MEGA URANIUM LTD

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2017

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditors' Report

To the Shareholders of Mega Uranium Ltd.:

We have audited the accompanying consolidated financial statements of Mega Uranium Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2017 and 2016 and the consolidated statements of loss and comprehensive income (loss), cash flows and equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mega Uranium Ltd. as at September 30, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about Mega Uranium Ltd.'s ability to continue as a going concern.

Without qualifying our opinion, we draw attention to Note 6 in the consolidated financial statements, which explains that the consolidated financial statements for the year ended September 30, 2016 have been restated from those which we originally reported on December 22, 2016.

MNP LLP

The restatement was retrospectively applied to the consolidated statement of financial position as at October 1, 2015, which has been derived from the consolidated statement of financial position as at September 30, 2015 (not presented herein). The consolidated financial statements for the year ended September 30, 2015 (prior to the restatement of the comparative information described in Note 6 to the consolidation financial statements) were audited by another auditor who expressed an unmodified opinion on those statements on December 11, 2015.

As part of the audit of the restated consolidated financial statements of the Company for the year ended September 30, 2016, we also audited the adjustments described in Note 6 that were applied to restate the consolidated statement of financial position as at October 1, 2015. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the consolidated statement of financial position of the Company as at October 1, 2015 other than with respect to the adjustments and accordingly we do not express an opinion or any other form of assurance on the restated consolidated statement of financial position as at October 1, 2015 taken as a whole.

MNP LLP

December 21, 2017
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

MEGA URANIUM LTD.

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

	As at September 30, 2017	As at September 30, 2016 (note 6) restated	As at October 1, 2015 (note 6) restated
ASSETS			
Current assets			
Cash and cash equivalents (note 7)	**$ 1,012**	$ 734	$ 397
Receivables and prepaid expenses (note 8)	**256**	267	1,747
Marketable securities (note 9)	**663**	601	216
Total current assets	**1,931**	1,602	2,360
Non-current assets			
Restricted cash (note 10)	**342**	352	329
Equity investment (note 11)	**15,599**	16,689	18,487
Long-term investment (note 12)	**53,285**	38,171	12,787
Capital assets, net (note 13)	**89**	136	166
Total non-current assets	**69,315**	55,348	31,769
Total assets	**$ 71,246**	$ 56,950	$ 34,129
EQUITY AND LIABILITIES			
Current liabilities			
Amounts payable and other liabilities (notes 14 and 15)	**$ 231**	$ 197	$ 1,732
Total liabilities	**231**	197	1,732
Capital and reserves			
Share capital (note 16)	**273,644**	271,741	271,744
Warrant reserve (note 18)	**426**	154	154
Share option reserve	**65,355**	64,784	64,259
Accumulated other comprehensive income	**36,108**	25,022	1,921
Deficit	**(304,518)**	(304,948)	(305,681)
Total equity	**71,015**	56,753	32,397
Total equity and liabilities	**$ 71,246**	$ 56,950	$ 34,129

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

Going concern (note 2)
Commitments and obligations (note 20)
Subsequent event (note 27)

On behalf of the Board:

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

MEGA URANIUM LTD.

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

	Year Ended September 30, 2017	Year Ended September 30, 2016 (note 6) restated
Operating expenses		
General and administrative expenses (note 22)	**$ 2,512**	$ 2,066
Exploration and evaluation expenditures (note 23)	**839**	906
Operating loss	**(3,351)**	(2,972)
Loss on equity investment (notes 6 and 11)	**(1,068)**	(1,199)
Loss on deemed disposition of equity investment (notes 6 and 11)	**(22)**	(8)
Unrealized gain on marketable securities	**48**	340
Realized loss on marketable securities	**(11)**	-
Realized gain on long-term investment	**-**	700
Realized loss on equity investment	**-**	(63)
Interest income	**4**	9
Gain on sale of mineral properties	**-**	25
Other income	**796**	238
Foreign exchange (loss) gain	**(10)**	23
Net loss before taxes	**(3,614)**	(2,907)
Deferred tax recovery (note 26)	**4,005**	3,637
Income tax expense	**(5)**	-
Net income for the year	**386**	730
Other comprehensive (loss) income		
Items that will be reclassified subsequently to the profit and loss:		
Exchange differences on translation of foreign operations	**(23)**	104
Change in fair value of long-term investment, net of tax	**11,109**	24,247
Fair value reclassified to profit and loss on disposal	**-**	(1,250)
Other comprehensive income	**11,086**	23,101
Total comprehensive income for the year	**$ 11,472**	$ 23,831
Basic and diluted income per common share (note 19)	**$ 0.00**	$ 0.00
Weighted average number of common shares outstanding	**287,239,622**	281,851,394

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, 2017	Year Ended September 30, 2016 (note 6) restated
Operating activities		
Net income for the year	**$ 386**	$ 730
Adjustment for:		
Unrealized gain on marketable securities	**(48)**	(340)
Realized loss on marketable securities	**11**	-
Realized gain on long-term investment	**-**	(700)
Realized loss on equity investment	**-**	63
Amortization	**48**	49
Stock-based compensation	**748**	485
Loss on equity investment	**1,068**	1,199
Loss on deemed disposition of equity investment	**22**	8
Gain on sale of mineral properties	**-**	(25)
Deferred tax recovery	**(4,005)**	(3,637)
Non-cash working capital items:		
Receivables and prepaid expenses	**11**	1,480
Amounts payable and other liabilities	**34**	(1,495)
Net cash used in operating activities	**(1,725)**	(2,183)
Financing activities		
Proceeds from private placement, net of costs	**1,238**	-
Proceeds from exercise of warrants	**515**	-
Proceeds from exercise of stock options	**289**	-
Net cash provided by financing activities	**2,042**	-
Investing activities		
Proceeds from sale of marketable securities	**171**	-
Purchase of marketable securities	**(204)**	-
Proceeds from sale of long-term investment	**-**	1,950
Proceeds from sale of equity investment	**-**	528
Purchase of capital assets	**(2)**	(6)
Net cash (used in) provided by investing activities	**(35)**	2,472
Effect of exchange rate changes on cash held in foreign currencies	**(4)**	48
Net change in cash and cash equivalents	**278**	337
Cash and cash equivalents, beginning of year	**734**	397
Cash and cash equivalents, end of year	**$ 1,012**	$ 734

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 (note 6)		Total Shareholders' equity
Balance, October 1, 2015, as previously reported	**281,852,813**	**$**	**271,744**	**$**	**154**	**$**	**64,259**	**$**	**1,921**	**$**	**(296,407)**	**$**	**41,671**
Prior period adjustment	-		-		-		-		-		(9,274)		(9,274)
Balance, October 1, 2015, restated	**281,852,813**		**271,744**		**154**		**64,259**		**1,921**		**(305,681)**		**32,397**
Cancellation of shares	(3,485)		(3)		-		-		-		3		-
Stock-based compensation	-		-		-		525		-		-		525
Net income for the year	-		-		-		-		-		730		730
Other comprehensive income, net of tax	-		-		-		-		23,101		-		23,101
Balance, September 30, 2016, restated	**281,849,328**		**271,741**		**154**		**64,784**		**25,022**		**(304,948)**		**56,753**
Private placement	6,944,445		1,250		-		-		-		-		1,250
Cost of issue	160,200		(22)		10		-		-		-		(12)
Warrants issued	-		(416)		416		-		-		-		-
Exercise of warrants	3,675,000		625		(110)		-		-		-		515
Exercise of stock options	1,650,000		466		-		(177)		-		-		289
Expiry of warrants	-		-		(44)		-		-		44		-
Stock-based compensation	-		-		-		748		-		-		748
Net income for the year	-		-		-		-		-		386		386
Other comprehensive income	-		-		-		-		11,086		-		11,086
Balance, September 30, 2017	**294,278,973**	**$**	**273,644**	**$**	**426**	**$**	**65,355**	**$**	**36,108**	**$**	**(304,518)**	**$**	**71,015**

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 211 Yonge Street, Suite 502, Toronto, Ontario, Canada, M5B 1M4.

Mega is an exploration and development stage mineral resources company with properties in Australia and Canada and investments in uranium-focused public 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 and development activities, Mega participates indirectly in the uranium sector through its securities holdings in other public 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 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, generating and investing in securities and financial instruments and new projects in uranium, though not exclusively, and exploration and evaluation of its tenement holdings. Toro is 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 21, 2017.

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 an accumulated deficit of $304,518 (September 30, 2016 - $304,948). The Company is in the exploration and development stage and is subject to risks and challenges similar to other companies in a comparable stage of exploration.

These risks include, but are 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 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, 2017 and the continued estimated operating losses cast 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 all entities which the Company controls, either directly or indirectly, where control is defined as the power to govern an entity's financial and operating policies and generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that may arise upon the exercise or conversion of non-voting securities are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and they are de-consolidated from the date on which control ceases.

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 revenue, 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, revenue and expenses are discussed below:

(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) 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 of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company’s control.

(iii) 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.

(iv) 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.

3. Basis of preparation (continued)

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

(v) 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.

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 retranslated 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;

(iii) Revenue 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.

4. Significant accounting policies (continued)

(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

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards of ownership are transferred. A financial liability is derecognized when it is extinguished, discharged or cancelled, or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are subsequently measured as described below.

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments; and
- available-for-sale financial assets.

The category determines how the asset is subsequently measured and whether any resulting income or expense is recognized in net income or loss or in other comprehensive income (loss).

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each of reporting date. Financial assets are considered impaired when there is objective evidence that a financial asset or a group of financial assets has been impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less any provision for impairment. The Company's amounts receivable are classified as loans and receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Assets in this category are measured at fair value with any gains or losses recognized in net income or loss.

Financial assets at fair value through profit or loss comprise marketable securities.

4. Significant accounting policies (continued)

(c) Financial instruments (continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined for example by reference to external credit ratings, the financial asset is measured at the present value of the estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in net income or loss.

The Company currently does not have any held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Available-for-sale financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income (loss) and reported within the available-for- sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in net income or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income (loss) is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income (loss). Interest calculated using the effective interest method is recognized in net income or loss.

Reversals of impairment losses are recognized in other comprehensive income (loss), except for financial assets that are debt securities, which are recognized in net income or loss only if the reversal can be objectively related to an event occurring after the impairment was recognized.

The Company holds investments in NexGen as an available-for-sale financial asset.

Financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through net income or loss, that are carried subsequently at fair value with gains and losses recognized in net income or loss. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Company’s financial liabilities measured at amortized cost include trade payables and accrued liabilities. The Company currently does not have any financial liabilities held for trading or designated as at fair value through profit or loss.

4. Significant accounting policies (continued)

(c) Financial instruments (continued)

Determination of fair values

Fair value is determined based on the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability. Fair value is determined by using quoted prices in active markets for identical or similar assets or liabilities. When quoted prices in active markets are not available, fair value is determined using valuation techniques that maximize the use of observable inputs. When observable valuation inputs are not available, significant judgment is required to determine fair value by assessing the valuation techniques and valuation inputs. The use of alternative valuation techniques or valuation inputs may result in a different fair value.

(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 17. 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”).

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.

4. Significant accounting policies (continued)

(f) Capital assets

Capital assets are recorded at cost, less accumulated amortization. Amortization is provided at rates designed to amortize the cost of capital assets 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	10-12 years	Straight line
Software	20%	Straight line

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

(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.

(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.

4. Significant accounting policies (continued)

(h) Income taxes (continued)

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 at intrinsic value, which is equal to the higher of the closing bid price at the consolidated financial statement date of the underlying security less the exercise price of the warrant and zero.

(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 of development costs that give rise to a future benefit.

4. Significant accounting policies (continued)

(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 20.17% interest in Toro. 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.

(l) Joint Arrangements

A joint arrangement represents an arrangement where two or more parties hold joint control. Joint control is deemed to exist under contractual agreement where decisions regarding relevant activities of the arrangement require the unanimous consent of those parties sharing control.

A joint venture is a joint arrangement and represents a company or other entity in which each venturer has an interest, holds joint control and holds rights to the net assets of the entity. Interests in joint ventures are accounted for using the equity method of accounting.

A joint operation is a joint arrangement and represents a company, partnership or other entity in which each venturer has an interest, holds joint control and holds rights to the assets and obligations for the liabilities of the entity. Interests in joint operations are accounted for by recognizing the Company's share of the assets, liabilities, revenue and expenses.

5. Recent accounting pronouncements

New standards not yet adopted:

(a) Financial Instruments ("IFRS 9")

In July 2014, the IASB published the final version of IFRS 9. IFRS 9 introduces a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting.

In addition, IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value, such that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. The final version of IFRS 9 is effective for periods beginning on or after January 1, 2018; however, it is available for early adoption.

The Company is in the process of assessing the impact of adopting this standard.

(b) Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted.

The Company is in the process of assessing the impact of adopting this standard.

(c) 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 periods beginning on or after January 1, 2019. Earlier application is permitted if any entity also adopts IFRS 15.

The Company is in the process of assessing the impact of adopting this standard.

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

6. Restatement

During the year ended September 30, 2017, the Company identified certain prior period errors relating to non-adjustment of differences in accounting policies that exist between the Company and it's investment in an associate. Such differences related to the accounting for acquisition costs of mineral properties and exploration and evaluation expenditures, which necessitated restatement of previously issued financial statements.

The impact of this change on the consolidated statement of financial position as at October 1, 2015 is as follows:

	As previously reported	Adjustment	As restated
STATEMENT OF FINANCIAL POSITION			
Equity investment	$ 27,761	$ (9,274)	**$ 18,487**
Total non-current assets	41,043	(9,274)	**31,769**
Total assets	43,403	(9,274)	**34,129**
Deficit	(296,407)	(9,274)	**(305,681)**
Total equity	41,671	(9,274)	**32,397**
Total equity and liabilities	43,403	(9,274)	**34,129**

The impact of this change on the consolidated financial statement as at and for the year ended September 30, 2016 is as follows:

	As previously reported	Effect of change in accounting policy	Restated
STATEMENT OF FINANCIAL POSITION			
Equity investment	$ 16,953	$ (264)	**$ 16,689**
Total non-current assets	55,612	(264)	**55,348**
Total assets	57,214	(264)	**56,950**
Deficit	(304,684)	(264)	**(304,948)**
Total equity	57,017	(264)	**56,753**
Total equity and liabilities	57,214	(264)	**56,950**
STATEMENT OF INCOME AND COMPREHENSIVE INCOME			
Loss on equity investment	$ (10,202)	$ 9,003	**$ (1,199)**
Loss on deemed disposition of equity investment	(15)	7	**(8)**
Net (loss) income for the year	(8,280)	9,010	**730**
Total comprehensive income for the year	14,821	9,010	**23,831**
Basic and diluted (loss) income per share	(0.03)	0.03	**0.00**
STATEMENT OF CASH FLOWS			
Net (loss) income for the year	$ (8,280)	$ 9,010	**$ 730**
Loss on equity investment	10,202	(9,003)	**1,199**
Loss on deemed disposition of equity investment	15	(7)	**8**

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

7. Cash and cash equivalents

As at September 30,		2017		2016
Cash	**$**	**1,002**	$	724
Short-term deposits in bank		**10**		10
Cash and cash equivalents	**$**	**1,012**	$	734

8. Receivables and prepaid expenses

As at September 30,		2017		2016
Sundry receivables	**$**	**151**	$	160
Sales tax receivables		**62**		64
Prepaid expenses		**43**		43
	$	**256**	$	267

As at September 30, 2017, no receivables are past due.

9. Marketable securities

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

As at September 30,		2017		2016
Investments at fair value	**$**	**663**	$	601
Cost	**$**	**3,618**	$	3,596

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

The Company's investments in marketable securities are classified as Level 1 in the fair value hierarchy outlined in IFRS 7 Financial Instruments: Disclosures as their fair value have been determined based on a quoted price in an active market.

10. Restricted cash

As at September 30, 2017, the Company pledged AUD$350 ($342) (September 30, 2016 – $352) 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.

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

11. 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 28.00% 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.

The Company is considered to have significant influence over Toro due to the percentage of its equity interest in Toro and its representation on Toro's board of directors. Accordingly, Mega accounts for its investment in Toro using the equity method.

During the year ended September 30, 2017, Mega's holdings in Toro were diluted from 20.20% as at September 30, 2016 to 20.17% as a result of the issuance of additional ordinary shares by Toro, resulting in a dilution loss of $22 (September 30, 2016 - $8). During the year ended September 30, 2016, the Company sold 9,904,613 shares of Toro for cash proceeds of $528 resulting in a loss of $63.

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

		Toro
Investment as at September 30, 2015, restated	$	18,487
Mega's share of loss		(1,199)
Loss on deemed disposition of equity investment in Toro		(8)
Disposition of equity investment in Toro		(591)
Investment as at September 30, 2016, restated		**16,689**
Mega's share of the loss		(1,068)
Loss on deemed disposition of equity investment in Toro		(22)
Investment as at September 30, 2017	**$**	**15,599**

The fair value of the equity investment in Toro is $11,889 as at September 30, 2017 (September 30, 2016 - $20,364) based on the applicable closing share price. Such fair value is categorized as level 1 within the fair value hierarchy.

The Company picks up its share of the loss of Toro for the year based on the most recent financial statements of Toro (being the June 30, 2017 year-end financial statements), which is within 3 months of the Company's year-end. Any significant transactions between June 30, 2017 and September 30, 2017 are adjusted.

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

11. Equity investment (continued)

The following table summarizes certain audited financial information of Toro for the years noted below:

		2017		2016 restated		2015 restated
Total current assets per Toro financial statements	**$**	**7,963**	$	11,283	$	24,116
Modification for difference in accounting policies		**-**		-		-
Total current assets per Toro financial statements, adjusted	**$**	**7,963**	$	11,283	$	24,116
Total non-current assets per Toro financial statements	**$**	**54,538**	$	90,974	$	135,561
Modification for difference in accounting policies		**(53,716)**		(89,926)		(134,063)
Total non-current assets per Toro financial statements, adjusted	**$**	**822**	$	1,048	$	1,498
Total current liabilities per Toro financial statements	**$**	**14,193**	$	547	$	12,331
Modification for difference in accounting policies		**-**		-		-
Total current liabilities per Toro financial statements, adjusted	**$**	**14,193**	$	547	$	12,331
Total non-current liabilities per Toro financial statements	**$**	**17**	$	12,127	$	7,439
Modification for difference in accounting policies		**-**		-		-
Total non-current liabilities per Toro financial statements, adjusted	**$**	**14,193**	$	547	$	12,331
Revenue per Toro financial statements	**$**	**744**	$	461		
Modification for difference in accounting policies		**-**		-		
Revenue per Toro financial statements, adjusted	**$**	**744**	$	461		
Net loss per Toro financial statements	**$**	**(39,762)**	$	(50,894)		
Modification for difference in accounting policies		**33,789**		44,137		
Net loss per Toro financial statements, adjusted	**$**	**(5,973)**	$	(6,757)		

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

12. Long-term investment

Mega holds 19,376,265 (2016 - 19,376,265) shares of NexGen as at September 30, 2017. The shares were acquired in December 2012 as consideration for the sale of the majority of Mega's Canadian projects to NexGen. The transaction also included the right of Mega to appoint two nominees to NexGen's board for so long as Mega's equity interest in NexGen is at least 10%.

During the year ended September 30, 2016, Mega sold 2,500,000 NexGen shares for cash proceeds of $1,950.

The change in the investment in NexGen is detailed as follows:

As at September 30,	2017	2016
Opening balance	**$ 38,171**	$ 12,787
Fair value reversed on disposal of investment in NexGen	**-**	(1,250)
Fair value unrealized gain for the period end recorded in other comprehensive income	**15,114**	26,634
Closing balance	**$ 53,285**	$ 38,171

13. Capital assets

	Mining equipment	Computer equipment	Furniture and equipment	Motor vehicles	Software	Total
Cost						
Balance - September 30, 2015	$ 1,634	$ 272	$ 1,051	$ 931	$ 463	$ 4,351
Additions	-	-	6	3	-	9
Foreign currency translation	30	-	61	10	25	126
Balance - September 30, 2016	**1,664**	**272**	**1,118**	**944**	**488**	**4,486**
Disposal	-	-	(68)	-	(44)	(112)
Foreign currency translation	(13)	-	(21)	(4)	(9)	(47)
Balance - September 30, 2017	**$ 1,651**	**$ 272**	**$ 1,029**	**$ 940**	**$ 435**	**$ 4,327**
Accumulated depreciation						
Balance - September 30, 2015	$ (1,557)	$ (272)	$ (995)	$ (901)	$ (460)	$ (4,185)
Depreciation	(16)	-	(22)	(10)	(1)	(49)
Foreign currency translation	(25)	-	(58)	(8)	(25)	(116)
Balance - September 30, 2016	**(1,598)**	**(272)**	**(1,075)**	**(919)**	**(486)**	**(4,350)**
Depreciation	(20)	-	(19)	(8)	(1)	(48)
Disposal	-	-	68	-	44	112
Foreign currency translation	12	-	23	4	9	48
Balance - September 30, 2017	**$ (1,606)**	**$ (272)**	**$ (1,003)**	**$ (923)**	**$ (434)**	**$ (4,238)**
Net carrying value						
As at September 30, 2016	$ 66	$ -	$ 43	$ 25	$ 2	$ 136
As at September 30, 2017	**$ 45**	**$ -**	**$ 26**	**$ 17**	**$ 1**	**$ 89**

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

14. Amounts payable and other liabilities

As at September 30,		2017		2016
Trade payables	**$**	**102**	$	117
Due to related parties (note 15)		**56**		2
Accrued liabilities		**73**		78
	$	**231**	$	197

15. 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 year ended September 30, 2017 and 2016.

		Year Ended September 30,			
Type of service	**Nature of relationship**		**2017**		**2016**
Salaries	Directors	**$**	**158**	$	118
Consulting fees (a)	Officers	**$**	**719**	$	584
Stock-based compensation expense	Directors and officers	**$**	**638**	$	391

(a) Consulting agreements are with the Company's Chief Executive Officer, Executive Vice President-Australia and Chief Financial Officer. For the year ended September 30, 2017, $479 of the costs relating to these agreements (year ended September 30, 2016 - $350) are included in general and administrative expenses and $240 (year ended September 30, 2016 - $234) are included in exploration and evaluation.

Included in amounts payable and other liabilities are fees owing to officers and directors of $56 as at September 30, 2017 (September 30, 2016 - $2).

During the year ended September 30, 2017, officers and directors of Mega purchased an aggregate of 1,550,000 units under the Financing. In addition, officers and directors of Mega exercised 1,500,000 stock options and 2,525,000 warrants.

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

16. Share capital

a) Authorized share capital

At September 30, 2017, 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, 2017, the issued share capital amounted to $273,644. The changes in issued share capital for the years were as follows:

	Number of common shares		Amount
Balance, September 30, 2015	281,852,813	$	271,744
Cancellation of shares (i)	(3,485)		(3)
Balance, September 30, 2016	**281,849,328**		**271,741**
Private placement (ii)	6,944,445		1,250
Cost of issue - cash (ii)	-		(12)
Warrants issued (ii)	-		(416)
Cost of issue - finders' units (ii)	160,200		(10)
Exercise of warrants (iii)	3,675,000		625
Exercise of stock options (iii)	1,650,000		466
Balance, September 30, 2017	**294,278,973**	**$**	**273,644**

(i) On May 4, 2016, 3,485 common shares were returned to the Company and cancelled for nil consideration.

(ii) On June 2, 2017, the Company completed a non-brokered private placement (the “Financing”), pursuant to which the Company raised aggregate gross proceeds of $1,250 from the issuance and sale of 6,944,445 units, at a price of $0.18 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 $0.25 per share, until expiry on June 2, 2019. The fair value assigned to these warrants at the date of issue was $416 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 0.69%; share price at the date of grant of $0.17; and an expected dividend yield of 0%.

Mega issued an aggregate of 160,200 units as payment of finders’ fees to third parties who assisted the Company in the Financing. The units have the same terms as the units sold in the Financing and were valued at $29. Officers and directors of Mega purchased an aggregate of 1,550,000 units under the Financing.

(iii) Officers and directors of Mega exercised 1,500,000 stock options and 2,525,000 warrants.

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

17. 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 a term of five years.

The following table reflects the continuity of stock options for the years ended September 30, 2017 and 2016:

	Number of stock options	Weighted average exercise price ($)
Balance, September 30, 2015	15,630,000	0.14
Granted (i)(ii)(iii)	6,250,000	0.10
Cancelled / forfeited	(333,334)	0.09
Expired	(1,075,000)	0.46
Balance, September 30, 2016	**20,471,666**	**0.11**
Exercisable, September 30, 2016	**14,738,309**	**0.12**

	Number of stock options	Weighted average exercise price ($)
Balance, September 30, 2016	**20,471,666**	**0.11**
Granted (iv)(v)(vi)	9,450,000	0.16
Exercised	(1,650,000)	0.18
Cancelled / forfeited	(210,000)	0.16
Expired	(2,250,000)	0.19
Balance, September 30, 2017	**25,811,666**	**0.12**
Exercisable, September 30, 2017	**18,286,648**	**0.10**

(i) On January 1, 2016, the Company granted 1,975,000 stock options to employees, directors and consultants of the Company at an exercise price of $0.07 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 $0.04 was estimated using the Black-Scholes valuation model with the following assumptions: an expected life of 3.8 years; a 85% volatility based on historical trends; risk free interest rate of 0.58%; share price at the date of grant of $0.07; an expected dividend yield of 0%; and forfeiture rate of 5%. The grant date fair value assigned to these options was $82.

(ii) On March 1, 2016, the Company granted 1,525,000 stock options to employees, directors and consultants of the Company at an exercise price of $0.085 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 $0.05 was estimated using the Black-Scholes valuation model with the following assumptions: a 3.8 year expected life; a 85% expected volatility based on historical trends; risk free interest rate of 0.59%; share price at the date of grant of $0.085; an expected dividend yield of 0%; and forfeiture rate of 5%. The grant date fair value assigned to these options was $77.

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

17. Stock options (continued)

(iii) On June 1, 2016, the Company granted 2,750,000 stock options to employees, directors and consultants of the Company at an exercise price of $0.14 per share. 2,250,000 of the 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 remaining 500,000 stock options vest 125,000 stock options on each of the following dates: June 1, 2016, August 1, 2016, November 1, 2016 and January 1, 2017. The fair value of these options at the date of grant of $0.09 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 0.74%; share price at the date of grant of $0.14; an expected dividend yield of 0%; and forfeiture rate of 5%. The grant date fair value assigned to these options was $256.

(iv) On January 2, 2017, the Company granted 6,050,000 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 $0.094 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 1.14%; 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 $569.

(v) On June 1, 2017, the Company granted 1,700,000 stock options to employees, directors, officers and consultants of the Company at an exercise price of $0.175 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 $0.112 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 0.95%; share price at the date of grant of $0.17; and an expected dividend yield of 0%. The grant date fair value assigned to these options was $190.

(vi) On September 1, 2017, the Company granted 1,700,000 stock options to employees, directors, officers and consultants of the Company at an exercise price of $0.20 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 $0.134 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 1.59%; share price at the date of grant of $0.20; and an expected dividend yield of 0%. The grant date fair value assigned to these options was $228.

The following table summarizes information about stock options outstanding and exercisable as at September 30, 2017:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
December 31, 2018	0.100	1.25	2,295,000	2,295,000	-
May 31, 2020	0.090	2.67	7,816,666	7,816,666	-
December 31, 2020	0.070	3.25	1,975,000	1,975,000	-
February 28, 2021	0.085	3.42	1,525,000	1,525,000	-
May 31, 2021	0.140	3.67	2,750,000	2,374,995	375,005
January 1, 2022	0.140	4.26	6,050,000	2,016,658	4,033,342
May 31, 2022	0.175	4.67	1,700,000	283,329	1,416,671
August 31, 2022	0.200	4.92	1,700,000	-	1,700,000
		3.39	25,811,666	18,286,648	7,525,018

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

17. Stock options (continued)

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, 2017, included in the consolidated financial statements of loss and comprehensive income was stock-based compensation expense of $681 (year ended September 30, 2016 - $485) relating to the fair value of stock options granted and $67 (year ended September 30, 2016 - $40) was expensed as exploration and evaluation.

18. Warrants

	Number of warrants	Grant date fair value
Balance, September 30, 2015 and 2016	**5,130,000**	**$ 154**
Issued	7,104,645	426
Exercised	(3,675,000)	(110)
Expired	(1,455,000)	(44)
Balance, September 30, 2017	**7,104,645**	**$ 426**

The following table reflects the warrants issued and outstanding as of September 30, 2017:

Expiry date	Exercise price ($)	Warrants outstanding
June 2, 2019	0.25	7,104,645

19. Loss per common share

The calculation of basic and diluted loss per common share for the year ended September 30, 2017 was based on the net income of $386 (year ended September 30, 2016, restated – $730) and the weighted average number of common shares outstanding of 287,239,622 (year ended September 30, 2016 – 281,851,394).

20. Commitments and obligations

The Company has the following commitments and obligations as at September 30, 2017:

(i) The Ben Lomond Properties located in Queensland, has a yearly commitment and obligation of $416 (AUD$425) 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 $24 (AUD$25), 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 $196 (AUD$200), 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, 2017, these contracts require that additional payments of approximately $2,224 be made upon the occurrence of a change of control. The minimum commitment upon termination of these contracts is approximately $1,020. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

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

20. Commitments and obligations (Continued)

(iii) The Company entered into a lease agreement in respect of its head office location for a five year period commencing March 15, 2016, which provides for a monthly cost of $4.5.

(iv) 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).

21. 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, 2017 and 2016 and as at September 30, 2017 and 2016:

	Year Ended September 30, 2017	2016 restated
Country/Region	**Net loss**	**Net loss**
Canada	$ 950	$ 1,323
Australia	(564)	(593)
	$ 386	**$ 730**

As at September 30, 2017

Country/Region	Capital assets	Cash and cash equivalents	Other assets	Total assets
Canada	$ -	$ 790	$ 69,809	$ 70,599
Australia	89	222	336	647
	$ 89	**$ 1,012**	**$ 70,145**	**$ 71,246**

As at September 30, 2016, restated

Country/Region	Capital assets	Cash and cash equivalents	Other assets	Total assets
Canada	$ -	$ 488	$ 55,438	$ 55,926
Australia	136	246	642	1,024
	$ 136	**$ 734**	**$ 56,080**	**$ 56,950**

The Company has no inter-segment revenues.

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

22. General and administrative expenses

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

	Year Ended September 30, 2017	Year Ended September 30, 2016
Professional fees	**$ 70**	$ 110
Consulting and directors' fees	**789**	621
Research and development	**61**	-
Shareholder relations and communications	**4**	22
Transfer agent and filing fees	**108**	97
Travel and promotion	**56**	48
Salaries and office administration	**695**	634
Stock-based compensation	**681**	485
Amortization	**48**	49
	$ 2,512	$ 2,066

23. 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 $839 in exploration expenditures during the year ended September 30, 2017 (2016 - $906).

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

24. Management of capital

The Company includes the following items in its managed capital:

As at September 30,	2017	2016 restated
Shareholders' equity comprises of:		
Share capital	$ **273,644**	$ 271,741
Warrants	**426**	154
Share option reserve	**65,355**	64,784
Accumulated other comprehensive income	**36,108**	25,022
Deficit	**(304,518)**	(304,948)
	$ **71,015**	$ 56,753

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, 2017 and the Company is not subject to any externally imposed capital requirements.

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

25. 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 lesser 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 $1,012. The cash equivalents consist of highly liquid short-term deposits with the bank (see note 7). The Company has working capital surplus as at September 30, 2017 of $1,700. 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 on 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, 2017 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, 2017:

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%	$ 10	$ (10)
4%	19	(19)
6%	29	(29)
8%	39	(39)
10%	49	(49)

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

25. 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 the value of the investment by approximately $8.

(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, 2017 from a change in all foreign currencies (Australian dollars, and U.S. dollars) with all other variables held constant as at September 30, 2017:

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%	$ (10)	$ 10
4%	(20)	20
6%	(29)	29
8%	(39)	39
10%	(49)	49

(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.

(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 $68,884 as at September 30, 2017 and $54,860 as at September 30, 2016 and possess the risk that the fair value can decrease significantly large enough so as to threaten the ability of the Company to continue operating as a going concern.

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

25. Financial instruments (continued)

(f) Concentration risks: (continued)

The following table shows the estimated sensitivity of the Company's after-tax net income (loss) for the period ended September 30, 2017 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, 2017:

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%	$ 783	$ (783)
4%	1,567	(1,567)
6%	2,350	(2,350)
8%	3,133	(3,133)
10%	3,916	(3,916)

(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 investment are fair valued using the bid price on the closing date for the underlying investment.

The Company does not fair value its investment in Toro as it is held as an equity investment (see note 11).

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).

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 valuation techniques during the years ended September 30, 2017 and 2016. The carrying values of the Company's financial assets and liabilities approximate to their fair values as at September 30, 2017. During the year ended September 30, 2017, there were no transfers between levels.

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

25. Financial instruments (continued)

Fair Value Analysis (continued)

As at September 30, 2017 and September 30, 2016, 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, 2017

	Level 1	Level 2	Level 3	Total Fair Value
Marketable securities	**$ 663**	**$ -**	**$ -**	**$ 663**
Long-term investments	**53,285**	**-**	**-**	**53,285**
	$ 53,948	**$ -**	**$ -**	**$ 53,948**

As at September 30, 2016

	Level 1	Level 2	Level 3	Total Fair Value
Marketable securities	$ 601	$ -	$ -	$ 601
Long-term investments	38,171	-	-	38,171
	$ 38,772	$ -	$ -	$ 38,772

26. 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% (2016 - 26.50%) to pre-tax loss as a result of the following:

	Year Ended September 30, 2017	2016 restated
Loss before income taxes	**$ (3,614)**	$ (2,907)
Expected income tax recovery based at statutory rate	**(958)**	(771)
Non-deductible expenses	**410**	139
Non-deductible /(taxable) portion of capital losses	**1,505**	1,260
Change in foreign tax rates	**9,631**	-
Other differences	**722**	774
Change in unrecognized portion of deferred tax	**(15,315)**	(5,039)
Deferred tax recovery	**$ (4,005)**	$ (3,637)

The amount of tax charged to other comprehensive income in 2017 is $4,005 (2016 - $3,637).

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

26. Income taxes and deferred taxes (continued)

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,	2017	2016 restated
Non-capital losses carried-forward	**$ (50,473)**	$ (59,831)
Exploration and evaluation expenditures	**(12,793)**	(12,793)
Investments	**(3,268)**	1,404
Share issue costs and other differences	**122**	(117)
Capital losses	**2,455**	(2,547)
	$ (63,957)	$ (73,884)

As at September 30, 2017, the Company had approximately $8,091 (2016 - $7,657) of Canadian non-capital losses which expire between 2025 and 2036. The Company has incurred tax losses in Australia of approximately $193,316. The Australian tax losses may be carried forward indefinitely. The Company has $18,525 of Canadian capital losses that may be carried forward indefinitely.

27. Subsequent event

Subsequent to September 30, 2017, 666,666 stock options were exercised for gross proceeds of $65,000.