

MESA URANIUM CORP.

(\$0.13; MZU-TSX-V)

Recommendation

Under Review (maintained)

Risk

High

Price (August 25)

\$0.13

52-Week Range

\$0.51-\$0.10

Target Price

Under Review (maintained)

Potential Return

1 Year: n/a

3 Year: n/a

Shares O/S

26.89 million

Market Cap

\$3.36 million

Average Daily Volume

50-Day: 28,600

200-Day: 54,600

Year-End

March 31

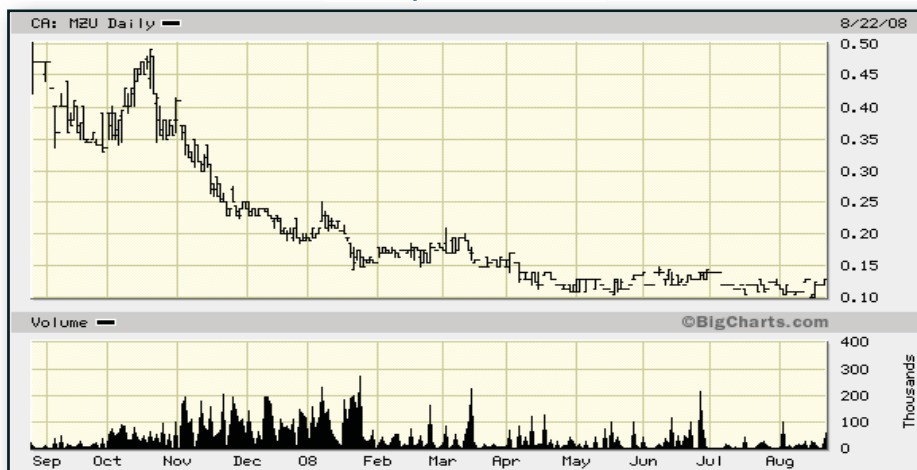
(\$)	BVPS
2006A	\$0.16
2007A	\$0.13
2008A	\$0.17
2009E	\$0.14

BVPS: Book Value Per Share

Analysts

Eric Eng BA, MBA

Bob Weir, B.Sc., B.Comm., CFA



Data Source: www.BigCharts.com

UPFRONT

Without operating revenues, unless Mesa Uranium Corp. is able to raise new financing, sell assets, or joint venture, the Company could run out of cash within the next 5-6 months. Like some other junior mining companies, Mesa Uranium faces a real challenge in obtaining long-term financing. This challenge reflects the volatility of commodity prices and a tight credit market. Without cash flow, Mesa Uranium could be forced to scale back activities or even curtail operations completely.

RECOMMENDATION

We are maintaining our “Under Review” status for the Recommendation and Target Price for Mesa Uranium Corp. (“Mesa Uranium” or the “Company”) until we are better able to assess the Company’s prospects. We are concerned about the survivability of all junior mining exploration companies that generate no cash flow and are highly dependent upon regular equity infusions.

PROFILE

Mesa Uranium Corp. is a Canadian junior exploration company with early-stage exploration activities focused on Arizona and Utah in the U.S.A.

HIGHLIGHTS

- ▶ Company will require funds within the next six months to continue its activities
- ▶ Uranium prices starting to show signs of recovery
- ▶ Differential between “spot” and “contract” price of U3O8 is expected to narrow over the next six months
- ▶ Company’s main focus is on its Lisbon Valley Project in Utah, covering 7,700 hectares, and the site of a former uranium-producing mine until 1988
- ▶ NI 43-101 Technical Report of October 2005 concluded that there is good potential for further discovery of economic deposits at Lisbon Valley

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Suite 305 - 675 West Hastings St.
Vancouver, British Columbia
Canada, V6B 1N2

Telephone: (604) 681-5152

Facsimile: (604) 681-0122

www.mesauranium.com

RATINGS HISTORY

In our Initiating Report of June 12, 2007, we rated Mesa Uranium as a Speculative Buy with a 12-month Target Price of \$1.05 per share. The shares were recommended for risk-tolerant investors. At the time, our Recommendation reflected: (1) that Mesa Uranium's Lisbon Valley property had been well explored, with high expectations for increasing deposits; and (2) its demonstrated ability to finance its exploration endeavours.

The shares have dropped significantly - to \$0.13 (as of August 25, 2008) from \$0.67 at the time of our Initiating Report. On February 20, 2008, eResearch placed the Company "Under Review" with no Target Price. The "Under Review" action reflected our concerns about the Company's ability to continue to raise sufficient equity financing for its planned capital expenditures.

Since that time, as shown in the accompanying stock chart, the shares moved in a fairly narrow band, between \$0.10 and \$0.20, reflecting, in addition to liquidity concerns for Mesa Uranium, a lack of positive news flow by the Company, a declining U3O8 price, and declining investor interest in the junior mining sector in general.

After assessing the Company's current financial position, we continue to express concerns for the economic viability of Mesa Uranium and, therefore, we are maintaining our "Under Review" status. Our action reflects the following factors: (1) current market conditions make it more difficult for Canadian junior mining companies to raise capital, and Mesa Uranium's liquidity position is only sufficient to enable the Company to finance its activities for about another 5-6 months (despite the fact that the Company has significantly reduced its monthly burn rate); and (2) substantial capital expenditures are required for exploration activities, yet the Company is unable to provide a time-frame for the next NI 43-101 Technical Report.

THE COMPANY

Mesa Uranium has originated in December 2005 with the acquisition of BZU Minerals Ltd., a private Nevada corporation with land assets in the Lisbon Valley Mining District. This acquisition was effected through the issuance of 6 million common shares and 4 million warrants (not many exercised to date), exercisable to acquire common shares on a one-to-one basis for no additional consideration for a period of 10 years.

In May 2006, through staking, Mesa Uranium acquired an additional 15 mining claims, totalling 310 acres, to bring the total land under Mesa Uranium's control to 28 square miles of mining claims and state mineral leases.

Mesa Uranium is headed by veteran mining executive and geologist Foster Wilson as President and CEO, geologist Greg French as a technical adviser, and geologist Bill Thompson as Exploration Manager.

PROPERTIES SUMMARY

Mesa Uranium holds leaseholds on three properties as described in the table below. The Company's major property is the Lisbon Valley Project, which is located in the Lisbon Valley Mining District. This district accounts for over 80% of uranium mined in the State of Utah, and has some of the highest grades in the U.S.A. - ranging from 0.2% to 0.4%.

The Company is exploring for economic deposits within the Lisbon Valley Mining District and intends to acquire a dominant land position.

Table 1: Property

Property (Ownership)	Location	Comments
Lisbon Valley Project (100%), acquired in December 2005	In the Colorado Plateau region, southeastern Utah	<ul style="list-style-type: none"> * Cover 7,700 hectares * Over 22 million pounds of U₃O₈ produced from 1972 to 1988 at the Lisbon Mine (operator was Rio Algom) at grades of 0.3% to 0.4% U₃O₈ * NI 43-101 report released October 2005 concluded that good potential exists for further discovery of economic deposits along the down drop, northeast block of the Lisbon Valley fault. However, no data was available to permit an estimation of resources on the property * As of December 2007, the Company has spent \$3.9 in capital expenditures
Moonshine Springs Project (100%), acquired in February 2005	Mohave Valley, Arizona	<ul style="list-style-type: none"> * Cover 3,050 acres * Drill results for 5 holes report ranged from 0.15% U3O8 (3 pounds/tonne) to 0.82% U3O8 (16.4 pounds/tonne) * As of December 2007, the Company has spent \$79,366 in capital expenditures
Breccia Pipe Project 100%, acquired in May 2007	Northern Arizona	<ul style="list-style-type: none"> * Cover 7,585 acres in the Arizona Strip Uranium District * As of December 2007, the Company has spent \$52,132 in capital expenditures

Source: The Company

Further details on the Company's properties are included in our Initiating Report of June 12, 2007.

COMMENT: *The Lisbon Valley project is the only Mesa Uranium project with an NI 43-101 report. However, the report did not include a resource estimate. Up to August 2008, over \$4 million in exploration expenditures had been spent on this project. The date for a new technical report (and resource estimate) has not been provided by the Company.*

The Moonshine Springs and the Breccia Pipe Projects are at an early stage of exploration and production mining cycle. Initial drilling results have indicated positive signs for the Moonshine Springs project.

The Company finalized a joint venture with Energy Fuels Inc. on the DAR property (consists of 60 claims) in Lisbon Valley, Utah, in May 2008.

INVESTMENT CONSIDERATIONS

Strengths

- The Lisbon property is located in the Colorado Plateau region which historically produced 85 million pounds of uranium from 1952 until the early 1990s. The Lisbon Valley district accounted for 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% uranium. The Company owns a 100% interest in the Lisbon Valley project, which covers over 7,700 hectares of mining claims.
- The Company has in the past demonstrated its ability to finance its capital expenditure program, with a \$2.59 million private placement in F2006 and an almost \$3 million private placement in April 2007. Recently, \$200,000 was raised from a non-brokered private placement with Foster Wilson, the President, Chief Executive Officer and a director of Mesa Uranium. Mr. Wilson has become a control person who holds approximately 23% of Mesa Uranium's stock.
- After further reduction, the Company's cash burn rate remains reasonable, as Mesa Uranium has been able to control operating costs.

Challenges

- Mesa Uranium is an early-stage exploration company; it will require time, continual financing, and drilling success to progress and, therefore, enhance investor awareness and interest.
- The decline in the price of from the 2007 peak has driven investors' interest away from the junior mining companies and has significantly impacted the Company's stock price.
- Despite the production history at Lisbon Valley, Mesa Uranium still needs to find an economic ore deposit. Costs to drill the ore body depend on depth and size of the ore. The NI 43-101 report on the Lisbon Valley Project released in October 2005 concluded that there is good potential for further discovery of deposits, but no data was available to permit an estimation of resources.
- Future financing presents a challenge to the Company, given the currently tight credit market. Without successfully securing funds in a timely fashion, its exploration program could be delayed and its operations could be curtailed or even suspended.

COMMENT: *Current market conditions have led to a decline in the share price of Mesa Uranium (and other Canadian junior mining companies). As such, the financing ability of these mining companies has weakened significantly, especially for companies in the early stage of exploration. We expect the weak commodities market will remain through 2008.*

FINANCIAL REVIEW AND OUTLOOK

Revenues: The Company has no revenues and earnings since it is in a very early stage of exploration activities.

Burn Rate: The Company's cash costs, excluding capital expenditures, averaged approximately \$53,000 per month for the fiscal year ending March 2008. This has increased significantly from \$38,000 for fiscal 2007, reflecting higher expenses incurred in exploration activities, as the Company commenced drilling at the Moonshine property and obtained licenses and permits for the Breccia Pipe property. Our estimate for the operating monthly cash burn in fiscal 2009 will be \$50,000 (subject to sufficient financing), reflecting continuing exploration activities on all three properties.

Cash: As at March 31, 2008, the cash balance was \$306,230. In July 2008, cash proceeds from a private placement were approximately \$200,000. Assuming the monthly burn of \$55,000 and no capital spending, we estimate the cash position at the end of August 2008 will be between \$200,000 and \$300,000. This amount provides Mesa Uranium with adequate liquidity to cover operating expenses for another 5-6 months. The Company could run out of cash soon if it continues its capital expenditure program with the same amount it spent in fiscal 2008. However, we believe that under current circumstances, the Company would cut its burn rate by managing operating costs and would delay capital spending on non-key activities until further financing is secured.

Capex: Capex for fiscal 2007 was \$1.5 million and for fiscal 2008 was \$2.2 million. Total capital expenditures for fiscal 2009 are estimated at about \$2.5 million, the majority of which is expected to be spent on the Lisbon Valley project. This estimated amount is subject to the Company obtaining the required financing which, we believe, could be difficult.

Financing: We estimate the Company would have to raise at least \$3.0 million (\$2.5 for capital expenditures and \$500,000 for operating expenses) in the next 12 months in order to continue its exploration program. Currently, obtaining financing is difficult for junior mining companies, as the mining sector (for junior companies) suffers from a lack of investor interest, given the volatility of commodity prices and the tight debt market. eResearch believes that, with the recent decline of the

stock price, the Company could be challenged to raise the necessary capex financing. (Mr. Wilson just injected another \$200,000 into the Company by purchasing over 1.8 million new shares).

COMMENT: *The Company has in the past demonstrated its ability to finance its operating and capital costs for exploration activities. However, the challenge on financing going forward remains a concern. With the recent decline of Mesa Uranium's stock price, a large number of shares would have to be issued to obtain \$3.0 million for operating expenses and capital expenditures. This would have a significant dilutive impact on shareholders' equity.*

Capital Structure

Table 2: Capital Structure

Capital Structure	As at March 31			
	2006	2007	2008	2009E
Debt	-	-	-	-
Other	-	-	-	-
Equity(\$)	2,831,752	2,377,586	4,561,679	6,765,879
Total Capital (\$)	2,831,752	2,377,586	4,561,679	6,765,879
Outstanding shares (million)	18.06	18.72	26.89	46.89

Source: The Company

COMMENT: *The increase in the number of shares shown for fiscal 2009 (estimate) represents the issuance of approximately 22.5 million shares at \$0.15 per share, which would raise gross proceeds of \$3.0 million. See "Financing" on the previous page.*

Options and Warrants: As at March 31, 2008, options and warrants outstanding are as follows:

Table 3: Options and Warrants

Options as at March 31, 2008

Exercise Price	Number	Expiry Date	Comments	Potential Equity
\$0.50	1,175,000	21-Dec-10	Out-of-the-Money	\$587,500
\$0.72	480,000	2-Feb-11	Out-of-the-Money	\$345,600
\$0.76	50,000	11-Apr-11	Out-of-the-Money	\$38,000
\$0.70	700,000	13-Apr-12	Out-of-the-Money	\$490,000
\$0.40	225,000	7-Sep-12	Out-of-the-Money	\$90,000
Total	2,630,000			\$971,100

Warrants at March 31, 2008

\$0.75	3,122,650	11-Apr-09	Out-of-the-Money	\$2,341,988
\$0.55	600,000	11-Apr-09	Out-of-the-Money	\$330,000
Total	3,722,650			\$2,671,988

Subsequent Events

\$0.15	909,090	30-Nov-09	Out-of-the-Money	\$136,364
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Source: Company, eResearch

COMMENT: *We do not expect any options or warrants to be exercised in 2008 given the current stock price and market situation. On July 23, 2008, the Company issued 909,090 warrants to Mr. Wilson as part of a private placement.*

Table 4: Selected Financial Information

All figures in C\$	For the year ending March 31			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009E</u>
Statement of Income				
Operating Income	0	0	0	0
Non-Operating Income	19,294	39,788	54,699	10,000
General & Administrative Expense	(136,389)	(461,596)	(632,566)	(600,000)
Amortization	(203)	(516)	(717)	(800)
Stock-based Compensation	(488,713)	(19,025)	(418,747)	(180,000)
Exploration	(604)	(69,342)	(89,184)	(25,000)
Other non-cash expense	0	0	0	0
Net Income/(Loss)	(606,615)	(510,691)	(1,086,515)	(795,800)
Total Shares Outstanding	18,058,152	18,722,652	26,892,953	46,892,953
Weighted Average Shares Outstanding	9,158,946	18,665,985	26,642,138	36,767,546
Earnings (Loss) Per Share	(\$0.07)	(\$0.03)	(\$0.04)	(\$0.02)
Statement of Cash Flow				
Net Income (Loss)	(606,615)	(510,691)	(1,086,515)	(795,800)
All Non-Cash Items	<u>488,916</u>	<u>19,541</u>	<u>419,464</u>	<u>180,800</u>
Cash Flow from Operations	(117,699)	(491,150)	(667,051)	(615,000)
Capital Expenditures/Purchase of Mining Interests	(187,102)	(1,485,897)	(2,182,646)	(2,500,000)
Other Investing Items	<u>(1,625)</u>	<u>(95,170)</u>	<u>(1,417)</u>	<u>(1,000)</u>
Free Cash Flow	(306,426)	(2,072,217)	(2,851,114)	(3,116,000)
Working Capital Changes	(25,190)	57,555	27,524	(141,889)
Equity Financing	2,586,737	37,500	2,851,861	3,000,000
Debt Financing	0	0	0	0
Change in Cash	2,255,121	(1,977,162)	28,271	(257,889)
Cash, Beginning of the Period	0	2,255,121	277,959	306,230
Cash, End of the Period	2,255,121	277,959	306,230	48,341
As at March 31				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009E</u>
Balance Sheet				
Cash	2,255,121	277,959	306,230	48,341
Other Current Assets	59,226	10,354	21,278	13,000
Mineral Properties	550,019	2,035,916	4,218,562	6,717,762
Capital Assets	<u>1,422</u>	<u>96,076</u>	<u>96,776</u>	<u>96,776</u>
Total Assets	<u>2,865,788</u>	<u>2,420,305</u>	<u>4,642,846</u>	<u>6,875,879</u>
Current Liabilities	34,036	42,719	81,167	110,000
Future Tax Liability	0	0	0	0
Total Liabilities	34,036	42,719	81,167	110,000
Shareholders' Equity	<u>2,831,752</u>	<u>2,377,586</u>	<u>4,561,679</u>	<u>6,765,879</u>
Total Liabilities & Equity	<u>2,865,788</u>	<u>2,420,305</u>	<u>4,642,846</u>	<u>6,875,879</u>
Book Value (S.E.) Per Share	\$0.16	\$0.13	\$0.17	\$0.14

E = Estimate by eResearch

Source: Company and eResearch;

COMMENTS: Operating losses are expected to continue for the foreseeable future. In the past, operating and capital expenditures have been well financed with equity private placements. Total capital expenditures expected for the next 12 months are approximately \$2.5 million. Given current capital market conditions and the recent decline of the Company's stock, eResearch believes that it could be a challenge for the Company to obtain sufficient external financing to carry out all of its immediate planned activities.

VALUATION

To ascertain the intrinsic value of Mesa Uranium, we compare the Company with selected a group of junior exploration companies. The same companies, as described below, were also used in our Initiating Report:

Universal Limited (UUL: TSX-V) is focused on exploring and developing mineral properties located in Lisbon Valley in Utah, the Central Mineral Belt in Labrador, the Artillery Peak project in Arizona, as well as the Marshall Pass and Jamestown properties in Colorado.

Global Corp. (GU: TSX-V) is a Canadian resource company founded in January 2005 by former executives of Denison Mines Limited. Global has acquired four contiguous concessions covering 2,000 km² in the Agadez Region of central Niger. These concessions give Global the right to explore for on the property covered by the concessions. Niger is the fourth-largest producing country in the world and the concessions cover part of a large regional trend of producers, advanced projects, and showings.

Trigon Corp. (TEL: TSX-V) is a exploration and development company that has two major properties - the Marysvale and Henry Mountains - located in the U.S. southwest, a region which has historically produced over one billion pounds of uranium.

Table 5: Corporate Comparison

(C\$1 = US\$1)	Mesa Uranium Corp. MZU: TSX-V March-08	Universal Uranium Ltd. UUL: TSX-V March-08	Global Uranium Corp. GU: TSX-V March-08	Trigon Uranium Corp. TEL: TSX-V March-08
Corporate:				
Share Price (August 25)	C\$ 0.13	C\$ 0.20	C\$ 0.07	C\$ 0.24
Shares O/S	26,892,953	44,656,000	22,666,000	60,485,000
Market Cap	C\$ 3,361,619	C\$ 8,931,200	C\$ 1,473,290	C\$ 14,516,400
Mineral Properties:				
Book Value (Cost)	C\$ 4,218,562	C\$ 12,938,270	C\$ 2,029,966	C\$ 33,080,742
Market Value	C\$ 2,937,335	C\$ 6,899,406	C\$ 439,110	C\$ 37,422,203
Difference	-C\$ 1,281,227	-C\$ 6,038,864	-C\$ 1,590,856	C\$ 4,341,461
Property Ratio	0.70	0.53	0.22	1.13
Average Ratio (Peers)	0.64			
Adjusted Book Value (Cost)	C\$ 6,718,562			
Adjusted Property Ratio	1.04			
Selected Ratio	Between 1.25x and 1.75x			
Common Equity (Per Statements)	C\$ 4,561,679			
Adjusted Common Equity (Selected Ratio)	1	C\$ 9,100,601		
Equity Per Share (Per Statements)	C\$ 0.17			
Adjusted Equity Per Share (Selected Ratio)	Between C\$0.15 and C\$0.25			

Note 1: Shareholders' Equity adjusted for additions to Mineral Properties, assuming 100% equity financing.

Source: eResearch

Analysis

Mesa Uranium's Mineral Property Ratio (P-Ratio) of 0.70x is slightly higher than the peer group average of 0.64x. However, all other companies in the peer group have a substantially larger cash balance than Mesa Uranium, which would enhance these companies' ability to finance their respective operating expenditures.

We believe that the current P-Ratio is low, as the market is undervaluing these junior mining companies due to: (1) the market's loss of appetite for higher-risk companies, including those in the junior mining sector; and (2) the decline in the price of after a very sharp increase.

After adjusting for the 2008 estimated capex of \$2.5 million, assuming all financed by equity, Mesa Uranium's P-Ratio would increase modestly to 1.04x. This ratio would approach close to the range that we expect the P-Ratio of Mesa Uranium would be over the next 12 months.

We chose the Selected Ratio to be in the range of 1.25x-1.75x on the assumption that Mesa Uranium is able to require financing for its expenditures, and that there is a continuing and progressive improvement in the price of uranium (see Appendix I on the following page). At this ratio range, the Company's intrinsic value would be in the range of \$0.15 to \$0.25 per share over the next 12 months.

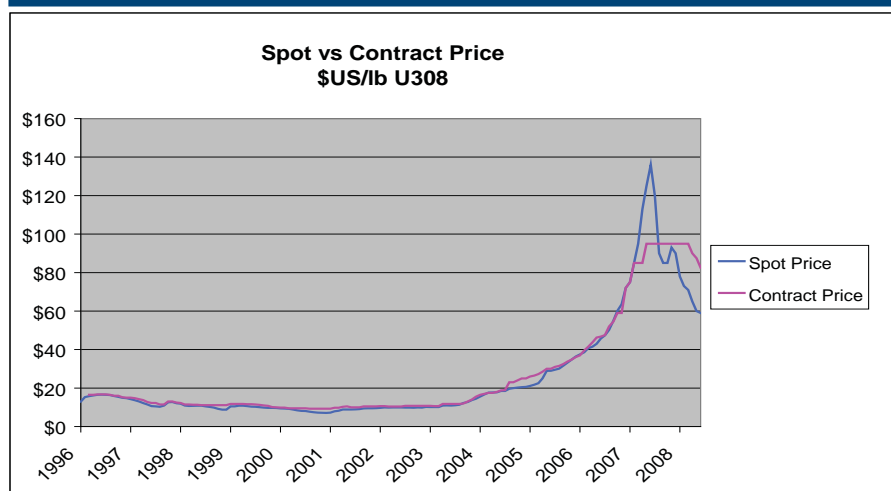
If Mesa Uranium is unable to raise the required financing to conduct its planned capital expenditure program and further its mine development, then there are various options available to it, including substantially curtailing or suspending completely its activities until market conditions improve for junior mining companies. There is, of course, the uncertainty regarding the survival of companies generating no cash flow and the inability to raise new financing. If this befalls Mesa Uranium, then, in our opinion, its shares are unlikely to trade above \$0.10 per share until its fate, one way or the other, is resolved.

TARGET PRICE

Further to our above comments, until we are better able to access the "going concern" aspects of Mesa Uranium, we are unable to provide a Target Price for the Company's shares. We are continuing to maintain Mesa Uranium "Under Review" status.

APPENDIX 1: THE MARKET

Table 6: Uranium Prices: Long-Term Contract Vs Spot



Source: Cameco

The market, like other commodity markets, is volatile in nature, moving with the changes in demand and supply conditions. However, the spot market has more exposure to the role-play of speculators and political influence than other commodities such as copper or nickel. According to the Conservation Council of South Australia, about half of the total production is for military use; only 430 out of a total of 1,100 operating nuclear reactors are for commercial use.

Most demand for comes from the five super powers (the U.S.A., Russia, the U.K., France, and

China). After the end of the Cold War, the demand for uranium declined significantly. In addition, the Chernobyl and Three Mile Island incidents caused the demand for nuclear power generation to plummet further, as public interest for nuclear power generation waned. This explains the low prices in the 1990s and the first half of 2000s.

In the advent of China and India emerging as new economic powers, the world's increasing attention for global warming, and the U.S. focusing on shifting away from reliance on uneconomic oil and gas-fired fuels for new power plants, demand is increasing for cleaner energy and, henceforth nuclear power generation. With a few mines still in production and very limited exploration activities in the early 2000s, the world experienced excess demand and the price started trending up sharply. The upward trend started in mid 2004, reaching its peak in June 2007 at US\$135/lb. Another factor causing supply shortage was that two major mines were flooded during this period. The first one was Cameco's Cigar Lake (the world's largest undeveloped high-grade deposits) in October 2006 that pushed its expected production date back to 2011 from 2008. Renewed flooding in August 2008 has pushed this date back even further, to at least 2012, maybe 2013. The other one was Energy Resources (Australia). That flood significantly reduced the mine production to 7.5 million pounds from a planned production of 11.5 million pounds, or 4% of the world's total output. However, the steep upward slope of the spot price between January 2004 and June 2007 did not reflect the shift in demand/supply conditions since the changes in these conditions are more gradual rather than what is indicated by the chart above.

The spot price started trending down after June 2007. This can be explained by: (1) lack of buying interest on the spot market since 85% of commercial transactions are long-term contracts. The spot price tends to be more volatile and does not necessarily reflect long-term contract prices since spot prices are recorded on the latest contract being delivered while the long-term contracts are negotiated between the producers and utility companies; (2) lack of market liquidity which had a significant impact on prices, as speculators and hedge funds were selling off their positions. According to StockReview.com, only a few million pounds being offered to sell in the spot market would put considerable downward pressure on prices.

The current spot market price is about US\$65/lb. We believe the current spot price, again, does not reflect long-term contract prices. TradeTech's long-term price forecast is US\$95/lb. Currently, the average long-term contract price is about \$80/lb, and has been fairly stable between \$80 and \$95 per lb since late 2006. Fundamentally, future prices will revolve around demand-supply forces. However, we acknowledge that there are some issues that could cause a significant shift in long-term contract prices, as well as the spot market behaviour. The major demand issues include financing the many proposed mega projects, overcoming potential labour shortages, and dealing with government policies and regulations. The supply issues include the uncertainty as to whether Kazakhstan can achieve its goal of producing 39 million lbs U3O8 by 2010, whether Cameco can realize on its targeted re-opening of Cigar Lake by 2012 (possibly 2013), whether Australia's Olympic Dam can be expanded to its objective of 30 million lbs by 2014, and whether AREVA's Niger mine can open in 2010 and reach optimum output of 10 million lbs by 2014.

COMMENT: *Despite the challenging conditions now existing in the commodity markets, we believe that there will be a continuing narrowing in the price differential between the "spot" price and the "contract" price for uranium. We expect that future movements in the two prices will correlate more closely once again and the "spot-contract" price divergence will soon disappear. In our opinion, the price of uranium will rise to and then stabilize in the \$90 - \$95 per pound range over the next 18 months. On this basis, once commodity prices resume their upward trend and investor interest returns to the junior mining sector, we anticipate the shares of uranium companies will recover and perform well. Given the need for all forms of energy sources, the long-term outlook for the uranium industry is very positive.*

ANALYST CERTIFICATION

Each Research Analyst who was involved in the preparation of this Research Report hereby certifies that: (1) the views, opinions, and recommendations expressed in this Research Report reflect accurately the Research Analyst's personal views concerning any and all securities and issuers that are discussed herein and are the subject matter of this Research Report; and (2) the fees, earnings, or compensation, in any form, payable to the Research Analyst, are not and will not, directly or indirectly, be related to the specific views, opinions, and recommendations expressed by the Research Analyst in this Research Report.

eResearch analysts on this report: Eric Eng, BA (Acct., Econ.), MBA - Eric Eng worked at DBRS as a Analyst/Vice President for 10 years. He obtained a BA in Accounting and Economics and a MBA in Finance at the University of Toronto. He joined eResearch in January 2008.

Bob Weir, B.Sc., B. Comm, CFA. Bob Weir has 42 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He was at Dominion Bond Rating Service (DBRS) from 1994 to 2001, latterly as Executive Vice-President responsible for conducting the day-to-day management affairs of the company. He joined eResearch in 2004.

eResearch Analyst Group

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eResearch Recommendation System

Strong Buy:	Expected total return within the next 12 months is at least 40%.
Buy:	Expected total return within the next 12 months is between 10% and 40%.
Speculative Buy:	Expected total return within the next 12 months is substantial, but Risk is High (see below).
Hold:	Expected total return within the next 12 months is between 0% and 10%.
Sell:	Expected total return within the next 12 months is negative.

eResearch Risk Rating System

A company may have some, but not necessarily all, of the following characteristics of a specific risk rating to qualify for that rating:

High Risk:	<i>Financial</i> - Little or no revenue and earnings, limited financial history, weak balance sheet, negative free cash flows, poor working capital solvency, no dividends. <i>Operational</i> - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.
Medium Risk:	<i>Financial</i> - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend. <i>Operational</i> - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry.
Low Risk:	<i>Financial</i> - Strong revenue growth and earnings over several years, stronger than average balance sheet, strong positive free cash flows, above average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock. <i>Operational</i> - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.

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For further information:

Independent Equity Research Corp.
130 Adelaide St. West, Suite 2215, Toronto, ON, Canada M5H 3P5
Telephone: 416-643-7650 Toll-free: 1-866-854-0765
www.eresearch.ca