



(Mesa Minerals Limited is alternatively referred to in this document as "Mesa" or "the Company". ASX Code: MAS)

ASX RELEASE - 30 APRIL 2010

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2010

KEY EVENTS AND ACTIVITIES FOR THE QUARTER

Since the issue of the last quarterly report, much of Mesa's Board and management efforts have been directed towards:

- The takeover offer by Mineral Resources Limited;
- The two extraordinary general meetings requisitioned by certain shareholders of Mesa; and
- Mesa's application to the Takeover Panel.

What little time that has been available over recent months to advance the Company's commercial interests has been directed towards:

- Further technical and commercial definition of our proposed Port Hedland manganese fertilizer project, including the engagement of an external consultant to confirm Mesa's scoping study assumptions in regard to target markets and product pricing;
- Commencement of technical work to define the Indian based high purity manganese solution project noted in the last quarterly report, which anticipates the use of the Company's patented processes in the production of a reagent required as an input to a major fungicidal product.
- Renewal and further extension of patent coverage; and
- Application for, and acquisition of, additional tenements (refer later).

MINERAL RESOURCES SCRIP BID FOR MESA

During the quarter under review Mineral Resources Limited (MRL) made an off-market takeover offer to Mesa Shareholders of 1 MRL share for every 70.6 Mesa shares held (MRL's Offer). MRL's Offer closes at 5pm WST on 14 May 2010, unless the offer period is extended by MRL in accordance with the Corporations Act.

The MRL offer was unanimously recommended for acceptance by the Mesa Board in the absence of a superior proposal. Shareholders should refer to MRL's bidder's statement (and three supplementary bidder's statements) and Mesa's target's statement (and supplementary target's statement) for more details about the offer and the meaning of defined terms in relation to the bid used in this document.

The directors of Mesa reiterate their recommendation that Mesa shareholders should accept MRL's Offer, in the absence of a superior proposal, for the following key reasons:

- (a) MRL's Offer is a result of a competitive process and, after careful consideration, has the unanimous recommendation of the Board;
- (b) Mesa shareholders have the opportunity to participate in a larger, more diversified and better funded mining services and mineral processing company with strong project development expertise;
- (c) MRL's Offer is priced at a significant premium to pre-announcement trading prices for Mesa Shares; being a 65% premium to A\$0.062, the volume weighted average price of Mesa shares on the ASX for the 60 trading days up to and including the Pre-Announcement date and the trading price of MRL at that date;
- (d) the Board believes that MRL's attractive portfolio of projects are not being fully valued by the market and expect MRL Shares to trade strongly as a result. This is evidenced by the 15% increase in MRL's share price in the short period since MRL's Offer was announced, up to 30 April, which translates to an implied Offer price of \$0.118;
- (e) Mesa shareholders will benefit from any synergies attributable to the Merged Group;
- (f) as an MRL shareholder you will have a markedly lower exposure to the risks and potential delays involved with bringing the Ant Hill and Sunday Hill projects into production, including potential impediments arising from Mesa's dispute with Mesa's joint venture partner Auvex;
- (g) as a shareholder in the Merged Group, you will participate in any future MRL Share dividend stream;
- (h) MRL Shares have greater liquidity than Mesa Shares;
- (i) no Superior Proposal has been received by the Board since announcement of the Offer; and
- (j) Mesa's share price may fall if MRL's Offer is unsuccessful.

Since the announcement of MRL's Offer, MRL has announced a number of material developments in existing and new projects to which accepting Mesa Shareholders will gain exposure. We urge shareholders to read the first, second and third supplementary bidder's statements released by MRL for information regarding some of these exciting developments.

The Board believe that the information provided in MRL's bidder's statement and announcements made by MRL subsequently strongly support the Boards rationale for recommending MRL's Offer. MRL has the proven ability to optimise the ore mining side of Mesa's business, and reason to advance the secondary processing side by building the fines ore processing plant we propose at Port Hedland, meaning that Mesa shareholders will continue to have exposure to the value of Mesa's technology assets.

REQUISITIONED EXTRAORDINARY GENERAL MEETINGS

Since the last quarterly report, Mesa has received two requests by shareholders to convene an extraordinary general meeting of shareholders to consider the same resolutions, being the removal of certain current Mesa directors and the appointment of new directors nominated by those shareholders. The first request was made by Mighty River Limited, SJ Crushing Pty Ltd, Janette Crabbe, Stanley Paulo, Roy Kendall, James Smalley, Mousetrap Nominees Pty Ltd and Octofil Pty Ltd and the second request was made by Mighty River Limited alone.

As a result of these requisitions, Mesa has been required to prepare two notices of meeting to be sent to shareholders and make all necessary preparations for the meetings. This has taken up a considerable amount of management's time and has been at significant cost to Mesa. (The direct cost to the Company of the first requisitioned meeting was approximately \$133,000 and it is expected that the direct cost of the new meeting will be similar.)

Mesa's Board continues to believe that Mighty River is not acting in the best interests of Mesa shareholders in requiring the meeting to be convened. Please refer to the notice of meeting dated 19 April 2010 for a full explanation of why the Board recommends that shareholders vote against the resolutions proposed by Mighty River.

TAKEOVERS PANEL APPLICATION

As a result of concerns that Mesa has about the links between Mighty River, Auvex Resources Limited and the other original requisitioning shareholders, Mesa has submitted an application to the Takeovers Panel seeking orders which the Board believes will protect shareholders' interests. The Takeovers Panel media canvassing rules prevent Mesa from commenting any further on the Panel application. Shareholders should refer to the Takeovers Panel media release on Mesa's ASX page for further details.

MANGANESE ORE MARKET

In the depths of the global financial crisis the price of manganese alloys and ores emulated other commodities in falling precipitously. However it should be noted that price levels for manganese ore at the bottom of the fall were more than 50% higher than price levels experienced before the beginning of the 'bull run' in 2003, as was also the case for iron ore. This residual strength in the manganese ore market may be attributed to resilience in demand for traded ore that has been seen prior to and post the global financial crisis.

The traded ore phenomenon, which again was in common with iron ore, was largely a result of higher cost and lower grade 'domestic' manganese ore mines either closing, or successfully passing on higher costs. This was particularly the case in China, forcing manganese ore smelters and manganese processing plants there to turn to imported ore, thus boosting internationally traded ore market demand in 2009 to record high levels.

A recovery in manganese ore market prices from mid 2009 was to be expected as confidence gradually returned to most markets; based largely upon the partial recovery in demand for steel, but also upon strong demand for manganese chemicals including EMD. However, the price trajectory since mid 2009 has been quite remarkable, with an increase of around 90% seen to date.

This sharp increase was driven in part by traders and high wealth individuals in China choosing to speculate in commodities, with these activities ultimately supported by steel mills willing to pay improved prices for alloys and hence the higher ore prices demanded by the traders and alloy producers. Prices currently seen in the market are around US\$7.50/dmtu for high grade lump sold on a regular basis, with spot sales up to a dollar higher.

Although manganese ore supply has more recently tightened due to increased demand from end users, traders and speculators, the higher prices seen have resulted in new suppliers entering the market, particularly from South Africa and Turkey. In due course these new supplies will inevitably help to bring the market back into balance. Simultaneously, the higher prices seen have also resulted in traders and speculators, who are holding manganese ore stocks in Chinese ports, becoming willing sellers and releasing previously withheld port stocks into the market, thus dampening upwards demand pressure on prices.

When the actions of the Chinese government, which has begun introducing measures to curb property buying (actions potentially dampening demand for steel) are also taken into consideration, then the near term outlook for the manganese industry is likely to be one exhibiting significant volatility as has been the case looking backwards.

However, this is not a scenario which should be viewed negatively by Mesa shareholders, but simply one where the market is working efficiently to overcome the natural and artificial distortions encountered from time to time. Other factors such as the expectation that China's trend towards imported manganese ore will continue, with domestic ore grades progressively falling, requiring greater energy costs for processing whilst at the same time subject to tighter environmental regulation, will likely help keep prices at levels attractive to Mesa.

MESA MINING JOINT VENTURE

As previously reported, Auvex Resources Limited (Auvex), as the manager of the joint venture tenements, was required to submit additional environmental bonds to the Department of Mines & Petroleum by mid April to enable the Director of the Environmental Division to deal with the recommendation from his department supporting the commencement of regular mining activities at Ant Hill. Mesa paid its half of the increased bonds to Auvex in late March and expected Auvex to lodge the bonds without delay.

Although Auvex did lodge the bonds before the due date, it did so in its own name rather than in joint names, as is required. Due to this error, the Department of Mines and Petroleum rejected the bonds as lodged; but has given Auvex a further month to lodge the bonds correctly (ie, by 19 May 2010) and we remain confident of their eventual granting. In the meantime, the mine site at Ant Hill remains shut down, but ready to be quickly reactivated once final approvals are granted and joint venture issues are resolved.

Subsequent to the completion of the Mesa half-year review, the Company engaged its independent auditors, BDO, to carry out a specific independent audit of certain tenement holding costs claims put forward by Auvex during the period from March 2009 to the present, with a view to resolving the ongoing dispute over purported claims owing between the two parties. Mesa has requested additional information on these disputed claims from Auvex and, in particular, details of hours and rates charged where they related to claims for work conducted by Auvex employees on joint venture specific matters. Auvex has yet to provide any of the additional information requested, which in turn has stalled the independent audit process and delayed resolution and settlement of the purported claims.

Importantly, nothing in the documentation that has been provided by Auvex to date has been assessed by Mesa management as indicating that there has been any material under-accrual by the Company for these claimed liabilities; a conclusion supported by BDO's unqualified opinion on the Company's 31 December 2009 half-year and 30 June 2009 year-end financial reports.

TENEMENT ACQUISITION & ASSESSMENT

Mesa was successful in one of the eight tenement ballots noted in the last quarterly report and has picked up a small tenement that we believe is prospective for manganese (namely E46/847) located approximately 32km south of Sunday Hill. (Prior to applying for this tenement in October 2009, Mesa's consulting geologist completed a 'desk study' to determine its potential manganese prospectivity.) An 'on ground' geological assessment is planned for completion in Q2/2010, when prevailing temperatures are lower, in conjunction with the 'on ground' geological assessment of the much larger, previously acquired tenements E46/816 and E46/831, comprising 70 & 12 blocks located approximately 12 km due north of Sunday Hill. Mesa has a 100% interest in all of the above tenements.

CASH POSITION

As at 31 March 2010, Mesa had cash balances of \$3.8m, of which \$0.7m was being held in trust for Auvex. (A detailed analysis of cash flows for the quarter was set out in the Appendix 5B also lodged today.)



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Alan Scott
(Managing Director)