497</u>
OTHER INCOME (EXPENSE)		
Impairment of mineral properties	(234,316)	(1,656,423)
Interest income	-	6,807
Other income	-	10,572
Foreign exchange loss	(1,494)	(20,920)
	<u>(235,810)</u>	<u>(1,659,964)</u>
Net Loss	(1,220,897)	(1,772,461)
Deficit, Beginning	(5,666,367)	(3,893,906)
Deficit, Ending	(6,887,264)	(5,666,367)
Net Loss Per Share - Basic and Diluted	(0.11)	(0.18)
Weighted Average Number of Shares Outstanding	11,381,074	10,052,570

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

	2011	2010
	\$	\$
NET LOSS FOR THE YEAR	(1,220,897)	(1,772,461)
OTHER COMPREHENSIVE INCOME:		
Unrealized gain on available-for-sale marketable securities (note 4)	340,000	-
COMPREHENSIVE LOSS FOR THE YEAR	(880,897)	(1,772,461)

The accompanying notes are an integral part of these consolidated financial statements

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

	2011	2010
	\$	\$
OPERATING ACTIVITIES		
Net loss for the year	(1,220,897)	(1,772,461)
Non-cash items		
Amortization	880	933
Impairment of mineral properties	234,316	1,656,423
Stock-based compensation	630,105	-
Unrealized foreign exchange loss	-	9,522
	<u>(355,596)</u>	<u>(105,583)</u>
Changes in non-cash working capital items		
Amounts receivable	(11,792)	39,603
Prepaid expenses	-	2,000
Accounts payable and accrued liabilities	(8,144)	(30,013)
Refund of reclamation bonds	14,242	68,860
	<u>(361,290)</u>	<u>(25,133)</u>
INVESTING ACTIVITY		
Proceeds on options and joint venture contribution	28,638	-
Acquisition of mineral properties and exploration expenses, net	(95,043)	(69,458)
	<u>(66,405)</u>	<u>(69,458)</u>
FINANCING ACTIVITIES		
Issuance of common shares, net of issue costs	753,906	268,392
Deferred financing costs	28,500	(28,500)
	<u>782,406</u>	<u>239,892</u>
Increase in cash and cash equivalents	354,711	145,301
Cash and cash equivalents, beginning of year	170,474	25,173
Cash and cash equivalents, end of year	<u>525,185</u>	<u>170,474</u>
Supplemental Disclosures		
Interest Paid	-	-
Interest Received	-	6,807
Income Tax Paid	-	-

Non-cash transaction (Note 4)

The accompanying notes are an integral part of these consolidated financial statements

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 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 consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. 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 consolidated 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

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.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 mineral property assets, amounts receivable, quantification of future 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 is the Canadian dollar. The Corporation’s foreign subsidiary (BZU Holdings, Inc.) is dependent on funding from the Corporation.

Accordingly, the temporal method of translating the accounts of the foreign subsidiary has been adopted. Under this method, monetary assets and liabilities are translated to Canadian dollars at the prevailing year-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 deficit.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Mineral properties and deferred exploration costs

Costs related to mineral activities, which include the investigation, exploration, and development 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 mineral properties represent costs incurred to date and are not intended to reflect present or future values.

Asset retirement obligations

The Corporation follows CICA Handbook Section 3110, “Asset Retirement Obligations”, which established standards for asset retirement obligations and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the mineral property asset is amortized on the same basis as the related asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at March 31, 2011, the Corporation has not incurred any asset retirement obligation related to the exploration and development of its mineral properties.

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

The Corporation monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Corporation's policy is to record an impairment loss in the period when it is determined that the carrying amount of the assets may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the assets exceeds the discounted estimate of future cash flows from use or disposal of the asset.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Corporation uses the asset and liability method of accounting for income taxes, under which future tax assets and liabilities are recognized on differences between the carrying amounts of assets and liabilities and their respective tax bases. Where applicable, future 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 future income tax assets and liabilities is recognized in income in the period that the change occurs. A valuation allowance is recorded for any tax assets unless 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.

The Corporation classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount in accordance with the Canadian Institute of Chartered Accountants Handbook Section 3840 – Related Party Transactions.

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income.

The Corporation classified its cash as held-for-trading, its amounts receivable as loans and receivables, its marketable securities as available-for-sale and its accounts payable as other financial liabilities.

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 contributed surplus. When the options are exercised, the exercise price proceeds together with the related contributed surplus 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.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Recent Accounting Pronouncements

Adoption of International Financial Reporting Standards

The Canadian Accounting Standards Board has announced that Canadian publicly accountable enterprises will adopt IFRS as issued by the International Accounting Standards Board effective January 1, 2011. The Corporation is in the process of assessing the impact of the differences in accounting standards on the Corporation's consolidated financial statements. The Corporation expects to make changes to processes and systems in time to enable the Corporation to record transactions under IFRS, including 2011 fiscal period financial statements presented for comparative purposes in the 2012 financial year.

Business Combinations

In December 2008, the Accounting Standards Board (“AcSB”) issued CICA Handbook Section 1582, Business Combinations, which is converged with International Financial Reporting Standards (“IFRS”) 3, Business Combinations, and replaces CICA Handbook Section 1581, Business Combinations. Section 1582 provides guidance on the application of the purchase method of accounting for business combinations. In particular, Section 1582 addresses the determination of the carrying amount of the assets and liabilities of an acquired company, goodwill and accounting for a non-controlling interest at the time of the business combination. The new standard is effective on a prospective basis to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted. If an entity applies this Section before January 1, 2011, it shall also adopt CICA Handbook Section 1601 and CICA Handbook Section 1602. This new standard will only have an impact on the Company’s financial statements for future acquisitions if the Company early adopts the standard.

Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA issued Section 1601, Consolidated Financial Statements, and 1602, Non-controlling interests, which replaces existing guidance. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period on or after January 1, 2011 with earlier adoption permitted. The Company does not expect that the adoption of this standard will have a material impact on the Company’s financial statements.

These new standards have no impact on the Company’s financial statements as the Company did not early adopt these standards and will apply IFRS from April 1, 2011.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

4. MARKETABLE SECURITIES

	March 31, 2011			
	Number of Shares	Fair Value	Cost	Accumulated unrealized gains
		\$	\$	\$
Passport Potash Inc.	500,000	390,000	50,000	340,000

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, USD\$20,000 in cash and a 2% NSR subject to a buyback for USD\$300,000. As of March 31, 2011, the fair value of these shares was \$390,000 providing an unrealized gain of \$340,000 which has been recognized in other comprehensive income as this instrument has been classified as available for sale.

5. RECLAMATION BONDS

As of March 31, 2011, the Corporation recorded the following mineral property environmental bonds:

	2011	2010
	\$	\$
Lisbon Valley		
US\$	10,000	11,429
Foreign Exchange	(309)	181
Moonshine Springs		
US\$	3,000	15,000
Foreign Exchange	(86)	237
	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.

6. MINERAL PROPERTIES

a) Lisbon Valley

The Corporation holds mineral claims and leases in the Lisbon Valley uranium mining district of Utah comprising an area of approximately 7,700 hectares (approximately 28 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.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

6. MINERAL PROPERTIES (continued)

a) Lisbon Valley (continued)

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 1,770 acres.

During the year ended March 31, 2010, as the Corporation has no exploration activity planned for the property in the foreseeable future, the total carrying amount of \$178,907 was written off. There was no further activity in this project in 2011 year end.

c) Breccia Pipe

The Breccia Pipe project is located in Mohave and Coconino Counties, northern Arizona in the Arizona Strip Uranium District. The project is 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. There was no further activity in this project in 2011 year end.

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 consists 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. There was no further activity in this project in 2011 year end.

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.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

6. MINERAL PROPERTIES (continued)

e) Potash Projects (continued)

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. Under the LOI, PPI will acquire a 75% interest in the leases by issuing to the Corporation 500,000 shares of PPI (issued), paying US\$20,000 cash (paid), and paying 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 with equivalent value. The Corporation will retain a 2% NSR royalty which PPI has the option to purchase for US\$300,000.

f) 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 7,850 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.

Mineral property expenditures are comprised as follows:

	Lisbon Valley	Potash Projects	Green Energy	Other	March 31, 2011 Total	March 31, 2010 Total
	\$			\$	\$	\$
Balance, beginning	1,339,320	54,540	13,912	1,460	1,409,232	2,996,197
Property acquisition	29,403	-	-	-	29,403	-
Drilling	-	-	-	-	-	1,057
Engineering and environmental	-	-	39,704	-	39,704	6,686
Land fees, permit, licenses	1,874	24,062	-	-	25,936	60,106
Site maintenance and camp	-	-	-	-	-	1,607
Impairment of mineral properties	(234,316)	-	-	-	(234,316)	(1,656,421)
Joint venture contribution	(8,638)	-	-	-	(8,638)	-
Options proceeds	-	(70,000)	-	-	(70,000)	-
	(211,677)	(45,938)	39,704	-	(217,911)	(1,586,965)
Balance, ending	1,127,643	8,602	53,616	1,460	1,191,321	1,409,232

Mesa Exploration Corp. (formerly "Mesa Uranium Corp.")

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

7. OFFICE EQUIPMENT

	Cost	Accumulated Amortization	2011 Net Carrying Amount	2010 Net Carrying Amount
	\$	\$	\$	\$
Office equipment	4,034	4,034	-	880

8. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2011, the Corporation incurred management and administration services expenses of \$36,000 (2010 – \$34,500) from a company with common directors.

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.

9. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

Issued	Number of Common Shares	Amount
		\$
Balance, March 31, 2009	9,570,376	5,763,149
Shares issued for private placement	1,375,000	275,000
Share issue costs	-	(6,608)
Balance, March 31, 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
Option exercised	16,667	12,005
Balance, March 31, 2011	12,666,861	6,772,446

On November 20, 2009, the Corporation closed a non-brokered private placement of 1,000,000 units at \$0.20 per unit for gross proceeds of \$200,000. Each unit consisted of one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant is exercisable to purchase one additional common share at a price of \$0.30 per share until November 20, 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.

On December 1, 2009, the Corporation closed a non-brokered private placement of 375,000 units at \$0.20 per unit for gross proceeds of \$75,000. Each unit consisted of one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.30 per share until December 1, 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.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

9. SHARE CAPITAL (continued)

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 entitles the holder to purchase one additional common share at a price of \$0.35 per warrant share until December 6, 2012. The warrants will 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 will expire if not exercised within 30 days. The shares issued are subject to a four month hold period expiring 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.

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 consists of one common share and one non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$1.60 per warrant share until March 11, 2013. The Warrants will 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 will expire if not exercised within 30 days. The securities issued under the Offering are 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.

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 22, 2010. 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, 2010, 160,000 options at \$0.42 per option expired.

	Number of Options	Exercise Price	Expiry Date
Balance, March 31, 2009 and 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, 2011	1,222,666		

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

9. SHARE CAPITAL (continued)

Options (continued)

Details of stock options outstanding and exercisable as at March 31, 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 March 31, 2011, the weighted average remaining contractual life for the options outstanding and exercisable was 4.02 years (2010 – 1.24 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 2011 option grant was \$0.66 per option.

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

Warrants

Warrants issued and exercised are as follows:

	Number of Warrants	Exercise Price	Expiry Date
Balance, March 31, 2009	1,543,913		
Warrants expired	(1,240,883)	\$2.16	April 11, 2009
Private Placement of 1,000,000 units	500,000	\$0.30	November 20, 2011
Private Placement of 375,000 units	187,500	\$0.30	December 1, 2011
Warrants expired	(303,030)	\$0.45	January 24, 2010
Balance, March 31, 2010	687,500	\$0.30	
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		

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

9. 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.

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 followings 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	9,450
	warrants	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 March 31, 2011:

Number of warrants	Exercise Price	Expiry Date
500,000	\$0.30	November 20, 2011
187,500	\$0.30	December 1, 2011
1,319,600	\$0.35	December 6, 2012
414,268	\$1.60	March 11, 2013
2,421,368		

At March 31, 2011, the weighted average remaining contractual life for the warrants outstanding and exercisable was 1.44 years (2010 – 1.65 years).

Mesa Exploration Corp. (formerly "Mesa Uranium Corp.")

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

10. CONTRIBUTED SURPLUS

Contributed surplus is comprised as follows:

	<u>Amount</u>
	\$
Balance, March 31, 2009 and 2010	1,246,345
Fair value of stock options granted	630,105
Fair value of stock options exercised	(5,005)
Fair value of the 19,600 finders' warrants	12,318
Fair value of the 9,450 finders' warrants	5,688
	<u>1,889,451</u>
Balance, March 31, 2011	1,889,451

11. ACCUMULATED OTHER COMPREHENSIVE INCOME

	<u>Amount</u>
	\$
Balance, March 31, 2010	-
Unrealized gain on available-for-sale marketable securities (note 4)	340,000
	<u>340,000</u>
Balance, March 31, 2011	340,000

12. 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 \$3,000 per month. This agreement is automatically extended for successive six-month terms unless terminated by the Corporation or the company.

13. 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 Company's financial instruments:

	March 31, 2011
Held for trading (i)	\$ 525,185
Loans and receivables (ii)	12,582
Available-for-sale (iii)	390,000
Other financial liabilities (iv)	17,060

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

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

13. FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

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>			
	March 31, 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	525,185	525,185	-	-

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

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.

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.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

13. FINANCIAL INSTRUMENTS (continued)

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 March 31, 2010.

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 \$1,500 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.

14. 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.

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

15. 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:

	2011		
	Canada	USA	Total
Mineral properties and office equipment	\$ -	\$ 1,191,321	\$ 1,191,321
Interest income	\$ -	\$ -	\$ -

	2010		
	Canada	USA	Total
Mineral properties and office equipment	\$ -	\$ 1,410,112	\$ 1,410,112
Interest income	\$ -	\$ 6,807	\$ 6,807

16. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2011	2010
Combined statutory income tax rate	28.5%	28.5%
Income tax recovery at statutory rate	347,956	505,151
(Decrease) increase resulting from:		
Difference between Canadian and US rates	27,325	176,216
Stock based compensation	(179,580)	-
Non-deductible items	4,268	390
Non-capital losses expired	-	(47,836)
Reduction in tax rate	(91,669)	76,518
Valuation allowance	(108,300)	(710,439)
Income tax recoverable	\$ -	\$ -

The tax effects of temporary differences that give rise to significant portions of the future tax assets at March 31, 2011 and 2010 are as follow:

	2011	2010
Non-capital losses carried forward	1,984,000	1,870,000
Property, plant and equipment	22,100	21,800
Share issue costs	13,000	19,000
Valuation allowance	(2,019,100)	(1,910,800)
	\$ -	\$ -

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended March 31, 2011 and 2010

16. INCOME TAXES (continued)

The Corporation has approximately \$5,927,000 (2010 - \$5,337,000) in non-capital losses, which can be applied to reduce future taxable income. These losses expire as follows:

2014	\$	181,000
2015		52,000
2026		212,000
2027		473,000
2028		780,000
2029		1,760,000
2030		1,879,000
2031		590,000
		<hr/>
	\$	5,927,000

The Corporation has not recognized any future income tax assets as the future tax benefits which may arise as a result of these non-capital losses due to the uncertainty of their recovery, and are offset by a full valuation allowance.

17. SUBSEQUENT EVENT

Subsequent to March 31, 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 limit for 20 consecutive trading days.



MESA EXPLORATION CORP.
(formerly "Mesa Uranium Corp.")

Management's Discussion and Analysis
For the year ended March 31, 2011

Mesa Exploration Corp. (formerly “Mesa Uranium Corp.”)
Management’s Discussion & Analysis
Year ended March 31, 2011, as of July 27, 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 July 27, 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 audited financial statements of the Corporation for the year ended March 31, 2010. All amounts are expressed in Canadian Dollars unless otherwise indicated.

Forward-Looking Statements

Certain statements contained in the following Management’s Discussion and Analysis may be deemed forward-looking statements. 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.

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.

The Corporation is engaged in the exploration and development of mineral properties and owns mineral property interests in Utah and Arizona. 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 7,700 hectares of mining claims and state mineral leases in the Lisbon Valley Mining District in Utah, USA.

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, consisting of a 590-acre lease from the State of Arizona. During April 2007, the Corporation acquired an additional 2,460 acres, bringing the total acreage for the project to 1,770 acres. 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.

During September, 2008 the Corporation filed applications for potash exploration permits with the Bureau of Land Management (“BLM”). The property contains potash from both solution mining and naturally-occurring potash brines. The 25,500 acre area (40 square miles) White Cloud potash project is located 40 miles north of our 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.

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 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.

During May, 2009, the White Cloud potash project was expanded to 35,510 acres and applications were 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 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 7,850, 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.

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.

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.

Overview of Performance

The Corporation's working capital as of March 31, 2011 was \$910,707 (March 31, 2010 - \$146,060). The increase in working capital was the result of financing activities and the fair value of the Passport Potash Inc. shares received. The loss for the year ended March 31, 2011 was \$1,220,897 or \$0.11 per share compared with a net loss of \$1,772,461 or \$0.18 per share for the year ended March 31, 2010. The reduction of net loss for the year was mainly due to the reduction on impairment of mineral properties by \$1,422,107 which was offset by the stock-based compensation of \$630,105 and increased in other various expenses.

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. The selected consolidated financial information should be read in conjunction with the Consolidated Financial Statements of the Corporation.

	Year ended		
	March 31,		
	2011	2010	2009
	\$	\$	\$
Net loss	1,220,897	1,772,461	1,690,085
Net loss per share	0.11	0.18	0.18
Total cash and cash equivalents	525,185	170,474	25,173
Working capital	910,707	146,060	12,349
Total liabilities	17,060	25,204	55,217
Total assets	2,131,693	1,636,723	3,170,805
Shareholders' equity	2,114,633	1,611,519	3,115,588

Results of Operations

For the year ended March 31, 2011, the Corporation had a net loss of \$1,220,897 or \$0.11 per share compared to a net loss of \$1,772,461 or \$0.18 per share with the corresponding period in 2010. Stock-based compensation expense increased to \$630,105 in 2011 from \$nil due to 947,666 stock options granted during the year. There was no interest income for the year ended March 31, 2011 compared to \$6,807 for the year ended March 31, 2010. Impairment of mineral properties expense was \$234,316 due to an impairment charge on the Lisbon Valley project compared to \$1,273,196 for the year ended March 31, 2010. General and administrative costs increased to \$38,506 from \$1,100; public company expenses increased to \$158,437 from \$31,342; management and consultant fees increased to \$92,249 from \$34,500. The increase in these expenses was due to the increase in activities in regards to financing and business development. Professional fees increased to \$45,172 from \$25,476 due to expensing prepaid financing costs.

Exploration office expenses increased to \$19,738 from \$19,146. 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, the Corporation reported \$340,000 in other comprehensive income in 2011 year end. There was no such income or loss in 2010 year end.

Summary of Quarterly Results

Selected consolidated financial information for the most recently completely quarters is as follows:

	2011		2010		2009			
	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	525,185	259,206	5,955	73,958	170,474	239,976	47,505	29,032
Working capital	910,707	400,834	(37,070)	45,512	146,060	235,670	22,245	4,443
Total assets	2,131,693	1,852,816	1,531,407	1,568,493	1,636,723	3,304,495	3,097,294	3,123,581
Shareholder's equity	2,114,633	1,848,341	1,485,354	1,539,337	1,611,519	3,297,298	3,071,345	3,096,760
Net loss	(1,051,741)	(42,991)	(53,983)	(72,182)	(1,683,252)	(44,966)	(25,415)	(18,828)
Net loss per share	(0.09)	(0.00)	(0.00)	(0.01)	(0.15)	(0.00)	(0.00)	(0.00)

Liquidity and Capital Resources

The Corporation's working capital as at March 31, 2011 was \$910,707 (March 31, 2010 - \$146,060).

On November 20, 2009, the Corporation closed a non-brokered private placement of 1,000,000 units at \$0.20 per unit for gross proceeds of \$200,000. Each unit consisted of one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant is exercisable to purchase one additional common share at a price of \$0.30 per share until November 20, 2011. The securities issued under the private placement were subject to a four month hold period, expiring March 20, 2010. The Corporation incurred cash share issue costs of \$2,956. All the consideration received for the units was allocated to share capital and no value was allocated to the half warrants.

On December 1, 2009, the Corporation closed a non-brokered private placement of 375,000 units at \$0.20 per unit for gross proceeds of \$75,000. Each unit consisted of one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.30 per share until December 1, 2011. The securities issued under this private placement were subject to a four month hold period, expiring April 2, 2010. The Corporation incurred cash share issue costs of \$1,125. All the consideration received for the units was allocated to share capital and no value was allocated to the half warrants.

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 entitles the holder to purchase one additional common share at a price of \$0.35 per warrant share. The warrants will 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 will expire if not exercised within 30 days. The securities issued under the Offering are subject to a four month hold period expiring 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.

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 consists of one common share and one non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$1.60 per warrant share. The warrants will 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 will expire if not exercised within 30 days. The securities issued under the Offering are 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

During the year ended March 31, 2011, the Corporation incurred management and administration services expenses of \$36,000 (2010 – \$34,500) from a company with common directors.

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 \$3,000 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 generally accepted accounting principles. 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 March 31, 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.

Recent Accounting Pronouncements

Adoption of International Financial Reporting Standards

The Canadian Accounting Standards Board has announced that Canadian publicly accountable enterprises will adopt IFRS as issued by the International Accounting Standards Board effective January 1, 2011. The Corporation is in the process of assessing the impact of the differences in accounting standards on the Corporation's consolidated financial statements. The Corporation expects to make changes to processes and systems in time to enable the Corporation to record transactions under IFRS, including 2011 fiscal period financial statements presented for comparative purposes in the 2012 financial year.

Business Combination

In December 2008, the Accounting Standards Board ("AcSB") issued CICA Handbook Section 1582, Business Combinations, which is converged with International Financial Reporting Standards ("IFRS") 3, Business Combinations, and replaces CICA Handbook Section 1581, Business Combinations. Section 1582 provides guidance on the application of the purchase method of accounting for business combinations. In particular, Section 1582 addresses the determination of the carrying amount of the assets and liabilities of a subsidiary company, goodwill and accounting for a non-controlling interest at the time of the business combination. The new standard is effective on a prospective basis to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted. If an entity applies this Section before January 1, 2011, it shall also adopt CICA Handbook Section 1601 and CICA Handbook Section 1602. This new standard will only have an impact on the Corporation's financial statements for future acquisitions if the Corporation early adopts the standard.

Consolidated Financial Statements and Non-controlling Interests

In December 2008, the AcSB issued CICA Handbook Section 1601, Consolidated Financial Statements, which replaces CICA Handbook Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. An entity adopting CICA Handbook Section 1601 for a fiscal year beginning before January 1, 2011 also must adopt CICA Handbook Section 1582, and CICA Handbook Section 1602.

These new standards have no impact on the Corporation's financial statements as the Corporation did not early adopt these standards and will apply IFRS from April 1, 2011.

Conversion to International Financial Reporting Standards

In February 2008, the Accounting Standards Board announced that the accounting framework under which the financial statements are prepared for all publicly accountable companies will be replaced by International Financial Reporting Standards ("IFRS") starting January 2011. The first set of interim financial statements under IFRS will be for the quarter ending June 30, 2011, including comparative information for the quarter ending June 30, 2010.

The conversion requirement from GAAP to IFRS raises both financial and non-financial issues with potential implications of risk, financial reporting, internal controls and stakeholder relations, however the fact that the Corporation is a development stage company limits such impact.

The Corporation is using a three step roadmap to convert to IFRS:

1. Planning and diagnostic

The Corporation has completed the diagnostic stage of assessing areas of GAAP differences and areas where processes may require changes. Based on its analysis, management has made the following preliminary conclusions regarding the adoption of IFRS:

- a) The adoption of IFRS may result in changes to the Corporation's reported financial position and results of operations for the comparative period (fiscal year 2010). The Corporation's adoption of IFRS is not expected to have a significant impact on the total operating, investing or financing cash flows. The change in the Corporation's reported financial position and results of operations on transition to IFRS is expected to relate to the adoption of the following IFRS standards and application of certain transitional exemptions and elections which are available:
 - IAS 21 Foreign Exchange – change in U.S. subsidiary's functional currency from CAD to USD on transition to IFRS.
 - IAS 37 Provisions & Contingencies – measurement adjustment to asset retirement obligation (ARO).
- b) Management will modify some of its accounting policies to conform with IFRS requirements.
- c) There are some financial statement presentation and disclosure changes on adoption of IFRS. These will be reflected in the interim and annual financial statements in fiscal year 2011, beginning with the first quarterly report as at and for the period ended June 30, 2011.

2. Implementation

The Corporation is in the final phase of its conversion plan and has made preliminary assessments, including :

- A detailed analysis of the standards, including the evaluation of policy choices for those standards that may have an impact on its financial statements, business processes and systems.
- IFRS accounting policies and disclosure controls and procedures are being reviewed.
- Quantification of preliminary financial statement impact assessments on our opening balance sheet as at April 1, 2010 is in the drafting stage.
- The implementation of changes to the reporting and system processes to support preparation of the IFRS is in progress.

3. Post implementation

During this stage the Corporation will perform a review of the IFRS transition and ensure the preparation of financial statements continue to be in compliance with IFRS.

As our conversion project is not yet complete, it is possible that we will identify additional potential differences, and that such differences could be material.

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 July 27, 2011:

Common shares issued and outstanding: 13,886,461

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		

Subsequent Event

Subsequent to March 31, 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 limit for 20 consecutive trading days.

CORPORATE INFORMATION

DIRECTORS

Giulio T. Bonifacio
Vancouver, Canada

Joseph Giuffre
Vancouver, Canada

Brian P. Kirwin
Reno, United States

Foster Wilson
Reno, United States

OFFICES

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Email info@mesaexploration.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 July 29, 2011)
Shares Issued and Outstanding: 13,886,460

AUDITOR

Manning Elliott, Chartered Accountants
Vancouver, Canada

LEGAL COUNSEL

Axium Law Corporation
Vancouver, Canada