CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

Independent auditor's report

To the Shareholders of
Mega Uranium Ltd.

Opinion

We have audited the consolidated financial statements of **Mega Uranium Ltd.** and its subsidiaries [the "Group"], which comprise the consolidated statement of financial position as at September 30, 2019 and the consolidated statement of loss and comprehensive loss, consolidated statement of equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Group as at September 30, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ["IFRS"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Group has incurred a net loss for the year ended September 30, 2019 of $5,930,000 and has an accumulated deficit of $319,984,000 as at September 30, 2019. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter

The consolidated financial statements of the Group for the year ended September 30, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on December 18, 2018.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Blake Langill.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
December 18, 2019

MEGA URANIUM LTD.

Consolidated Statements of Financial Position
(In thousands of Canadian dollars, except for securities and per share amounts)

	As at September 30, 2019	As at September 30, 2018
ASSETS		
Current assets		
Cash and cash equivalents (note 6)	**$ 723**	$ 1,508
Receivables and prepaid expenses (note 7)	**186**	187
Marketable securities (note 8)	**4,771**	1,147
Total current assets	**5,680**	2,842
Non-current assets		
Restricted cash (note 9)	**313**	327
Equity investment (note 10)	**5,652**	9,720
Long-term investment (note 11)	**33,133**	50,378
Property and equipment, net (note 12)	**50**	56
Total non-current assets	**39,148**	60,481
Total assets	**$ 44,828**	$ 63,323
EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (notes 13 and 14)	**$ 636**	$ 535
Total liabilities	**636**	535
Capital and reserves		
Share capital (note 15)	**276,192**	274,838
Warrant reserve (note 17)	**946**	887
Share option reserve	**66,394**	65,952
Accumulated other comprehensive income	**20,644**	35,591
Deficit	**(319,984)**	(314,480)
Total equity	**44,192**	62,788
Total equity and liabilities	**$ 44,828**	$ 63,323

The notes to the consolidated financial statements are an integral part of these statements.

Going concern (note 2)
Commitments and obligations (note 18)
Subsequent event (note 25)

On behalf of the Board:

"Douglas Reeson" Director   *"Larry Goldberg"* Director

MEGA URANIUM LTD.

Consolidated Statements of Loss and Comprehensive Loss
(In thousands of Canadian dollars, except for securities and per share amounts)

	Year Ended September 30, 2019	Year Ended September 30, 2018
Operating expenses		
General and administrative expenses (note 20)	**$ 2,187**	$ 2,383
Exploration and evaluation expenditures (note 21)	**446**	484
Operating loss	**(2,633)**	(2,867)
Loss on equity investment (note 10)	**(795)**	(1,013)
Loss on deemed disposition of equity investment (note 10)	**(733)**	-
Realized loss on equity investment	**-**	(112)
Impairment of equity investment (note 10)	**(2,540)**	(4,496)
Unrealized gain on marketable securities	**826**	667
Realized loss on marketable securities	**-**	(105)
Interest income	**14**	6
Other income	**231**	363
Gain on sale of royalty interest (note 21)	**2,000**	-
Foreign exchange loss	**(15)**	(23)
Net loss before taxes	**(3,645)**	(7,580)
Deferred tax expense (note 24)	**(2,285)**	(385)
Income tax recovery	**-**	5
Net loss for the year	**(5,930)**	(7,960)
Other comprehensive (loss) income		
Items that will be reclassified subsequently to the profit and loss:		
Exchange differences on translation of foreign operations	**13**	3
Items that will not be reclassified subsequently to the profit and loss:		
Change in fair value of long-term investment (net of tax of $2,285 (2018 - $385) (note 11)	**(14,960)**	(2,522)
Other comprehensive loss	**(14,947)**	(2,519)
Total comprehensive loss for the year	**$ (20,877)**	$ (10,479)
Basic and diluted loss per common share	**$ (0.02)**	$ (0.03)
Weighted average number of common shares outstanding	**322,666,686**	296,370,728

The notes to the consolidated financial statements are an integral part of these statements.

MEGA URANIUM LTD.

Consolidated Statements of Cash Flows
(In thousands of Canadian dollars, except for securities and per share amounts)

	Year Ended September 30, 2019	Year Ended September 30, 2018
Operating activities		
Net loss for the year	**$ (5,930)**	$ (7,960)
Adjustment for:		
Loss on equity investment	**795**	1,013
Loss on deemed disposition of equity investment	**733**	-
Realized loss on equity investment	**-**	112
Impairment of equity investment	**2,540**	4,496
Unrealized gain on marketable securities	**(826)**	(667)
Realized loss on marketable securities	**-**	105
Amortization	**23**	31
Stock-based compensation	**502**	681
Gain on sale of royalty interest	**(2,000)**	-
Deferred tax expense	**2,285**	385
Non-cash working capital items:		
Receivables and prepaid expenses	**1**	69
Amounts payable and other liabilities	**101**	304
Net cash used in operating activities	**(1,776)**	(1,431)
Financing activities		
Proceeds from private placement, net of costs	**1,669**	1,437
Proceeds from exercise of stock options	**110**	134
Net cash provided by financing activities	**1,779**	1,571
Investing activities		
Proceeds from sale of marketable securities	**-**	91
Purchase of marketable securities	**(798)**	(12)
Proceeds from sale of equity investment	**-**	258
Purchase of property and equipment	**(19)**	-
Net cash (used in) provided by investing activities	**(817)**	337
Effect of exchange rate changes on cash held in foreign currencies	**29**	19
Net change in cash and cash equivalents	**(785)**	496
Cash and cash equivalents, beginning of year	**1,508**	1,012
Cash and cash equivalents, end of year	**$ 723**	$ 1,508
Supplemental information		
Warrants issued as finders' fees	**$ 16**	$ 15

The notes to the consolidated financial statements are an integral part of these statements.

MEGA URANIUM LTD.

Consolidated Statements of Equity

(In thousands of Canadian dollars, except for securities and per share amounts)

	Number of common shares	Share capital	Warrant reserve	Share option reserve	Accumulated other comprehensive income (loss)	Deficit	Total Shareholders' equity
Balance, September 30, 2017	**294,278,973**	**$ 273,644**	**$ 426**	**$ 65,355**	**$ 38,110**	**$ (306,520)**	**$ 71,015**
Private placement (note 15(b)(i))	13,636,364	1,500	-	-	-	-	1,500
Cost of issue (note 15(b)(i))	-	(63)	-	-	-	-	(63)
Warrants issued (note 15(b)(i))	-	(461)	461	-	-	-	-
Exercise of stock options	1,466,666	218	-	(84)	-	-	134
Stock-based compensation	-	-	-	681	-	-	681
Net loss for the year	-	-	-	-	-	(7,960)	(7,960)
Other comprehensive income, net of tax	-	-	-	-	(2,519)	-	(2,519)
Balance, September 30, 2018	**309,382,003**	**274,838**	**887**	**65,952**	**35,591**	**(314,480)**	**62,788**
Private placement (note 15(b)(ii))	15,909,091	1,750	-	-	-	-	1,750
Cost of issue (note 15(b)(ii))	-	(81)	-	-	-	-	(81)
Warrants issued (note 15(b)(ii))	-	(485)	485	-	-	-	-
Exercise of stock options	1,100,000	170	-	(60)	-	-	110
Expiry of warrants (note 17)	-	-	(426)	-	-	426	-
Stock-based compensation	-	-	-	502	-	-	502
Net loss for the year	-	-	-	-	-	(5,930)	(5,930)
Other comprehensive loss, net of tax	-	-	-	-	(14,947)	-	(14,947)
Balance, September 30, 2019	**326,391,094**	**$ 276,192**	**$ 946**	**$ 66,394**	**$ 20,644**	**$ (319,984)**	**$ 44,192**

The notes to the consolidated financial statements are an integral part of these statements.

1. Nature of business

Mega Uranium Ltd. ("Mega" or the "Company") was incorporated in 1990 under the laws of the Province of Ontario and its shares are publicly traded on the Toronto Stock Exchange (the "TSX") under the symbol "MGA". The Company is domiciled in the Province of Ontario, Canada and its registered office located at 217 Queen Street West, Suite 401, Toronto, Ontario, Canada, M5V 0R2.

Mega has exploration stage mineral resource properties in Australia and Canada as well as investments in uranium-focused public and private companies.

Mega is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related expenditures is dependent upon various factors, including: the future selling price of uranium; the existence of economically recoverable reserves; the ability of the Company to obtain the necessary financing to complete exploration and development; government permitting policies and regulations; and future profitable production or proceeds from disposition of such properties.

In addition to the Company's own exploration activities, Mega participates indirectly in the uranium sector through its securities holdings in other companies, including its significant long-term investment in NexGen Energy Ltd. ("NexGen") (NXE:TSX), its equity interest in Toro Energy Limited ("Toro") (TOE:ASX), and marketable securities in other uranium-focused issuers. NexGen is an exploration and development stage entity engaged in the acquisition, exploration and evaluation of uranium properties in Canada. NexGen is a public company incorporated pursuant to the provisions of the British Columbia Business Corporations Act and has its registered records office located on the 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3. Toro's principal activities include the development of the Wiluna Uranium Project and exploration and evaluation of its tenement holdings. Toro is a public company incorporated and domiciled in Australia. The address of its registered office and principal place of business is 60 Havelock Street West Perth WA 6005.

These consolidated financial statements were approved by the Company's board of directors on December 17, 2019.

2. Going concern

These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. The Company has incurred a net loss for the year of $5,930 (2018 - $7,960) and has an accumulated deficit of $319,984 (2018 - $314,480). As a result of its activities and investments, the Company is subject to risks and challenges including, but not limited to, dependence on key individuals, successful exploration and the ability to secure adequate financing to meet the minimum capital required to successfully complete the projects, political risk relating to maintaining property licenses in good standing and continuing as a going concern.

The Company expects to incur further operating losses and that it will have to raise additional funds to continue operations. Although the Company is able to raise funds by selling equity investments and has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the Company. The Company's ability to generate capital from external sources or dispositions of investments is dependent upon many factors outside of its control, including the market values of its investments which can fluctuate significantly at any time and have a material and unpredictable impact of the Company's capital resources.

Failure to meet its funding commitments with its partners or its ongoing obligations in respect of governing bodies in the jurisdictions in which it operates may result in the loss of the Company's exploration and evaluation interests.

2. Going concern (continued)

The challenges of securing requisite funding beyond September 30, 2019 and the continued estimated operating losses indicate a material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern. Such adjustments could be material.

3. Basis of preparation

a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS), as issued by the International Accounting Standards Board ('IASB") and interpretations of the International Financial Reporting Committee ("IFRIC"). The significant accounting policies are presented in note 4 and have been consistently applied in each of the years presented. Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these consolidated financial statements are presented below.

b) Basis of presentation:

These consolidated financial statements have been prepared using the historical cost convention except for some financial instruments which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts ("$") except as otherwise noted.

c) Basis of consolidation:

These consolidated financial statements include the accounts of Mega and its wholly-owned subsidiaries: Maple Resources Inc.; Uranium Mineral Ventures Inc. ("UMVI"); Mega Georgetown Pty Ltd.; Mega Hindmarsh Holdings Pty Ltd. ("Hindmarsh").; Mega Redport Holdings Pty Ltd.; Monster Copper Corporation ("Monster").; Nu Energy Uranium Corporation. ("Nu Energy"); and Northern Lorena Resources Ltd. ("Lorena"). The Company has additional indirect subsidiaries that are wholly-owned investments of its subsidiaries.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

All inter-company transactions and balances have been eliminated upon consolidation.

d) Critical accounting judgments, estimates and assumptions:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities, and contingent liabilities and the accompanying note disclosures at the date of the interim consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. Basis of preparation (continued)

d) Critical accounting judgments, estimates and assumptions: (continued)

However, actual outcomes may differ from these estimates. The information about significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below:

Judgments

(i) Determination of functional currency:

IAS 21 “The Effects of Changes in Foreign Exchange Rates” ("IAS 21"), defines the functional currency as the currency of the primary economic environment in which an entity operates. The determination of functional currency, which is performed on an entity by entity basis, is based on various judgmental factors outlined in IAS 21. Based on an assessment of the factors in IAS 21, primarily those that influence labour, material and other costs of goods or services received by the Company’s subsidiaries, management determined that the functional currency for the parent is the Canadian Dollar and the functional currency for the Company's subsidiaries in Australia is the Australian Dollar.

(ii) Significant influence:

Management determines its ability to exercise significant influence over an investment in shares of other companies by looking at its percentage interest and other qualitative factors including but not limited to its voting rights, representation on the board of directors, participation in policy-making processes, material transactions between the Company and the associate, interchange of managerial personnel, provision of essential technical information and operating involvement.

(iii) Deferred tax assets and liabilities:

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The Company computes deferred tax assets and liabilities in respect of taxes that are based on taxable profit. Taxable profit is understood to be a net, rather than gross, taxable amount that gives effect to both revenues and expenses. Taxable profit will often differ from accounting profit and management may need to exercise judgment to determine whether some taxes are income taxes (subject to deferred tax accounting) or operating expenses.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the differences are expected to be recovered or settled. The determination of the ability of the Company to utilize tax loss carry forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is “probable” that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, commodity prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

(iv) Going concern

The assessment of the Company’s ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in note 2.

3. Basis of preparation (continued)

d) Critical accounting judgments, estimates and assumptions: (continued)

Estimates

(i) Share-based payments:

The Company uses the Black-Scholes option pricing model to calculate stock-based compensation expense. The Black-Scholes model requires six key inputs to determine a value for an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

(ii) Impairment of equity investment

At the end of each financial reporting period, the Company's management assesses whether there are indications of impairment of the Company's equity investment in Toro. The recoverable amount of the Company's equity investment in Toro is estimated based on the applicable closing share price. In addition to the recoverable amount, the Company will take into account general market conditions when determining if an adjustment to the fair value of an investment is warranted at the end of each reporting period.

4. Significant accounting policies

(a) Foreign currency translation

The presentation and functional currency of the Company is the Canadian dollar.

The functional currency of Mega Uranium Ltd., Maple Resources Inc., Monster Copper Corporation, Nu Energy Uranium Corporation and Northern Lorena Resources Ltd. is the Canadian dollar. The functional currency of Uranium Mineral Ventures Inc, Mega Georgetown Pty Ltd., Mega Hindmarsh Holdings Pty Ltd, and Mega Redport Holdings Pty Ltd. is the Australian dollar.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. All exchange differences are recorded in the foreign exchange gain or loss in the consolidated statements of comprehensive loss under foreign exchange gain or loss.

Translation of foreign operations

The results and financial position of Mega's subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Share capital is translated using the exchange rate at the date of the transaction;

4. Significant accounting policies (continued)

(a) Foreign currency translation (continued)

(iii) Income and expenses for each consolidated statement of comprehensive loss are translated at average exchange rates for the year; and

(iv) All resulting exchange differences are recognized as a separate component of equity and as an exchange difference on translation of foreign operations in other comprehensive income (loss) in the consolidated statements of comprehensive loss.

When a foreign operation is sold, such exchange differences are recognized in the consolidated statements of comprehensive loss to the extent of the portion sold as part of the gain or loss on sale.

The Company treats specific intercompany loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment, which is recorded as an exchange difference on translation of foreign operations in other comprehensive income (loss) in the consolidated statements of comprehensive loss.

(b) Cash and cash equivalents

Cash and cash equivalents consist of deposits in banks and guaranteed investment certificates (“GICs”) that are readily convertible to cash with a remaining term at the date of acquisition of less than 90 days.

(c) Financial instruments

On July 24, 2014, the IASB issued the completed IFRS 9 - Financial Instruments ("IFRS 9") for annual periods beginning on or after January 1, 2018 with earlier application permitted.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”) based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"), for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its consolidated financial statements on October 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on October 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

4. Significant accounting policies (continued)

(c) Financial instruments (continued)

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the period. Financial assets and liabilities classified at amortized cost are subsequently measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Financial Instrument	**IAS 39**	**IFRS 9**
Financial Assets		
Cash and cash equivalents	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Marketable securities	FVTPL	FVTPL
Long-term investment	Available-for-sale [1]	FVTOCI [2]
Financial Liabilities		
Amounts payable and other liabilities	Other financial liabilities	Amortized cost

[1] Subsequently measured at fair value with changes recognized in other comprehensive income. The net change subsequent to initial recognition, in the case of investments, is reclassified into net income upon disposal of the investment or when the investment becomes impaired.

[2] Subsequently measured at fair value with changes recognized in other comprehensive income. The net change subsequent to initial recognition, in the case of investments, is not reclassified into net income upon disposal of the investment or when the investment becomes impaired.

(d) Revenue recognition

Interest income and other income are recorded on an accrual basis. Realized and unrealized gains and losses on disposal of marketable securities are reflected in the consolidated statements of comprehensive loss. Upon disposal of a marketable security, previously recognized unrealized gains or losses are reversed so as to recognize the full realized gain or loss in the period of disposition. Dividend income is recorded on the ex- dividend date.

(e) Stock-based compensation plans

The Company has stock-based compensation plans which are described in note 16. The Company grants stock options to acquire common shares to directors, officers and consultants (“equity-settled transactions”). The Board of Directors determines the specific grant terms within the limits set by the Company’s stock option plan. The Company’s stock option plan does not provide for cash settlement of options. Any consideration received on the exercise of stock options is credited to share capital. The cost of equity-settled transactions is recognized, together with a corresponding increase in share option reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant option holder becomes fully entitled to the award (“the vesting date”).

4. Significant accounting policies (continued)

(e) Stock-based compensation plans (continued)

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The Company records compensation expense and credits share option reserve for all stock options granted, which represent the movement in cumulative expense recognized as at the beginning and end of that period. Stock options granted during the year are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value for these options is estimated at the date of grant using the Black-Scholes option pricing model. Where the terms of equity-settled transactions are modified, the minimum expense recognized in compensation expense is the expense as if the terms had not been modified.

An additional expense is recognized for any modification that increases the total fair value of the equity-settled transactions, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Company or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award. The dilutive effect of outstanding options is reflected as an additional share dilution in the computation of diluted earnings per share.

(f) Property and equipment

Property and equipment are recorded at cost, less accumulated amortization. Amortization is provided at rates designed to amortize the cost of property and equipment over their estimated useful lives as follows:

	Rate/Term	Basis
Mining equipment	5 to 15 years	Straight line
Furniture and equipment	20%	Declining balance
Motor vehicles	10 to12 years	Straight line
Software	20%	Straight line

Property and equipment are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the property and equipment. Any gain or loss arising on disposal of property and equipment, determined as the difference between the net disposal proceeds and the carrying amount of property and equipment, is recognized in net income or loss. When property and equipment comprises major components with different useful lives, the components are accounted for as separate property and equipment.

(g) Earnings (loss) per common share

Basic earnings (loss) per common share have been determined by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the year, excluding shares securing employee share purchase loans and shares in escrow, if any. The Company follows the "treasury stock" method in the calculation of diluted earnings per share. Under this method, the calculation of diluted earnings per share assumes that outstanding options and warrants that are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The treasury stock method is not used to calculate diluted loss per share because the result would be anti- dilutive. Loss per share (basic) and loss per share (diluted) are equivalent measures and calculated on a non-dilutive basis.

4. Significant accounting policies (continued)

(h) Income taxes

Income tax expense comprises current and deferred taxes. Current taxes and deferred taxes are recognized in net income or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

Current taxes are the expected taxes payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred taxes are not recognized on the initial recognition of goodwill, on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting income nor taxable income or loss at the time of the transaction, and on temporary differences relating to investments in subsidiaries and jointly controlled entities where the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that are expected to apply when the assets are recovered and the liabilities settled, based on tax rates that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the related tax benefit to be utilized. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

(i) Marketable securities

At the end of each financial reporting period, the Company's management estimates the fair value of investments (which are classified as long-term investments and marketable securities) based on the criteria below and reflects such valuations in the consolidated financial statements.

1) Securities, including shares, options, and warrants which are traded on a recognized securities exchange and for which no sales restrictions apply, are recorded at fair values based on quoted closing bid prices at the consolidated financial statement dates or the closing bid price on the last day the security traded if there were no trades on the consolidated financial statement dates.

2) Securities which are traded on a recognized securities exchange but that are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from the market value to a maximum of 10%. In determining the discount for such investments, the Company considers the nature and length of the restriction.

3) For securities that are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used.

4) If no such market inputs are available, the warrants are valued using alternate methods representing fair value. Changes in estimates and assumptions about these inputs could affect the reported fair value.

4. Significant accounting policies (continued)

(j) Mineral properties and exploration and evaluation expenditures

The Company expenses all acquisition costs of mineral properties and exploration and evaluation expenditures as incurred.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception the capitalization of development costs that give rise to a future benefit.

(k) Equity investments

The Company holds equity investments in associates. An associate is an entity over which the Company has significant influence and is neither a controlled subsidiary nor a jointly controlled entity. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies.

The Company accounts for equity investments using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and is subsequently increased or decreased to recognize the Company's share of earnings or losses of the associate, and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings or losses of associates are recognized through net income or loss during the year. Cash distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the greater of its fair value less costs of disposal and value in use (i.e. present value of its future cash flows). If the recoverable amount of an investment in an associate is less than its carrying amount, then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of the recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through net income or loss in the period in which the reversal occurs.

The Company holds a 18.19% interest in Toro, board representation on Toro's Board and has shared management. Toro has a June 30 year end, which differs from the year end of the Company. For the purpose of applying the equity method of accounting, the Company uses the fiscal 12 months ended June 30 financial statements of Toro adjusting for any significant events between June 30 and the Company's year end. Adjustments are also made to align the accounting policies of Toro relating to accounting for acquisition costs of mineral properties and exploration and evaluation expenditures, in order to be consistent with the Company's accounting policies.

(In thousands of Canadian dollars, except for securities and per share amounts)

5. Recent accounting pronouncements

New standards not yet adopted:

(a) Leases ("IFRS 16")

IFRS 16 was issued by the IASB in January 2016. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. IFRS 16 is effective for fiscal periods beginning on or after January 1, 2019. The Company is currently assessing the impact of adopting IFRS 16.

6. Cash and cash equivalents

As at September 30,		2019		2018
Cash	**$**	**713**	$	1,498
Short-term deposits in bank		**10**		10
Cash and cash equivalents	**$**	**723**	$	1,508

7. Receivables and prepaid expenses

As at September 30,		2019		2018
Sundry receivables	**$**	**82**	$	87
Sales tax receivables		**67**		62
Prepaid expenses		**37**		38
	$	**186**	$	187

As at September 30, 2019, no receivables are past due.

8. Marketable securities

Marketable securities consist of equity investments in junior or small cap mining companies for the following periods indicated:

As at September 30,		2019		2018
Investments at fair value (notes 21 and 25)	**$**	**4,771**	$	1,147
Cost	**$**	**6,225**	$	3,433

The Company has classified its investments in marketable securities as financial assets at fair value through profit and loss and unrealized gains and losses or changes in fair value are recorded fair value through profit and loss.

(In thousands of Canadian dollars, except for securities and per share amounts)

9. Restricted cash

As at September 30, 2019, the Company pledged AUD$350 (CAD$313) (September 30, 2018 – CAD$327) of cash held in a Guaranteed Investment Certificate (“GIC”) as collateral for a letter of guarantee issued to the State of Queensland, Australia, related to the mining leases for the Ben Lomond Property. The letter of guarantee is automatically renewable annually for an indefinite period of time and, accordingly, the pledged GIC is expected to continue to be renewed annually.

10. Equity investment

An associate is an entity over which the Company has significant influence, and is not a subsidiary or joint venture. Significant influence is presumed to exist when the Company has the power to be actively involved and influential in financial and operating policy decisions of the associate.

The Company accounts for its investment in an associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of profit and loss of the associate and for impairment losses after the initial recognition date. The Company's share of comprehensive earnings or losses of associates are recognized in comprehensive loss during the period. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment.

In November 2013, Mega acquired 415 million ordinary shares of Toro, representing approximately 28% of Toro’s outstanding shares at the date of acquisition. The shares were received as consideration for the sale of the Lake Maitland properties and certain associated rights and assets valued at $34,337.

During the year ended September 30, 2019, Mega’s holdings in Toro were diluted from 19.68% as at September 30, 2018 to 18.19% as a result of the issuance of additional ordinary shares by Toro, resulting in a dilution loss of $733. During the year ended September 30, 2018, the Company sold 10,000,000 shares of Toro for cash proceeds of $258 resulting in a loss of $112.

The following is a summary of the Company’s investment in Toro:

		Toro
Investment as at September 30, 2017	$	15,599
Mega's share of loss		(1,013)
Disposition of equity investment in Toro		(370)
Impairment of equity investment in Toro		(4,496)
Investment as at September 30, 2018		**9,720**
Mega's share of the loss		(795)
Loss on deemed disposition of equity investment in Toro		(733)
Impairment of equity investment in Toro		(2,540)
Investment as at September 30, 2019	**$**	**5,652**

The fair value of the equity investment in Toro is $5,652 as at September 30, 2019 (September 30, 2018 - $10,350) based on the applicable closing share price. Such fair value is categorized as level 1 within the fair value hierarchy.

The Company has recorded an impairment on the equity investment in Toro of $2,540 during the year ended September 30, 2019 (2018 - $4,496). Indicators of impairment were identified by the Company as the carrying amount of the net assets of Toro were determined to be more than its market value. Market value was determined based on Toro’s market capitalization as of the date of assessment, prorated for the proportion of shares owned by the Company.

(In thousands of Canadian dollars, except for securities and per share amounts)

11. Long-term investment

Mega holds 19,376,265 shares of NexGen as at September 30, 2019 (September 30, 2018 - 19,376,265). The change in the investment in NexGen is detailed as follows:

As at September 30,	2019	2018
Opening balance	**$ 50,378**	$ 53,285
Unrealized loss for the period end recorded in other comprehensive income	**(17,245)**	(2,907)
Closing balance	**$ 33,133**	$ 50,378

12. Property and equipment

	Mining equipment	Furniture and equipment	Motor vehicles	Software	Total
Cost					
Balance - September 30, 2017	$ 1,651	$ 1,029	$ 940	$ 435	$ 4,055
Foreign currency translation	(23)	(39)	(6)	(15)	(83)
Balance - September 30, 2018	**1,628**	**990**	**934**	**420**	**3,972**
Additions	-	19	-	-	19
Foreign currency translation	(15)	(34)	(6)	(12)	(67)
Balance - September 30, 2019	**$ 1,613**	**$ 975**	**$ 928**	**$ 408**	**$ 3,924**
Accumulated depreciation					
Balance - September 30, 2017	$ (1,606)	$ (1,003)	$ (923)	$ (434)	$ (3,966)
Depreciation	(13)	(9)	(8)	(1)	(31)
Foreign currency translation	22	38	6	15	81
Balance - September 30, 2018	**(1,597)**	**(974)**	**(925)**	**(420)**	**(3,916)**
Depreciation	(10)	(6)	(7)	-	(23)
Foreign currency translation	14	33	6	12	65
Balance - September 30, 2019	**$ (1,593)**	**$ (947)**	**$ (926)**	**$ (408)**	**$ (3,874)**
Net carrying value					
As at September 30, 2018	$ 31	$ 16	$ 9	$ -	$ 56
As at September 30, 2019	**$ 20**	**$ 28**	**$ 2**	**$ -**	**$ 50**

13. Amounts payable and other liabilities

As at September 30,	2019	2018
Trade payables	**$ 86**	$ 42
Due to related parties (note 14)	**479**	413
Accrued liabilities	**71**	80
	$ 636	$ 535

(In thousands of Canadian dollars, except for securities and per share amounts)

14. Related party transactions

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions were as follows for the years ended September 30, 2019 and 2018.

		Year Ended September 30,	
Type of service	**Nature of relationship**	**2019**	**2018**
Short-term compensation benefits[a]	Directors	**$ 158**	$ 158
Short-term compensation benefits[b]	Officers	**$ 541**	$ 689
Stock-based compensation benefits[c]	Directors and officers	**$ 414**	$ 566
Administrative services[d]	Officers	**$ 24**	$ 24

[a] Represents the portion of annual retainers for board and committee service paid to all of the directors during the period.

[b] Represents fees paid as compensation to the Company's Chief Executive Officer, Executive Vice President-Australia and Chief Financial Officer for services rendered in their executive capacities.

For the year ended September 30, 2019, $317 of the costs relating to these agreements (September 30, 2018 - $454) are included in general and administrative expenses and $224 (September 30, 2018 - $234) are included in exploration and evaluation.

[c] Reflects costs associated with stock options granted as part of executive and director compensation.

[d] Represents accounting services provided to the Company by Marrelli Support Services Inc., a corporation controlled by Mega's Chief Financial Officer, pursuant to an ongoing contractual arrangement.

During the year ended September 30, 2019, the Company provided office space and other occupancy services to Toro and earned $215 (2018 - $178) of income from Toro.

Included in amounts payable and other liabilities are fees owing to officers and directors of $479 as at September 30, 2019 (September 30, 2018 - $413).

During the year ended September 30, 2019, officers and directors of Mega exercised 1,100,000 stock options.

During the year ended September 30, 2018, officers and directors of Mega purchased an aggregate of 3,290,000 units sold in the 2018 Financing (Note 15(b)(i)).

(In thousands of Canadian dollars, except for securities and per share amounts)

15. Share capital

a) Authorized share capital

At September 30, 2019, the authorized share capital consisted of an unlimited number of common shares.

The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

At September 30, 2019, the issued share capital amounted to $276,192. The changes in issued share capital for the years were as follows:

	Number of common shares		Amount
Balance, September 30, 2017	**294,278,973**	**$**	**273,644**
Private placement (i)	13,636,364		1,500
Cost of issue - cash (i)	-		(63)
Warrants issued (i)	-		(461)
Exercise of stock options	1,466,666		218
Balance, September 30, 2018	**309,382,003**		**274,838**
Private placement (ii)	15,909,091		1,750
Cost of issue - cash (ii)	-		(81)
Warrants issued (ii)	-		(485)
Exercise of stock options	1,100,000		170
Balance, September 30, 2019	**326,391,094**	**$**	**276,192**

(i) On August 31, 2018, the Company completed a non-brokered private placement (the “2018 Financing”), pursuant to which the Company raised aggregate gross proceeds of $1,500 from the issuance and sale of 13,636,364 units, at a price of $0.11 per unit. Each unit was comprised of one common share and one common share purchase warrant of Mega. Each warrant entitles the holder to purchase one common share of the Company, at a price of $0.15 per share, until expiry on August 31, 2020. The fair value assigned to these warrants at the date of issue was $446 using the Black-Scholes valuation model with the following assumptions: an expected life of 2 years; a 85% volatility based on historical trends; risk free interest rate of 2.06%; share price at the date of grant of $0.14; and an expected dividend yield of 0%.

Mega paid aggregate finders’ fees to third parties who assisted the Company in the 2018 Financing in the form of $50 in cash and 456,000 common share purchase warrants. The warrants have the same terms as the warrants forming part of the units sold in the 2018 Financing and were valued at $15. Officers and directors of Mega purchased an aggregate of 3,290,000 units sold in the 2018 Financing.

(In thousands of Canadian dollars, except for securities and per share amounts)

15. Share capital (continued)

b) Common shares issued (continued)

(ii) On December 17 and 24, 2018, the Company completed the first and final tranches of a non-brokered private placement (the "2019 Financing"), pursuant to which the Company raised aggregate gross proceeds of $1,750 from the issuance and sale of 11,909,091 and 4,000,000 units respectively, at a price of $0.11 per unit. Each unit was comprised of one common share and one common share purchase warrant of Mega. Each warrant entitles the holder to purchase one common share of the Company, at a price of $0.15 per share, until expiry on December 17 and 24, 2020 respectively. The fair value assigned to these warrants at the date of issue was $469 using the Black-Scholes valuation model with the following assumptions: an expected life of 2 years; a 85% volatility based on historical trends; risk free interest rate ranging from 1.91% and 1.96%; share prices at the date of grant of $0.115 and $0.105; and an expected dividend yield of 0%.

Mega paid aggregate finders' fees to third parties who assisted the Company in the 2019 Financing in the form of $62 in cash and 564,545 common share purchase warrants. The warrants have the same terms as the warrants forming part of the units sold in the 2019 Financing and were valued at $16.

16. Stock options

Stock option plans:

The Company grants options to directors, officers, employees and consultants under its 2007 Stock Option Plan. Under the plan, the Company is authorized to issue up to the number of common shares of Mega equal to 10% of the number of common shares outstanding from time to time. The term of an option granted under the plan may not exceed 10 years.

Each of the stock options granted and currently outstanding vest in three-month intervals over an 18-month period from the date of grant and have various terms.

The following table reflects the continuity of stock options for the years ended September 30, 2019 and 2018:

	Number of stock options	Weighted average exercise price ($)
Balance, September 30, 2017	25,811,666	0.12
Granted (i)(ii)(iii)	5,100,000	0.16
Exercised	(1,466,666)	0.09
Balance, September 30, 2018	**29,445,000**	**0.13**
Exercisable, September 30, 2018	**24,344,997**	**0.12**

	Number of stock options	Weighted average exercise price ($)
Balance, September 30, 2018	**29,445,000**	**0.13**
Granted (iv)(v)(vi)	4,740,000	0.11
Exercised	(1,100,000)	0.10
Expired	(595,000)	0.10
Balance, September 30, 2019	**32,490,000**	**0.13**
Exercisable, September 30, 2019	**28,256,663**	**0.13**

16. Stock options (continued)

(i) On January 1, 2018, the Company granted 1,700,000 stock options to employees, directors, officers and consultants of the Company at an exercise price of $0.21 per share. These stock options vest in three-month intervals over an 18-month period from the date of grant and have a term of five years. The fair value of these options at the date of grant of $0.142 was estimated using the Black-Scholes valuation model with the following assumptions: a 5 year expected life; a 85% expected volatility based on historical trends; risk free interest rate of 1.86%; share price at the date of grant of $0.21; and an expected dividend yield of 0%. The grant date fair value assigned to these options was $241.

(ii) On June 1, 2018, the Company granted 1,700,000 stock options to employees, directors, officers and consultants of the Company at an exercise price of $0.14 per share. These stock options vest in three-month intervals over an 18-month period from the date of grant and have a term of five years. The fair value of these options at the date of grant of $0.095 was estimated using the Black-Scholes valuation model with the following assumptions: a 5 year expected life; a 85% expected volatility based on historical trends; risk free interest rate of 2.11%; share price at the date of grant of $0.14; and an expected dividend yield of 0%. The grant date fair value assigned to these options was $162.

(iii) On September 5, 2018, the Company granted 1,700,000 stock options to employees, directors, officers and consultants of the Company at an exercise price of $0.125 per share. These stock options vest in three-month intervals over an 18-month period from the date of grant and have a term of five years. The fair value of these options at the date of grant of $0.085 was estimated using the Black-Scholes valuation model with the following assumptions: a 5 year expected life; a 85% expected volatility based on historical trends; risk free interest rate of 2.16%; share price at the date of grant of $0.125; and an expected dividend yield of 0%. The grant date fair value assigned to these options was $145.

(iv) On January 2, 2019, the Company granted 1,700,000 stock options to employees, directors, officers and consultants of the Company at an exercise price of $0.12 per share. These stock options vest in three-month intervals over an 18-month period from the date of grant and have a term of five years. The fair value of these options at the date of grant of $0.081 was estimated using the Black-Scholes valuation model with the following assumptions: a 5 year expected life; a 85% expected volatility based on historical trends; risk free interest rate of 1.85%; share price at the date of grant of $0.12; and an expected dividend yield of 0%. The grant date fair value assigned to these options was $138.

(v) On March 1, 2019, the Company granted 1,700,000 stock options to employees, directors, officers and consultants of the Company at an exercise price of $0.105 per share. These stock options vest in three-month intervals over an 18-month period from the date of grant and have a term of five years. The fair value of these options at the date of grant of $0.071 was estimated using the Black-Scholes valuation model with the following assumptions: a 5 year expected life; a 85% expected volatility based on historical trends; risk free interest rate of 1.81%; share price at the date of grant of $0.105; and an expected dividend yield of 0%. The grant date fair value assigned to these options was $121.

(vi) On June 3, 2019, the Company granted 1,340,000 stock options to employees, directors, officers and consultants of the Company at an exercise price of $0.10 per share. These stock options vest in three-month intervals over an 18-month period from the date of grant and have a term of five years. The fair value of these options at the date of grant of $0.067 was estimated using the Black-Scholes valuation model with the following assumptions: a 5 year expected life; a 85% expected volatility based on historical trends; risk free interest rate of 1.29%; share price at the date of grant of $0.10; and an expected dividend yield of 0%. The grant date fair value assigned to these options was $90.

(In thousands of Canadian dollars, except for securities and per share amounts)

16. Stock options (continued)

The following table summarizes information about stock options outstanding and exercisable as at September 30, 2019:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
May 29, 2020	0.090	0.66	7,150,000	7,150,000	-
February 28, 2021	0.085	1.42	1,525,000	1,525,000	-
May 31, 2021	0.140	1.67	2,750,000	2,750,000	-
December 31, 2021	0.070	2.25	1,775,000	1,775,000	-
January 1, 2022	0.140	2.26	6,050,000	6,050,000	-
May 31, 2022	0.175	2.67	1,700,000	1,700,000	-
August 31, 2022	0.200	2.92	1,700,000	1,700,000	-
December 31, 2022	0.210	3.25	1,700,000	1,700,000	-
May 31, 2023	0.140	3.67	1,700,000	1,416,666	283,334
September 4, 2023	0.125	3.93	1,700,000	1,133,332	566,668
January 1, 2024	0.120	4.26	1,700,000	566,666	1,133,334
February 28, 2024	0.105	4.42	1,700,000	566,666	1,133,334
June 2, 2024	0.100	4.68	1,340,000	223,333	1,116,667
		2.40	32,490,000	28,256,663	4,233,337

These stock options are expensed over the option's vesting periods in the consolidated financial statements of loss and comprehensive income and credited to share option reserve.

For the year ended September 30, 2019, included in the consolidated financial statements of loss and comprehensive loss was stock-based compensation expense of $444 (year ended September 30, 2018 - $605) relating to the fair value of stock options granted and $58 (year ended September 30, 2018 - $76) was expensed as exploration and evaluation.

17. Warrants

	Number of warrants	Grant date fair value
Balance, September 30, 2017	**7,104,645**	**$ 426**
Issued	14,092,364	461
Balance, September 30, 2018	**21,197,009**	**887**
Issued	16,473,636	485
Expired	(7,104,645)	(426)
Balance, September 30, 2019	**30,566,000**	**$ 946**

(In thousands of Canadian dollars, except for securities and per share amounts)

17. Warrants (continued)

The following table reflects the warrants issued and outstanding as of September 30, 2019:

Expiry date	Exercise price ($)	Warrants outstanding
August 31, 2020	0.15	14,092,364
December 17, 2020	0.15	12,233,636
December 24, 2020	0.15	4,240,000
	0.15	**30,566,000**

18. Commitments and obligations

The Company has the following commitments and obligations as at September 30, 2019:

(i) The Ben Lomond Properties located in Queensland, has a yearly commitment and obligation of $268 (AUD$300) towards the care and maintenance costs and environmental obligation of the project for the next five years. On the Georgetown properties located in Queensland, there is a yearly commitment of $9 (AUD$10), towards the care and maintenance costs of the properties for the next five years. On the Redport gold properties located in Western Australia there is a yearly commitment of $134 (AUD$150), towards the care and maintenance costs of the properties for the next five years.

(ii) The Company is subject to management contracts with certain executive officers that provide for payments under circumstances involving a change of control of Mega or termination of the officer's services. As at September 30, 2019, these contracts require that additional payments of approximately $2,104 be made upon the occurrence of a change of control. The minimum commitment upon termination of these contracts is approximately $979. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated statements.

(iii) The Company's Chief Executive Officer's compensation package includes a discretionary bonus that is dependent upon the excess of cash proceeds on disposition of the NexGen investment net of acquisition and disposition costs. The entitlement is payable at the discretion of the board of directors up to a maximum amount equal to 5% of the net cash proceeds. Fifty percent of the bonus may be settled in common shares of the Company (also at the discretion of the board and subject to regulatory approval).

(iv) The following are the minimum rental payments for the Company's office space:

Fiscal year		Amount
2020	$	119
2021		93
2022		66
2023		66
Total	**$**	**344**

(In thousands of Canadian dollars, except for securities and per share amounts)

19. Segmented information

The Company's operations are segmented on a regional basis and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments has been defined as the Chief Executive Officer.

The Company's significant segments are divided into two distinct geographic areas. The Canadian operations, which are mainly in Ontario and Newfoundland and Labrador, are managed from the Company's head office in Toronto. The Australian operations are managed from Perth.

The following is segmented information of operations for the years ended September 30, 2019 and 2018 and as at September 30, 2019 and 2018:

	Year Ended September 30, 2019	Year Ended September 30, 2018
Country/Region	**Net loss**	**Net loss**
Canada	$ (5,328)	$ (7,354)
Australia	(602)	(606)
	$ (5,930)	**$ (7,960)**

As at September 30, 2019

Country/Region	**Property and equipment**	**Cash and cash equivalents**	**Other assets**	**Total assets**
Canada	$ 19	$ 576	$ 43,900	$ 44,495
Australia	31	147	155	333
	$ 50	**$ 723**	**$ 44,055**	**$ 44,828**

As at September 30, 2018

Country/Region	**Property and Equipment**	**Cash and cash equivalents**	**Other assets**	**Total assets**
Canada	$ -	$ 1,435	$ 61,648	$ 63,083
Australia	56	73	111	240
	$ 56	**$ 1,508**	**$ 61,759**	**$ 63,323**

The Company has no inter-segment revenues.

(In thousands of Canadian dollars, except for securities and per share amounts)

20. General and administrative expenses

The following table summarizes the general and administrative expenses incurred by the Company:

	Year Ended September 30, 2019	Year Ended September 30, 2018
Professional fees	**$ 149**	$ 68
Consulting and directors' fees	**651**	789
Shareholder relations and communications	**12**	7
Transfer agent and filing fees	**101**	117
Travel and promotion	**66**	43
Salaries and office administration	**741**	723
Stock-based compensation	**444**	605
Amortization	**23**	31
	$ 2,187	$ 2,383

21. Exploration and evaluation expenditures

The Company enters into exploration agreements with other companies pursuant to which it may earn interests in mineral properties by issuing common shares and/or making option payments and/or incurring expenditures in varying amounts by varying dates. Failure by Mega to meet such requirements can result in a reduction or loss of the Company's ownership interests or entitlements under the agreements.

The Company's key exploration properties are located in Western Australia, Queensland Australia and Ontario, Canada. The Company incurred $446 in exploration expenditures during the year ended September 30, 2019 (September 30, 2018 - $484).

On November 23, 2018, the Company granted an option (the "Option") to purchase its royalty on the Langer Heinrich uranium project in Namibia (the "Royalty") to Uranium Royalty Corporation ("URC"). URC issued 750,000 common shares to Mega in payment of the $375 purchase price of the Option.

On June 26, 2019, URC exercised the Option and acquired the Royalty for a price of $1,625, satisfied by the issue of 1,354,167 special warrants of URC. In addition, the Company purchased 500,000 special warrants of URC for $765. Each special warrant was automatically exercisable for one common share of URC no later than October 27, 2019. These special warrants were exercised for common shares subsequent to September 30, 2019.

(In thousands of Canadian dollars, except for securities and per share amounts)

22. Management of capital

The Company includes the following items in its managed capital:

As at September 30,	**2019**	**2018**
Shareholders' equity comprises of:		
Share capital	**$ 276,192**	$ 274,838
Warrants	**946**	887
Share option reserve	**66,394**	65,952
Accumulated other comprehensive income	**20,644**	35,591
Deficit	**(319,984)**	(314,480)
	$ 44,192	$ 62,788

The Company's objectives when managing capital are:

(a) To maintain the necessary financing to complete exploration and development of its properties;

(b) To realize proceeds from sales of one or more of its properties;

(c) To maximize the income it receives from cash and cash equivalents without significantly increasing the principal at risk by making investments in high credit quality issuers; and

(d) To maintain a flexible capital structure that optimizes the cost of capital at an acceptable level of risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by:

- realizing proceeds from the disposition of its investments;
- raising capital through equity financings;
- reviewing and reducing capital spending on mineral properties when necessary.

The Company is not subject to any capital requirements imposed by a regulator. To date, the Company has not declared any cash dividends to its shareholders. The Company's management is responsible for the management of capital and reviews its capital management approach on an ongoing basis through the preparation of annual expenditure budgets, which are updated regularly to take into account factors such as successful financings to fund activities, changes in property holdings and related obligations and exploration activities and believes that this approach, given the relative size of the Company, is reasonable. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration, the Company will be required to raise additional funding.

There were no changes in the Company's approach to capital management during the year ended September 30, 2019 and the Company is not subject to any externally imposed capital requirements.

(In thousands of Canadian dollars, except for securities and per share amounts)

23. Financial instruments

Part of Mega's business includes the acquisition of short-term investments in marketable securities and in some cases, long-term equity investments in public companies. The use of financial instruments can expose the Company to several risks, including interest rate, foreign exchange and market risks. A discussion of the Company's use of financial instruments and their associated risks is provided below:

(a) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investment declines, resulting in lower proceeds on disposition and losses upon disposition. The Company generates cash flow primarily from its financing activities and proceeds from disposition of its marketable securities and long-term investments in addition to interest income earned on its investment. The Company has cash and cash equivalents of approximately $723. The cash equivalents consist of highly liquid short-term deposits with the bank (see note 6). The Company has working capital surplus as at September 30, 2019 of $5,044. The funds are available as needed to fund the Company's ongoing expenditures. The Company regularly evaluates these holdings to ensure preservation and security of capital as well as maintenance of liquidity. Refer to note 2 for the Company's going concern assessment. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised through the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. All of the Company's liabilities are due within the next 12 months.

(b) Market risk

Market risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. In the normal course of business, the Company is exposed to market risk as a result of its investments in publicly traded companies and marketable securities. During periods of significant broader market volatility or volatility experienced by the resource/commodity markets, the value of the Company's investment portfolio can benefit or be vulnerable to market fluctuations.

The following table shows the estimated sensitivity of the Company's after-tax net income (loss) for the year ended September 30, 2019 from a change in the closing bid price of the Company's investments in marketable securities with all other variables held constant as at September 30, 2019:

Percentage of change in closing bid price	Change in net after-tax income (loss) from % increase in closing bid price	Change in net after-tax income (loss) from % decrease in closing bid price
2%	$ 70	$ (70)
4%	140	(140)
6%	210	(210)
8%	281	(281)
10%	351	(351)

23. Financial instruments (continued)

(c) Interest rate risk:

Interest rate risk is the impact that changes in interest rates could have on the Company's income and liabilities. In the normal course of business, the Company is exposed to interest rate fluctuations as a result of the significant portion of cash equivalents being invested in interest bearing instruments.

The Company's sensitivity analysis suggests that a 1% change in interest rate would change net loss and comprehensive loss by approximately $4.

(d) Currency risk:

Currency risk is the risk that the fair value of future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency fluctuations as it presently holds funds in Canadian and Australian dollars and a significant amount of its costs and liabilities are denominated in Australian and other currencies. The Company has not entered into any foreign currency contracts to hedge this exposure.

The following table shows the estimated sensitivity of the Company's net after-tax income (loss) for the year ended September 30, 2019 from a change in all foreign currencies (Australian dollars, and U.S. dollars) with all other variables held constant as at September 30, 2019:

Percentage of change in closing exchange rate	Change in net after-tax income (loss) from % increase in exchange rate	Change in net after-tax income (loss) from % decrease in exchange rate
2%	$ (1)	$ 1
4%	(1)	1
6%	(2)	2
8%	(3)	3
10%	(3)	3

(e) Credit risk:

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company has its cash and cash equivalents deposited with highly rated financial institutions. Other credit risk is limited to cash, restricted cash and trade receivables in the ordinary course of business. The balance of trade receivables owed to the Company in the ordinary course of business is not significant.

(In thousands of Canadian dollars, except for securities and per share amounts)

23. Financial instruments (continued)

(f) Concentration risks:

The Company is exposed to concentration risks as its investment portfolio is concentrated primarily in NexGen and Toro, two uranium companies which have total asset carrying values in aggregate of $38,785 as at September 30, 2019 and $60,098 as at September 30, 2018 and possess the risk that the fair value can decrease significantly enough so as to threaten the ability of the Company to continue operating as a going concern.

The following table shows the estimated sensitivity of the Company's after-tax net income (loss) for the period ended September 30, 2019 from a change in the closing bid price of the Company's investment in NexGen with all other variables held constant as at September 30, 2019:

Percentage of change in closing bid price	Change in net after-tax income (loss) from % increase in closing bid price of NexGen	Change in net after-tax income (loss) from % decrease in closing bid price of NexGen
2%	$ 487	$ (487)
4%	974	(974)
6%	1,461	(1,461)
8%	1,948	(1,948)
10%	2,435	(2,435)

(g) Fair value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statement of financial position carrying amounts for cash and cash equivalents, receivables and amounts payable and other liabilities approximate to fair value due to their short-term nature. Marketable securities and long term investments in public companies are fair valued using the bid price on the closing date for the underlying investment. The fair value of marketable securities in private companies is determined from recently completed equity financings.

The Company does not fair value its investment in Toro as it is held as an equity investment (see note 10).

Fair Value Analysis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(In thousands of Canadian dollars, except for securities and per share amounts)

23. Financial instruments (continued)

Fair Value Analysis (continued)

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The Company's financial assets measured at fair value through profit or loss have used Level 1 and Level 2 valuation techniques during the year ended September 30, 2019. The carrying values of the Company's financial assets and liabilities approximate their fair values as at September 30, 2019. During the year ended September 30, 2019, the Company transferred $750 of marketable securities from Level 1 to Level 2 due to the absence of a quoted price in an active market.

As at September 30, 2019 and September 30, 2018, the fair values of cash and cash equivalents, restricted cash, receivables and amounts payable and other liabilities approximate their carrying values because of the short-term nature of these instruments. Financial assets and financial liabilities measured at fair value on a recurring basis include:

As at September 30, 2019

	Level 1	Level 2	Level 3	Total Fair Value
Marketable securities	$ 276	$ 4,495	$ -	$ 4,771
Long-term investments	33,133	-	-	33,133
	$ 33,409	$ 4,495	$ -	$ 37,904

As at September 30, 2018

	Level 1	Level 2	Level 3	Total Fair Value
Marketable securities	$ 1,147	$ -	$ -	$ 1,147
Long-term investments	50,378	-	-	50,378
	$ 51,525	$ -	$ -	$ 51,525

(In thousands of Canadian dollars, except for securities and per share amounts)

24. Income taxes and deferred taxes

(a) Income tax recovery attributable to loss before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.50% (2018 - 26.50%) to pre-tax loss as a result of the following:

	Year Ended September 30, 2019	2018
Loss before income taxes	**$ (3,645)**	$ (7,580)
Expected income tax recovery based at statutory rate	**(966)**	(2,008)
Non-deductible expenses	**118**	183
Non-deductible /(taxable) portion of capital losses	**433**	510
Other differences	**4**	22
Change in unrecognized portion of deferred tax	**2,696**	1,678
Deferred tax expense	**$ 2,285**	$ 385

b) The following deferred income tax assets are not recognized in the consolidated financial statements due to the unpredictability of future income.

As at September 30,	**2019**	**2018**
Non-capital losses carried-forward - Canada	**$ 10,148**	$ 8,845
Non-capital losses carried-forward - Australia	**190,063**	189,476
Exploration and evaluation expenditures	**47,466**	49,080
Investments	**21,614**	1,676
Share issue costs and other differences	**590**	541
	$ 269,881	$ 249,618

As at September 30, 2019, the Company had approximately $10,148 (2018 - $8,845) of Canadian non-capital losses which expire between 2024 and 2039. The Company has incurred tax losses in Australia of approximately $190,063. which may be carried forward indefinitely.

25. Subsequent event

On December 1, 2019, Mega and NxGold Ltd. ("NxGold") executed an arm's length binding term sheet (the "Term Sheet") which sets out the principal terms upon which it is proposed that NxGold will acquire a portfolio of securities (the "Investment Portfolio") from Mega for approximately $10,865 (the “Purchase Price”), payable in 217,304,369 shares of NxGold, and effect a change of business to a uranium-focused Investment Issuer (the "Transaction"). The Investment Portfolio will be comprised of: (a) 300,000,000 ordinary shares of Toro; (b) 2,854,167 common shares of URC; and (c) 30,000,000 common shares of Mega to be issued from treasury to NxGold, representing approximately 8.4% of the common shares of Mega currently outstanding. Both the Purchase Price and the composition of the Investment Portfolio are subject to adjustment under certain circumstances.

Upon completion of the Transaction, it is proposed that Mega would manage the day-to-day operations of NxGold under a management services agreement and have the right to appoint a nominee to its board of directors. Completion of the Transaction is subject to numerous conditions, including the execution of a definitive agreement by the parties, the requirement that Mega’s equity interest in NxGold be less than 50% upon completion, applicable stock exchange approvals and the approval of the shareholders of NxGold.