

Mesa Uranium Corp (TSXV: MZU) – Initiating Coverage; Uranium Explorer in Prolific Mining District

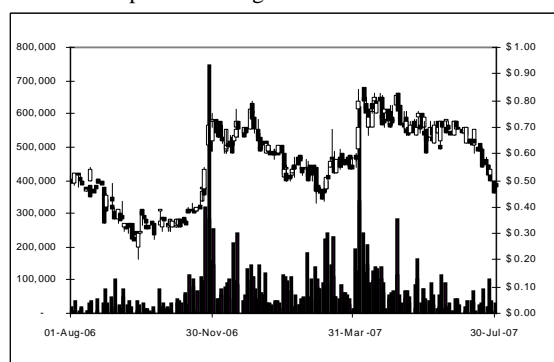
Sector/Industry: Mining/Uranium

www.mesauranium.com

Market Data (as of August 8, 2007)

Current Price	C\$0.36
Fair Value	C\$0.66
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C\$0.21 – C\$0.95
Shares O/S	26,892,953
Market Cap	C\$11.03 mm
Current Yield	N/A
P/E	N/A
P/B	4.07
YoY Return	-28.0%
YoY TSXV	17.1%

*see back of report for rating and risk definitions



Key Financial Data (FYE - March 31)

(C \$)	2006	2007
Cash	2,255,121	277,959
Working Capital	2,280,311	245,494
Mineral Assets	550,019	2,035,916
Total Assets	2,865,788	2,420,305
Net Loss	(606,615)	(510,691)
Loss per Share	(0.07)	(0.03)

* In April 2007, the company closed a \$3 million private placement.

Mesa Uranium is exploring for uranium in the Lisbon Valley Mining District of Utah, the largest uranium producing area in the United States. They are exploring the under explored northeastern fault block of the Lisbon Valley Fault, which is believed to host similar mineralization that has produced 78 million pounds of uranium in the district. They drilled the property in 2006, and have a number of targets that remain to be tested.

Investment Highlights

- Mesa's primary asset is the Lisbon Valley project, which is adjacent to the former Lisbon Mine. This region is the largest uranium mining area of the United States. The average grade is 0.4% U₃O₈ versus the average minimum economic grade of 0.2%.
- The geology and exploration thus far suggests favorable host rock and structure for uranium deposits.
- The first round of drilling at Lisbon Valley in 2006 was generally positive. They have identified at least two new uranium trends, and have a number of targets that remain to be tested.
- Mesa has a strong management team with extensive experience in uranium exploration in the Lisbon Valley.
- There has been a resurgence in uranium exploration in the Western United States. Utah and Arizona are excellent places to conduct exploration and mining, due to their security and infrastructure.

Risks

- Mesa is exposed to all of the risks associated with a junior mining company that does not have any operating mines.
- We believe that junior resource companies exploring for uranium are especially sensitive to commodity prices (more so than a copper company for example). Mesa Uranium may experience upside with continued exploration success, but a downturn in the uranium market could negatively impact their share price.

Company Overview Mesa Uranium is an early stage uranium exploration company based in the prolific uranium district of the Colorado Plateau. Their properties are early stage, but we believe the property has significant potential based on the geologic model and historic production in the region. We believe Mesa’s Lisbon Valley property is underexplored, and that initial drilling results suggest further upside for the property.

Corporate History Mesa Uranium began in 2005 with the acquisition of BZU Minerals and their uranium assets in Utah. They began trading on the TSX Venture exchange on December 23, 2005. The company completed a successful preliminary drilling program on their flagship property, Lisbon Valley, in 2006. They continue to acquire and advance properties throughout North America, utilizing the joint venture model.

Utah Mining Outlook According to a study recently conducted by the Fraser Institute, Utah is in the top ten best mining districts for policy potential, a composite index of many factors that attract mining investment. The government has favorable land use policies, regulatory structure, and is very secure. We believe that the United States of America is a good place to conduct exploration and mining, due to its security, infrastructure, mining history, political stability, and mineral potential. Risks of operating in the USA include slow permitting times, “not in my backyard (NIMBY)” protests, and Native American land claims.

Utah	
Category	World Rank
Policy Potential	4
Security	1
Mineral Potential	12
Best Practice Mineral Potential	19
Composite Policy & Mineral Potential	12
Infrastructure	1
Political Stability	1
Regulatory Duplication & Inconsistencies	2
Taxation Regime	11

Utah’s rank for favorable mining investments in the world for 2005/2006.

Data Source: The Fraser Institute, an Economic Think Tank based in Canada

Strategic Alliance The company has recently entered into two agreements with Energy Fuels Inc. (TSX: EFR), to jointly explore uranium properties in Utah and Arizona. Energy Fuels Inc. retained many of the original management members who worked for Energy Fuels Nuclear Inc. Energy Fuels Nuclear mined and operated the White Mesa Uranium/Vanadium Mill. During the 1980s, they were the world’s largest uranium producer, producing approximately 5 million pounds of uranium annually. According to management, Energy Fuels has an excellent reputation in the Western United States, due to the successful reclamation of their Arizona Strip Breccia Mines that has served as a positive example of environmental reclamation. The White Mesa Mill has an excellent environmental record of accomplishment during its years of operation under Energy Fuels Nuclear as well. Energy Fuels Inc. holds 30,000 acres of prospective land and aims to bring some of their formerly producing uranium/vanadium

mines back into production as quickly as possible.

Lisbon Valley Property

Property Overview: The Lisbon Valley property is located next to the former Lisbon Uranium Mine and the operating Lisbon Valley Copper Mine. The company has identified at least 10 prospects for drilling. They aim to discover new uranium trends.

Ownership: The company acquired the Lisbon Valley project through their takeover of BZU Minerals. They added additional claims through staking in May and November 2006. They have a letter of intent to option the Dar claims from Energy Fuels Inc. These claims adjoin the Lisbon Valley property to the west. Under the letter of intent, Mesa will act as the operator of exploration, but Energy Fuels will be the operating producer should any economic mineralization be delineated.

Historic Exploration/Production: The Lisbon Mining District has experienced two booms of uranium prospecting and is currently in its third. From 1948-1988, the district produced 78 million pounds of uranium from numerous mines covering over 16 miles of the district. These mines were all located on the southwestern side of the Lisbon Fault. In 1962, uranium ore was discovered during “wild cat” drilling on the northeastern side of the fault, where Mesa’s property is located. Rio Algom optioned the property in the 1960s and delineated 3 million tons of ore grading 0.37% uranium. They produced 22 million tons of uranium from 1972 – 1988. The mine operated at 700 tons/day, and ore was extracted at an average depth of 760 meters (2,500 feet). Low uranium prices in the 1980’s prevented the company from continuing to explore for new ore.

The company’s property has limited historic exploration, and they do not have access to any historic assay results. Very little exploration has been done on the down thrown block beyond the Lisbon Uranium Mine, so the company’s property is under explored. A preliminary Phase I drilling program was completed in 2006. The company focused on targets in the northern region of the property, adjacent to the former Lisbon Mine. They completed 10 holes spaced at 200 meters, each drilled to approximately 810 meters depth. The Lisbon Mine produced uranium from 760 meters depth. The Phase I drilling results are as follows:

Hole	Depth (m)	Thickness (m)	%U ₃ O ₈	Formation
L-1	775	1.34	0.013	Chinle
L-2	116	0.91	0.015	Morrison
L-3	114	1.03	0.014	Morrison
L-4	784	0.46	0.092	Moss Back
L-5	770	0.91	Anomalous	Moss Back
L-6	774	0.88	Anomalous	Moss Back
L-7	777	1.98	0.025	Moss Back
includes	--	0.61	0.047	Moss Back
L-8	839	1.83	Anomalous	Moss Back
L-9	--	0.49	0.017	
L-10	--	--		Not mineralized

The company completed a preliminary drilling program in the Winter of 2006/7 to test the North Alice and Texwood Targets. This program was designed to test for mineralized extensions of the ore shoots at the North Alice and Texwood Mines. These drilling results indicated potential for copper mineralization as well, which makes sense considering the property's proximity to the Lisbon Valley Copper Mine.

Hole	Interval (m-m)	Thickness (m)	Mineralization	Formation
NA-1	45.7-61.0	15.2	Anomalous copper	
and	240.9-246.9	3.0	0.007% U ₃ O ₈	Moss Back
NA-2	262.5-264.2	1.7	0.013% U ₃ O ₈	Cutler Sandstone
	262.5-263.7	1.5	0.121% copper	
NA-3	27.4-42.7	15.2	0.10% copper	
	101.4-101.8	0.5	3.2 pounds/ton U ₃ O ₈	Moss Back
	112.2-113.1	0.9	0.02% U ₃ O ₈	Moss Back
	167.7-170.7	3.0	0.011% U ₃ O ₈	Cutler
	167.7-170.7	3.0	0.012% U ₃ O ₈	Cutler

Accessibility and Infrastructure: Accessibility and infrastructure in this area of Utah are very good. The road to the Lisbon Valley Copper Mine runs through the company's property. This road is designed to handle large and heavy ore trucks and other equipment necessary for a large mining operation. There is one operating uranium/vanadium mine in Utah currently, and at least 6 others have recently reopened in the Western United States.

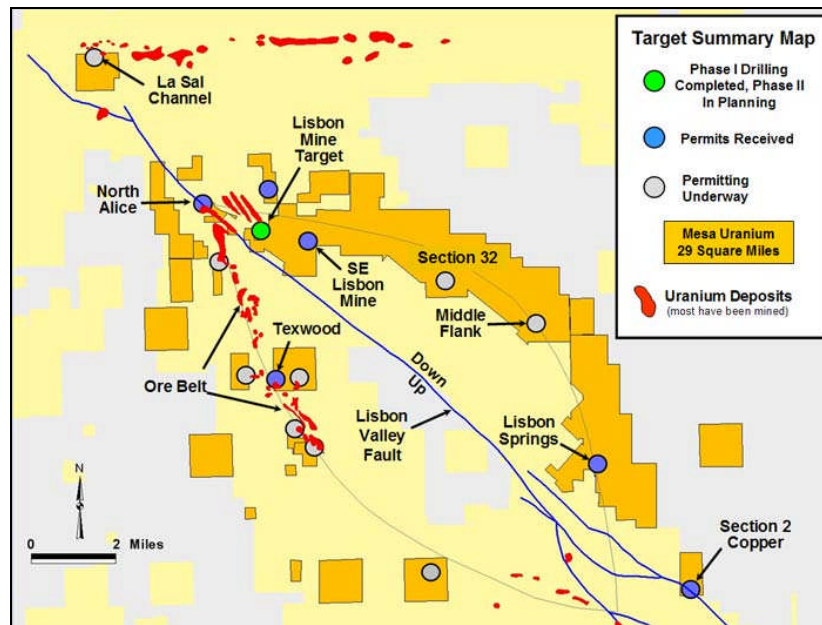
There are two uranium mills in Utah. International Uranium Corp., a wholly owned subsidiary of Denison Mines (TSX: DML), operates their White Mesa mill near Blanding, Utah. **This mill is 40 miles south of the Lisbon Valley project.** Uranium One (TSX: SXR) recently acquired U.S. Energy Corp's Shootaring Canyon Mill near Ticaboo, Utah, which has not been operational since the 1980s. The reopening of the White Mesa Mill is a great benefit for future mining operations in the Lisbon Valley Mining District, including potential operations of Mesa Uranium. The White Mesa Mill processes material from a number of mines and is continuing to seek new clients. In 2006, Denison reopened the Pandora Uranium Mine, located 2.5 miles north of Mesa's project. Material from Pandora is processed at White Mesa, which recovers uranium and vanadium.

On Anticlines

Geology and Mineralization: The company's exploration model is important to understand. They are targeting potential uranium resources on the down dropped fault block of the Lisbon Valley Anticline. The Lisbon Valley Anticline is an evaporite salt deposit that was domed upwards by tectonic activity. Subsequent to formation, the Lisbon Fault cut the anticline along its axis, and the northeast side of the anticline was dropped down. The majority of exploration and production has been on the southwest, up thrown fault block, but the discovery of the Lisbon Uranium Mine on the down thrown block suggests that

significant mineralization exists there. A disadvantage of the company's exploration target is that the uranium mineralization is found at great depths, which is more difficult to explore and more expensive to mine. However, uranium deposits are often found at great depths. These uranium deposits were all contained within the Moss Back Unit of the Chinle Sandstone Formation.

Current Developments: The company announced the commencement of drilling on June 18, 2007. They expect to drill a minimum of 15,000 meters (50,000 feet) for an estimated budget of \$1.5 million. This drilling program is designed to follow up on their 2006 drilling program, as well as drill a number of new targets on the property. This includes 5,000 feet of drilling on the Dar claims. The drilling targets are summarized in the image below.



Source: Mesa Uranium

Potential: The company has drilled less than 500 hectares of their 7,000 hectare landholdings. They plan to continue drilling to delineate resources and, according to company filings, hope to make a production decision in the next 5 years.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time. The property should be considered early stage, as the company has only completed one round of drilling.

Moonshine Springs Project

Property Overview: The 3,050 acre Moonshine Springs project is located in northeastern Arizona, in the Arizona Strip District (see next project below). It has limited historic exploration, but the region is a well-known historic uranium producer.

Ownership: The company maintains a 100% interest in this property. They have continued to add to the property through staking and acquisition from the State of Arizona.

Historic Exploration/Production: The company acquired the property based on Exxon Coal and Minerals exploration in the 1970s. They drilled four drill holes, with the best assay result being 0.4 % U₃O₈ over six feet. In February 2007, Denison Mines acquired the 2.5 million pound uranium deposit, also known as Moonshine Springs, within 1 mile of the company's project.

Accessibility and Infrastructure: Accessibility and infrastructure in Arizona is generally good. Most properties can be explored year-round and the desert environment is amenable to easy access.

Geology and Mineralization: The uranium mineralization is contained within the Chinle sandstone.

Current Developments: The company is currently awaiting permits to drill the property. They expect to drill 8 holes totaling 5,200 feet for an estimated budget of \$100,000. We expect the company to drill the property in the fall of 2007, since it took the company 4 months to receive drilling permits for the Lisbon Valley property.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Arizona Strip Breccia Pipes

Property Overview: The 10,600 acre Arizona Strip project is located in a well-known historic mining district, where high-grade uranium breccia pipes have been exploited using underground mining methods. It is an attractive target for nearer term production, as the deposits are closer to surface, higher grade, and easier to mine than the company's Lisbon Valley property.

Ownership: The company acquired a 100% interest in the district scale property through staking and acquisition from the State of Arizona. They joint ventured the project to Energy Fuels Inc. in June 2007. To earn 51%, Energy Fuels has committed to spend \$500,000 on the property and pay Mesa \$200,000. Energy Fuels will act as the operator of the joint venture, and has notable experience in uranium exploration/production in the Western United States over the last 30 years.

Historic Exploration/Production: The Arizona Strip District of northern Arizona was mined extensively in the 1980s, during the last uranium mining boom in the Western United States. The entire district produced over 20 million pounds of uranium at a very high average grade of 0.65% U₃O₈.

Geology and Mineralization: These breccia pipes were created when chimney or pipe structures above a hollow cave collapsed, creating a column of brecciated (broken) rock over tens of meters. The high porosity of these breccia pipes makes them a conduit for mineralized fluids, which deposited uranium and other metals, including copper, zinc, lead, and silver. Breccia pipes are attractive targets for mining. They are usually oxidized, making them easy and relatively inexpensive to mine, and their alteration typically results in higher than average grades.

Current Developments: The company has completed preliminary exploration, including mapping and sampling. Energy Fuels will likely proceed with the company's plan to complete a geophysical survey in 2007.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time. It should be considered early stage.

Management

Foster Wilson - President and CEO

Geologist with over 25 years experience in exploration and development projects ranging from reconnaissance to development drilling, ore reserve estimation and feasibility studies. Mr. Wilson has worked for Placer Dome, Echo Bay, Tenneco and various Junior exploration companies.

Bill Thompson - Exploration Manager

Geologist with over 12 years of experience in the western U.S., Mr. Thompson worked in various capacities primarily for Union Carbide Corporation and Atlas Corporation, supervising over 500 drill holes in the Uravan, Grants, White Canyon and Lisbon Valley mineral belts of New Mexico, Colorado and Utah.

Greg French – Vice President of Exploration

Mr. French holds a MS degree in geology with over 25 years of experience in the western US and Canada. Since 1999 he has been consulting for a wide range of clients including: American Bonanza Gold Corp., Atlas Minerals, Cornerstone Industrial Minerals, Seabridge Gold, and White Knight Resources. From 1984 to 1999, Mr. French worked in Arizona, Nevada, Oregon, and Utah in various capacities from exploration and production geologist to project manager for Atlas Corporation. Atlas Corporation was one of the largest uranium producers in the Moab-Lisbon Valley area of Utah.

Mr. French was also part of the exploration team that discovered the Gold Bar Satellite deposits in Nevada and the Grassy Mountain gold deposit in Oregon. Prior to his work with Atlas Corporation, he worked as an exploration geologist for Homestake Mining Co. in South Dakota.

Lisa Ng - Chief Financial Officer

Professional accountant with over 20 years of industry and public practice experience, focusing on financial reporting, planning and leading audits including controllership positions in the biotech, consulting and insurance industries, specializing in auditing, tax compliance and general business advisory services.

Brian Kirwin - Non-Executive Chairman

Accomplished mining executive and explorationist at both Senior and Junior mining companies, having leadership positions in various capacities from CEO to VP Exploration. With over 25 years of experience evaluating deposits, mines and risk worldwide. Mr. Kirwin, a geologist, has three gold discoveries in Nevada to his credit.

Giulio Bonifacio - Director

Mr. Bonifacio is a professional accountant with over 23 years of experience in senior executive positions with several mid-sized mining and exploration companies. Mr. Bonifacio has an in depth knowledge of financial, regulatory and acquisition related matters and has been involved in or led several equity and debt financings.

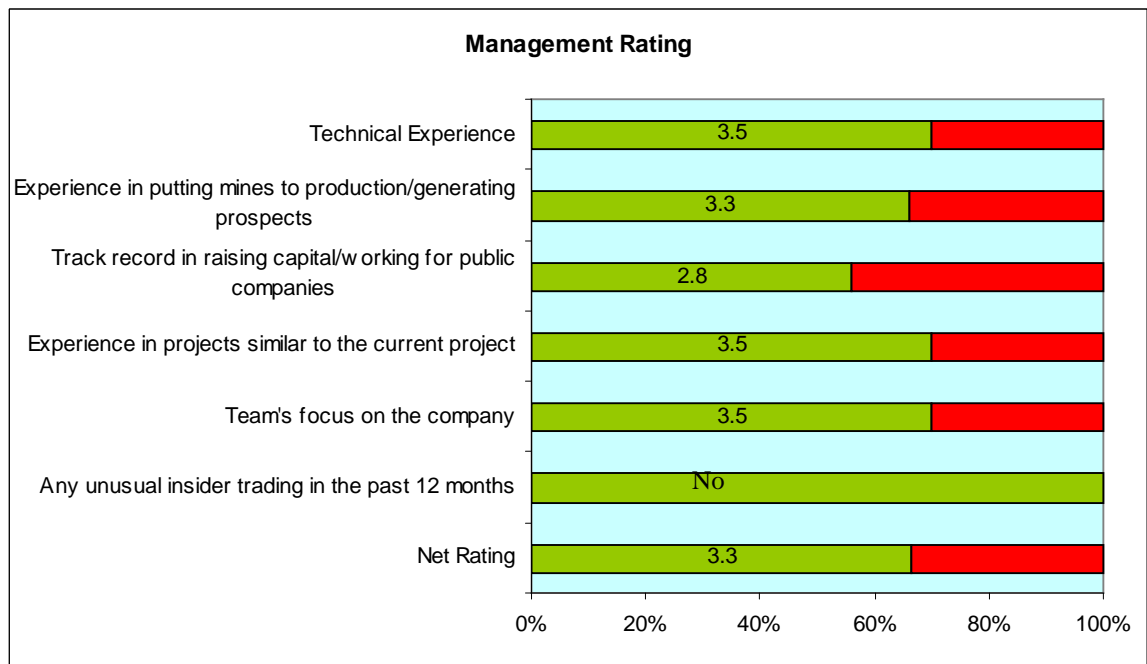
Greg Andrews - Director

Mr. Andrews is president of a private management company principally involved with providing corporate finance and administrative management services to private and public companies.

Management Rating

We believe that the most important aspect of a junior mining company is its management, and we affirm management’s vital importance to the success of a mining company. Therefore, we developed a management rating system as a quantitative way to rate management based on a number of factors, including technical experience, the ability to raise financing, and management’s time commitment to the company. We also analyzed trading records to identify for evidence of insider trading by management.

Our net rating for Mesa (see below) was 3.3, which we have rated average. We rated the company above average for technical experience, due to their expertise in uranium exploration. They have a strong team of experienced geologists.



Strength of Board

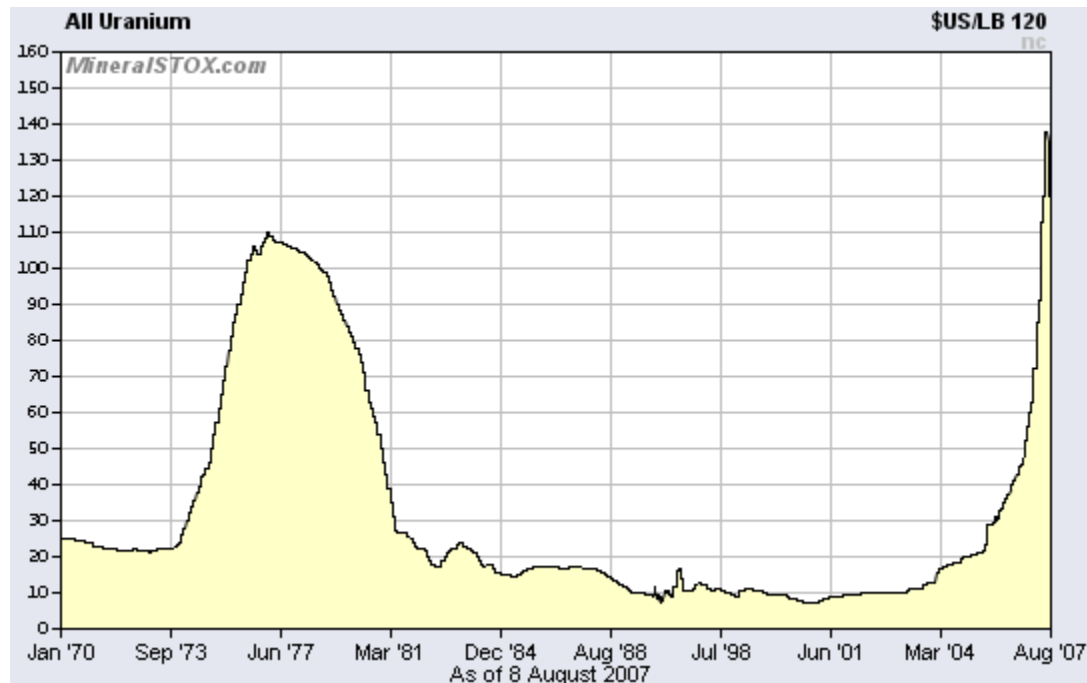
The Toronto Stock Exchange recommends that the Board of Directors of every company include independent or unrelated directors who are free of any relationship or business that could materially interfere with the director’s ability to act in the best interest of the company. An unrelated/independent director can be a shareholder. In this report, we introduce our

strength of board rating for Mesa Uranium, which uses information available from the company’s annual “Management Information Circular” to ensure that the company has an independent Board of Directors, Audit Committee, and Compensation Committee. This report also identifies any non-arms length transactions and management’s compensation.

Mesa’s Board of Directors is made up of 4 individuals: Brian Kirwin, Foster Wilson, Giulio T. Bonifacio, and Greg Andrews. All directors hold shares in the company. Brian Kirwin and Foster Wilson own 16.2% and 13.6% of the outstanding shares respectively. The unrelated/independent board members are Greg Andrews, Brian Kirwin, and Giulio Bonifacio. Foster Wilson, as an executive of the company, is not independent. The Audit Committee is made up of Brian Kirwin, Foster Wilson, and Greg Andrews. We have confidence in the independence of Mesa’s governing boards.

Outlook for Uranium

As of August 8, 2007, uranium was trading at \$110/lb versus \$37.5/lb at the end of January 2006. Current prices reflect an increase of 132.8% YOY. The table below shows uranium prices since 1970. Note the steep rise in prices starting mid 2004.



The next section discusses the expected long-term supply and demand conditions for uranium.

Rising Demand: The primary use of uranium is its application for nuclear (or atomic) energy, which is a dependable and clean power source. Uranium is considered as the next alternative source of energy. According to the World Nuclear Association (WNA), the cost of generating electricity from uranium is much cheaper than other modes of electricity generation (as shown in the table below).

Summary of generating costs in US\$ per MWh

	5% Discount rate	10% Discount rate
Nuclear	21 - 31	30 - 50
Coal	25 - 50	35 - 60
Natural gas	37 - 60	40 - 63

Source : IEA & OECD-NEA (2005)

According to the BP Statistical Review, global demand for nuclear energy has increased by a Compound Annual Growth Rate (CAGR) of 2.2% from 1990 - 2005. According to the WNA, uranium demand is expected to grow at 1% -3% per annum through 2010. The table below shows the expected growth in global nuclear generating capacity through 2030.

WNA Nuclear Generating Capacity Scenarios, GWe

	2005	2010	2015	2020	2025	2030
Reference	367	381	410	446	488	524
Lower	367	372	372	367	317	281
Upper	367	389	447	518	613	740

Source: WNA (2005)

Demand for nuclear energy is expected to grow across the world and several major nations including the UK and Russia are planning to increase their nuclear power consumption. According to Bloomberg, Russia plans to make nuclear power the source of 25% of its needs by 2030, up from 16% now. Although we do not expect a sharp increase in nuclear consumption worldwide in the short-term, we expect consumption to be significantly higher than current levels in the long-term.

Supply shortage expected in the long-term: The table below shows known uranium resources around the world. The USA has the fourth largest known recoverable resources in the world.

Known Recoverable Resources of Uranium

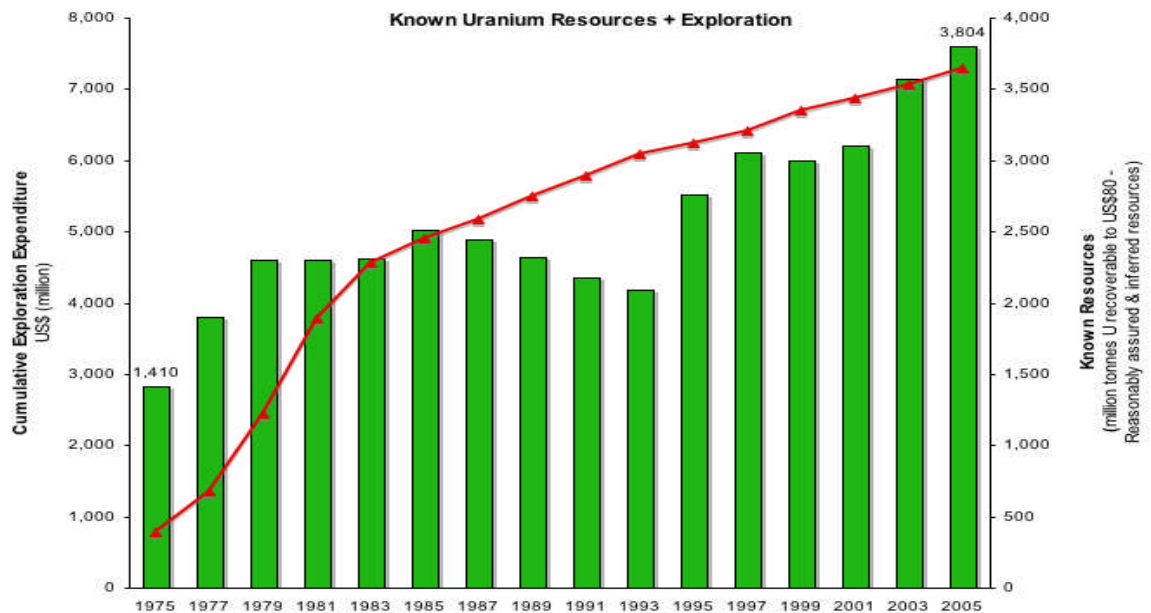
	Tonnes U	% of world
Australia	1,143,000	24%
Kazakhstan	816,000	17%
Canada	444,000	9%
USA	342,000	7%
South Africa	341,000	7%
Namibia	282,000	6%
Brazil	279,000	6%
Niger	225,000	5%
Russian Fed.	172,000	4%
Uzbekistan	116,000	2%

Uzbekistan	116,000	2%
Ukraine	90,000	2%
Jordan	79,000	2%
India	67,000	1%
China	60,000	1%
Other	287,000	6%
World total	4,743,000	

Source: WNA

According to Reuters, global consumption of uranium is about 180 million pounds a year (from about 435 reactors) versus production of about 100 million tonnes; the deficit is filled up by stockpiles. According to Merrill Lynch, 23 new reactors (12 in China and India alone) are under construction. The increase in nuclear generating capacity suggests that demand for uranium will increase in the long-term.

The chart below shows known uranium resources and uranium exploration expenditures worldwide.



Source: UIC

Resource estimates and exploration expenditures have increased considerably since 1975. We expect high uranium prices will lead to a significant increase in exploration expenditures going forward. Uranium exploration was not very active from 1985-2005, and we believe that a significant increase in exploration could increase the known economic resources of uranium. However, we believe that the rising demand for uranium could outpace supply in the long-term. Currently, the two major concerns regarding the supply of uranium are that it typically takes up to 10 years from discovery to put a uranium mine into production, and no major project has been put into production recently. Also, Russia is expected to decrease exports to support their domestic needs.

Uranium prices are also highly sensitive to supply disruptions. The flood at Cameco's (TSX: CCO) unfinished Cigar Lake mine contributed significantly to a price increase in 2006. Cameco Corp., the world's largest low-cost uranium producer, contributes about 20% of global production. Production at Cigar Lake is not expected to come online until 2010-11.

Forecasts: We believe that current uranium prices reflect the projected scarcity of uranium in the long-term. In the short-term, we believe that prices will be very sensitive to any development that could potentially affect supply. Although we do not expect prices to go higher from current levels in the short-term, we believe the supply-sensitive uranium market will keep the metal's prices high. Our long-term outlook on prices is positive, based on rising demand and the projected shortage in long-term supply.

Financials

Cash at the end of FY2007 (end of March 2007) was \$0.28 million, compared to \$2.26 million at the end of FY2006. The table below shows the company's cash and liquidity position.

	2006	2007
Working Capital	2,280,311	245,494
Current Ratio	68.0	6.7
LT Debts/ Assets	-	-
Burn Rate (incl exploration costs)	(27,635)	(167,889)
Cash from financing activities	2,586,737	37,500

We estimate the company had a burn rate (sum of negative cash flows from operating and investing activities) of \$0.17 million per month in FY2007, compared to \$0.03 million per month in FY2006. The company expects to spend a total of \$1.6 million (\$1.5 million on Lisbon Valley and \$0.1 million on Moonshine) in exploration activities in 2007.

Recent Financings: In April 2007, the company announced that it completed a \$3 million private placement by issuing 6 million units at a price of \$0.50 per unit. Each unit consists of one common share and one half of one transferable common share purchase warrant.

Stock Options and Warrants: At the end March 2007, the company had 8.7 million warrants outstanding, with exercise prices ranging between nil and \$0.75, and maturity dates between December 2007 and December 2015. The company also had 1.86 million options outstanding, with a weighted average exercise price of \$0.58, and expiry dates between December 2010 and April 2011.

Conclusion: The company is now in a good cash position, and we believe they have sufficient cash on hand to fund its proposed capital expenditures in 2007.

Valuation

Since none of the company's projects have known resource estimates at this time, we valued Mesa Uranium based on the average ratio of Enterprise Value (EV) to Mineral Assets (book value) of their comparable companies. The table shows a list of the comparable companies and their EV/Mineral Assets ratio. All the companies that we have selected for this analysis primarily target Uranium in the U.S. and Canada.

Comparables Analysis						
Company	Symbol	Price	Enterprise Value	Mineral Assets	EV/Min Assets	
1	Eso Uranium Corp.	ESO	\$0.54	\$18,229,331	\$10,472,294	1.74
2	Mesa Uranium ^x	MZU	\$0.41	\$7,748,152	\$3,650,776	2.12
3	Bluerock Resources Ltd.	BRD	\$0.45	\$7,492,930	\$3,399,665	2.20
4	Purepoint Uranium Group Inc.	PTU	\$0.58	\$24,514,012	\$10,002,654	2.45
5	Anglo-Canadian Uranium Corp.	URA	\$0.32	\$8,895,882	\$3,425,055	2.60
6	Canalaska Uranium Ltd.	CVV	\$0.51	\$50,623,914	\$18,647,889	2.71
7	Powertech Uranium Corp.	PWE	\$2.09	\$80,703,714	\$20,757,144	3.89
8	Triex Minerals Corporation	TXM	\$3.95	\$56,522,472	\$13,532,504	4.18
9	Jourdan Resoures Inc.	JRN	\$0.18	\$5,292,086	\$1,183,891	4.47
10	Universal Uranium Ltd.	UUL	\$1.34	\$45,021,477	\$8,954,139	5.03
11	Pacific Ridge Exploration Ltd.	PEX	\$0.25	\$13,013,243	\$2,414,234	5.39
12	Western Uranium Corporation	WUC	\$2.36	\$51,848,887	\$7,801,715	6.65
13	Uranium Power Corp.	UPC	\$0.69	\$62,043,455	\$7,980,313	7.77

* Mineral Assets include proposed CAPEX of \$1.6 million for 2007

Average **3.94**

Fair Value **\$0.66**

As shown in the table, Mesa Uranium is undervalued compared to eleven of the thirteen comparables that we have used in the analysis. Based on the average EV/Mineral Assets ratio of 3.94, we believe the fair value of Mesa Uranium should be \$0.66 per share.

Conclusions & Rating

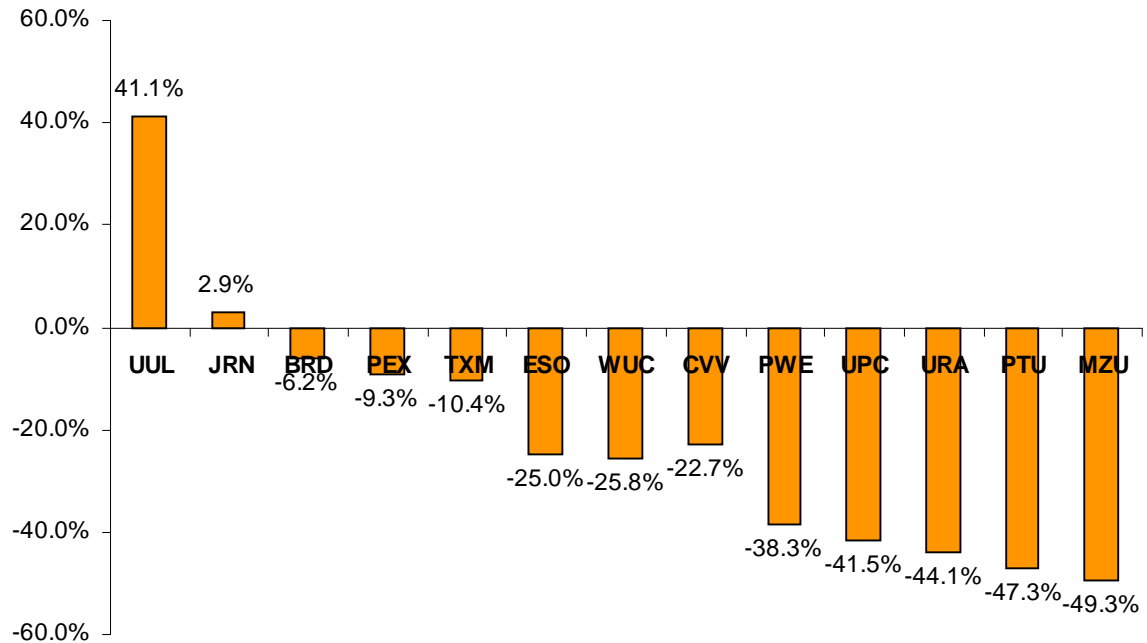
We believe an investment in Mesa Uranium is a good opportunity to participate in an early stage exploration play with upside potential. It has good ingredients, including a project in a historically producing region, good management, accessibility, infrastructure, security, and promising initial drilling results. We believe some of the future success of the company, as with any other junior uranium exploration company, is dependent on the price of uranium going forward. Mesa has already seen a fall in share price due to weakening uranium prices. However, the long-term supply/demand fundamentals of uranium are strong, and we believe uranium prices will stay above historical averages. We believe continued good exploration results will help drive the share price higher despite short-term fluctuations in the price of uranium.

Mesa hopes to be making a production decision within the next two years. They have a strategic alliance with Energy Fuels, who has the ability to assist Mesa in moving any of their properties towards production.

Based on our valuation model and analysis of the company's projects, we initiate coverage on Mesa Uranium with a BUY rating, and a fair value estimate of \$0.66 per share. Our fair value estimate reflects an upside potential of 83.3% from current price levels.

Shares of Mesa Uranium, and most of the peer companies that we have used in our analysis, have dropped considerably in the past two months, due to the decline in Uranium prices. The chart below shows the change in share prices since May 1, 2007.

Change in Share Prices (since May 1, 2007)



As shown in the chart, the prices of 11 of the 13 companies that we have used in our analysis have dropped since May 1, 2007. The share price of Mesa Uranium declined the most, by about 49.3% (from \$0.71 per share to \$0.36 per share). We believe the fundamentals of the company are strong enough for prices to move up closer to our fair value estimate.

Risks

The following risks, though not exhaustive, will cause our estimates to differ from actual results:

- Mesa Uranium does not have any 43-101 compliant resource estimates and its properties are all in early to intermediate stages of exploration.
- The success of further development, exploration, and expansion is a significant factor in Mesa's success.
- Like other junior exploration companies, the value of the company depends heavily on uranium prices.

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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