MEGA URANIUM LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Introduction

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of Mega Uranium Ltd. ("Mega" or the "Company") should be read in conjunction with Mega's audited consolidated financial statements ("consolidated statements") and notes thereto as at and for the year ended September 30, 2016 and 2015.

Except as otherwise indicated, all financial data in this MD&A have been prepared, in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

All dollar amounts in this MD&A are reported in thousands of Canadian dollars, except for securities and per share amounts.

Caution Regarding Forward-Looking Information

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to future events or the Company's future performance and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, but is not limited to the Company's expectations regarding its ability to continue as a going concern, the Company's exploration and development activities, including expectations regarding drilling and other activities conducted to advance properties, receipt of regulatory and governmental approvals, the Company's future operating costs and working capital requirements, including its ability to satisfy such requirements through dispositions of securities or other means and the anticipated timing of dispositions of securities, the exposure of its financial instruments to various risks and its ability to manage those risks, the Company's ability to use tax resource pools and loss carry-forwards, fees to be incurred by foreign subsidiaries and changes in accounting policies.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to uranium exploration activities generally, including the availability and cost of seismic, drilling and other equipment; uncertainties associated with the uranium industry, including supply and demand fundamentals, our ability to complete our capital programs; geological, technical, drilling and processing problems, including the availability of equipment and access to properties; our ability to secure adequate transportation for our products; potential losses which would stem from any disruptions in production, including work stoppages or other labour difficulties, or disruptions in the transportation network on which we are reliant; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; our ability and the ability of our partners to attract and retain the necessary labour required to explore and develop our projects; potential conflicting interests with our joint venture partners; our failure or the failure of the holder(s) of licenses or leases to meet specific requirements of such licenses or leases; the failure by counterparties to make payments or perform their operational or other obligations in compliance with the terms of contractual arrangements between us and such counterparties; adverse claims made in respect of our properties or assets; operating hazards and other difficulties inherent in the exploration for and production and sale of uranium; political and economic conditions in the countries in which our property interests are located; obtaining the necessary financing for operations, and unanticipated costs or increased costs incurred to run the operations, our ability to generate taxable income from operations, fluctuations in the value of our portfolio investments due to market conditions and/or company-specific factors, fluctuations in prices of commodities underlying our interests and portfolio investments, and other risks included elsewhere in this MD&A under the heading "Risks" and in the Company's public disclosure documents filed with certain Canadian securities regulatory authorities and available under the Company's profile at **www.sedar.com**.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Going Concern

The consolidated 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 loss for the year ended September 30, 2016 of $8,280 (year ended September 30, 2015 – loss of $4,196) and has an accumulated deficit of $304,684 (September 30, 2015 - $331,895). 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 capital by selling securities it holds and issuing its own equity and has been successful in raising funds in the past, there can be no assurance that adequate funding will be available in the future, or available on acceptable terms. If additional financing is raised by the issuance of shares from the treasury, control of the Company may change and shareholders may suffer dilution.

The challenges of securing requisite funding beyond September 30, 2016 and the continued estimated operating losses cast significant doubt on the Company's ability to continue as a going concern.

The consolidated 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.

Nature of the Business

Mega 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 address is 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 as yet determined whether these properties contain economic reserves. 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.

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 investment in Toro Energy Limited ("Toro") (TOE:ASX), and marketable securities in other uranium-focused issuers. The Company classifies its investments in each of the three categories in accordance with IFRS based on various factors, including Mega's percentage interest in and ability to otherwise influence the entity and its trading intentions. The classifications are discussed in the notes to the Company's audited consolidated financial statements.

Outlook

The uranium market remained weak during fiscal 2016. Demand for the metal combined with the timing, development and execution of new supply projects and the continued performance of existing supply contracts will determine the pace of market recovery, and the timing of exploration of some of the Company projects.

Overall, long-term fundamentals remain positive as the nuclear power industry continues to grow and progress around the world. Over the next decade, as the 57 reactors under construction today come online, and as planned units move into the construction phase, the increasing demand will have to be met with new primary supply.

Overall Performance

During the year ended September 30, 2016, the Company incurred exploration expenditures of $906. As at September 30, 2016, the Company had a working capital surplus of $1,405 as compared to a working capital surplus of $628 as at September 30, 2015. The improvement in working capital surplus is attributable to the increase in cash position from the sale of 2,500,000 NexGen shares for gross proceeds of $1,950 and the appreciation of the fair market value of the marketable securities during the year ended September 30, 2016.

The fair value of the Company's NexGen investment increased by $25,384 as the NexGen share price (bid) increased from $0.58 on September 30, 2015 to $1.97 (the closing price of NexGen shares on the TSX) on September 30, 2016.

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

The Company had cash and cash equivalents of $734 as at September 30, 2016 as compared to $397 as at September 30, 2015. The increase in cash and cash equivalents and marketable securities is primarily due to receipt of a research and development rebate receivable for work related to the Company's former Lake Maitland project and the proceeds of disposition of 2,500,000 common shares of NexGen and 9,904,613 common shares of Toro, offset by spending on exploration activities, general and administrative expenses and payment of payables.

Change in Accounting Policy

During the year ended September 30, 2016, the Company changed its accounting policy for mineral properties and deferred exploration expenditures to recognize these costs in the statements of loss and comprehensive income (loss) in the period incurred, as permitted under IFRS 6, Exploration for and Evaluation of Mineral Resources. Management believes that the change in accounting policy will result in clearer and more relevant financial information.

The previous accounting policy capitalized mineral properties and deferred exploration expenditures in respect of each identifiable area of interest, once the legal right to explore is acquired and until the technical feasibility and commercial viability of extracting a mineral resource are demonstrated.

The impact of this change on the consolidated statement of financial position as at October 1, 2014 is as follows:

Statement of Financial Position	As previously reported ($)	Effect of change in accounting policy ($)	Restated ($)
Mineral properties and deferred exploration expenditures	12,675	(12,675)	nil
Total non-current assets	53,406	(12,675)	40,731
Total assets	57,299	(12,675)	44,624
Accumulated other comprehensive loss	(2,089)	2,051	(38)
Deficit	(283,956)	(14,726)	(298,682)
Total equity	55,411	(12,675)	42,736
Total equity and liabilities	57,299	(12,675)	44,624

The impact of this change on the consolidated financial statement as at and for the year ended September 30, 2015 is as follows:

Statement of Financial Position	As previously reported ($)	Effect of change in accounting policy ($)	Restated ($)
Mineral properties and deferred exploration expenditures	7,552	(7,552)	nil
Total non-current assets	48,595	(7,552)	41,043
Total assets	50,955	(7,552)	43,403
Accumulated other comprehensive loss	(567)	2,488	1,921
Deficit	(286,367)	(10,040)	(296,407)
Total equity	49,223	(7,552)	41,671
Total equity and liabilities	50,955	(7,552)	43,403

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

Statement of Loss and Comprehensive Loss	As previously reported ($)	Effect of change in accounting policy ($)	Restated ($)
Exploration and evaluation expenditures	nil	903	903
Write-down of mineral properties and deferred exploration expenditures	5,589	(5,589)	nil
Loss for the year	8,882	(4,686)	4,196
Exchange differences on translation of foreign operations	543	(437)	106
Total comprehensive loss for the year	7,360	(5,123)	2,237
Basic and diluted loss per share	(0.03)	(0.02)	(0.02)

Statement of Cash Flows	As previously reported ($)	Effect of change in accounting policy ($)	Restated ($)
Loss for the year	(8,882)	4,686	(4,196)
Write-down of mineral properties and deferred exploration expenditures	5,589	(5,589)	nil
Amounts payable and other liabilities	(712)	392	(320)
Net cash used in operating activities	(1,237)	(511)	(1,748)
Exploration and evaluation expenditures	(511)	511	nil
Net cash provided by investing activities	(40)	511	471

Mineral Properties

The following details the exploration and evaluation expenditures of the Company's mineral properties for the year ended September 30, 2016 and 2015:

Properties	Year ended September 30, 2016 ($)	Year ended September 30, 2015 ($)
AUSTRALIA – Western Australia		
Redport Properties	**548**	**787**
Total Western Australia properties	**548**	**787**
AUSTRALIA – Queensland		
Ben Lomond Property	**327**	**212**
Georgetown Property	**31**	**94**
Total Queensland properties	**358**	**306**
Total Australian properties	**906**	**1,093**

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

Properties	Year ended September 30, 2016 ($)	Year ended September 30, 2015 ($)
CANADA		
Deaty and Hamlin properties [(1)]	**nil**	**(190)**
Total Canadian properties	**nil**	**(190)**
Total exploration and evaluation expenditures	**906**	**903**

[(1)] Mega 24.5%, Rainy Mountain Royalty Corp. 24.5% and Glencore Xstrata 51%.

None of Mega's properties are in production. Pre-feasibility studies are ongoing on the Ben Lomond Project in Queensland.

Following are the plans related to Mega's significant properties:

Project/Property Name	Brief Description	Plans for Project	Planned Expenditure for Calendar 2017
Ben Lomond	2 mining leases totaling 21.6 km^2 in Queensland, Australia.	Environmental and geological prefeasibility studies	$290
Georgetown (including the Maureen uranium resource)	Uranium rights in the Georgetown area of Queensland, Australia.	Ground checking airborne radiometric anomalies; drill testing of various prospects if warranted	$50
Redport	Gold properties in Western Australia	Geological studies	$125

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of Mega.

Proposed Transactions

There were no proposed transactions as of the date of this MD&A.

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

Selected Annual Financial Information

	Year ended September 30, 2016 ($)	Year ended September 30, 2015 ($)	Year ended September 30, 2014 ($)
Revenue	nil	nil	nil
Net loss	(8,280)	(4,196)	(2,566)
Net loss per share – basic and diluted	(0.03)	(0.02)	(0.01)
	As at September 30, 2016 ($)	**As at September 30, 2015 ($)**	**As at September 30, 2014 ($)**
Total assets	57,214	43,403	44,624
Total long-term liabilities	nil	nil	nil

Results of Operations

A summary of selected financial information of Mega for the eight most recently completed quarters is provided below:

Three Months Ended	Total Revenue ($)	Working capital surplus (deficit) ($)	Net Income or (Loss)	
			Total ($)	Per Share ($)
September 30, 2016	nil	1,405	(4,271)	(0.02)
June 30, 2016	nil	1,512	(2,210)	(0.01)
March 31, 2016	nil	1,814	(331)	(0.00)
December 31, 2015	nil	50	(1,468)	(0.00)
September 30, 2015	nil	628	3,950	0.01
June 30, 2015	nil	(340)	(684)	(0.00)
March 31, 2015	nil	(551)	(5,197)	(0.02)
December 31, 2014	nil	535	(2,265)	(0.01)

The Company is an exploration and development stage mineral resources company. At this time, any issues of seasonality or commodity market fluctuations have no direct impact on our results or operations but can impact upon our exploration activities and our ability to grow through acquisition. Over the past eight quarters, variations in the quarterly net income (loss) were caused by fluctuations in financial revenue and gains/losses on disposal of marketable securities and long-term investment, income/(loss) from equity investment, exploration and evaluation expenditures and general and administrative expense. Financial income (loss) varies from quarter-to-quarter due primarily to changes in the fair value of the Company's investments in marketable securities, which gives rise to unrealized gains/losses. Stock-based compensation expense varies from quarter-to-quarter depending on the number of stock options granted in a quarter, their vesting periods, and the inputs, including assumptions used in the Black-Scholes Option Pricing Model, which is used to calculate the fair value of the stock options.

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

Results of operations

For the three months ended September 30, 2016, compared with the three months ended September 30, 2015

For the three months ended September 30, 2016, the Company's net loss was $4,271 compared to a net income of $3,950 for the three months ended September 30, 2015. The increase in net loss of $8,221 is a result of the following:

- Loss on equity investments for the three months ended September 30, 2016 was $8,068 compared to a gain of $2,719 for the three months ended September 30, 2015. The increase of $10,787 in loss on equity investments reflects the Company's proportionate share of Toro's operating loss for the three months ended September 30, 2016.

- The increase of $326 in unrealized gain on marketable securities resulted from the fluctuation in the fair values of the marketable securities during the quarter.

- During the three months ended September 30, 2016, the Company recorded a loss on deemed disposition of equity investment of $1 compared to a gain on deemed disposition of $605 for the three months ended September 30, 2015. This is the result of the dilutive effect of Toro's issuance of additional common shares on Mega's percentage equity interest in Toro.

- The decrease of $1,413 in other income reflects a research and development rebate for the Lake Maitland project of approximately $1,588 that was received during the three month period ended September 30, 2015, with no rebate for the comparative 2016 period.

- For the three months ended September 30, 2016, general and administrative expenses decreased by $167.

Three Months Ended September 30,	2016 ($)	2015 ($)	Variance ($)
Professional fees (a)	(3)	218	(221)
Consulting and directors' fees (b)	162	161	1
Shareholder relations and communications	nil	5	(5)
Transfer agent and filing fees	6	11	(5)
Travel and promotion	25	15	10
Salaries and office administration (b)	195	129	66
Stock-based compensation (c)	142	156	(14)
Amortization	18	17	1
	545	**712**	**(167)**

A breakdown of general and administrative expenses for the three months ended September 30, 2016 and 2015 is provided below.

(a) Professional fees decreased by $221 during the three months ended September 30, 2016 compared to the three months ended September 30, 2015, primarily due to a reduction in advisory services used by the Canadian corporate office and Australian subsidiaries during the current period.

(b) Salaries and office administration increased by $66 during the three months ended September 30, 2016 compared to the three months ended September 30, 2015 reflecting increased aggregate expenses associated with the relocation of the Company's head office during the 2016 period.

(c) There was a decrease of $14 in stock-based compensation expense for the three months ended September 30, 2016 over the 2015 period. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. Stock-based compensation expense decreased primarily due to lower fair values for options granted and vested during the three months ended September 30, 2016 as compared to three months ended September 30, 2015.

<u>For the year ended September 30, 2016, compared with the year ended September 30, 2015</u>

For the year ended September 30, 2016, the Company's net loss was $8,280 compared to a net loss of $4,196 for the year ended September 30, 2015. The increase in net loss of $4,084 is a result of the following:

- Loss on equity investments for the year ended September 30, 2016 was $10,202 compared to $6,201 for the year ended September 30, 2015, reflecting the Company's proportionate share of Toro's operating loss for the year ended September 30, 2016.

- Realized gain on long-term investment for the year ended September 30, 2016 was $700 compared to $nil for the year ended September 30, 2015 as a result of the disposition of 2,500,000 shares of NexGen during the current period.

- During the year ended September 30, 2016, unrealized gain on marketable securities of $340 compared to $4,961 for the year ended September 30, 2015 resulted from the fluctuation in the fair values of the marketable securities and a reclassification to the realized loss on marketable securities of $5,693 for the sale of marketable securities during the year ended September 30, 2015. There was no disposal of marketable securities during the comparable 2016 period.

- Effective as of May 26, 2015, because the Company did not have significant influence in NexGen, it ceased accounting for its investment using the equity method. Mega now classifies the NexGen investment as available for sale and is presented at fair value as a long-term investment in the financial statements. For the year ended September 30, 2015, the Company recorded a gain of $3,973 on the reclassification of the NexGen investment compared to $nil for the 2016 comparative period.

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

- For the year ended September 30, 2016, general and administrative expenses decreased by $624.

Year Ended September 30,	2016 ($)	2015 ($)	Variance ($)
Professional fees (a)	110	459	(349)
Consulting and directors' fees (b)	621	941	(320)
Shareholder relations and communications	22	43	(21)
Transfer agent and filing fees	97	105	(8)
Travel and promotion	48	43	5
Salaries and office administration (c)	634	758	(124)
Stock-based compensation (d)	485	246	239
Amortization	49	95	(46)
	2,066	**2,690**	**(624)**

A breakdown of general and administrative expenses for the year ended September 30, 2016 and 2015 is provided below.

(a) Professional fees decreased by $349 during the year ended September 30, 2016 compared to the year ended September 30, 2015, primarily due to a reduction in advisory services used by the Canadian corporate office and Australian subsidiaries during the current period.

(b) Consulting and directors fees decreased by $320 during the year ended September 30, 2016 compared to the year ended September 30, 2015. Aggregate consulting fees decreased primarily from the renegotiation of compensation with certain officers of the Company and the departure of the former Chief Executive Officer in the latter half of fiscal 2015.

(c) The decrease in salaries and office administration expenses is primarily due to cost-saving initiatives implemented by the Company.

(d) There was an increase of $239 in stock-based compensation expense for the year ended September 30, 2016 over the 2015 period. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.

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.

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

The following is segmented information of operations for the years ended September 30, 2016 and 2015 and as at September 30, 2016 and 2015:

Country/Region	Year ended September 30, 2016 Net Loss ($)	Year ended September 30, 2015 Net Loss ($)
Canada	(7,687)	(4,134)
Australia	(593)	(62)
	(8,280)	**(4,196)**

As at September 30, 2016

Country/Region	Capital assets $	Cash and cash equivalents $	Other assets $	Total assets $
Canada	nil	488	55,702	56,190
Australia	136	246	642	1,024
	136	**734**	**56,344**	**57,214**

As at September 30, 2015

Country/Region	Capital assets $	Cash and cash equivalents $	Other assets $	Total assets $
Canada	nil	240	41,098	41,338
Australia	166	157	1,742	2,065
	166	**397**	**42,840**	**43,403**

The Company has no inter-segment revenues.

Marketable Securities

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

	September 30, 2016 $	September 30, 2015 $
Investments at fair value	601	216
Cost	3,596	3,571

Liquidity and Capital Resources

The activities of the Company, principally the acquisition and exploration of properties prospective for uranium, are financed through the completion of private placements, the exercise of stock options and warrants and the sale of investments. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all.

The Company has no operating revenues and therefore must utilize its current cash reserves, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain its capacity to meet ongoing operating activities. As of September 30, 2016, the Company had 5,130,000 warrants and 20,471,666 options outstanding, which would raise $718 and $2,344, respectively, if exercised in full by the holders. The exercise of the remaining warrants and the options by holders is outside of the Company's control and dependent upon various factors, including the future trading prices of the underlying common shares, which cannot be predicted. Accordingly, Mega cannot rely on the availability of these sources of funds with any degree of certainty.

As at September 30, 2016, the Company had cash and cash equivalents of $734 to settle its amounts payable and other liabilities of $197. The Company's cash and cash equivalents as of September 30, 2016, is sufficient to pay these liabilities.

During the year ended September 30, 2016, the Company used $2,183 of cash in its operations. During the year ended September 30, 2016, receivables and prepaid expenses decreased by $1,480 mainly from the receipt of the receivables of a research and development rebate for the Lake Maitland project. Amounts payable and other liabilities decreased by $1,495 primarily from payment of accruals related to exploration and administrative expenses.

For the year ended September 30, 2016, cash generated from investing activities was $2,472. The Company generated $1,950 and $528 cash from the sale of 2,500,000 shares of NexGen and 9,904,613 shares of Toro, respectively. In addition, the Company used $6 for the purchase of capital assets.

As at September 30, 2016, the Company's marketable securities and long-term investment in NexGen shares were valued at $601 and $38,171, respectively. The Company could sell investments to generate funds required to settle its obligations as they arise, however, management intends to hold the Company's marketable securities and long-term investments until it becomes advantageous to sell the investments or liquidity concerns necessitate such sale.

The Company's use of cash is currently and is expected to continue to be focused on two principal areas, namely the funding of its general and administrative expenditures and the funding of its investment activities. Investing activities include the cash components of the cost of acquiring and exploring the Company's mineral properties. For the twelve-month period ending September 30, 2017, corporate head office costs are estimated to average $300 per quarter. The $300 covers salaries, office administration, consulting fees, shareholder relations costs, professional fees and reporting issuer costs.

The Company has material commitments and obligations for cash resources set out below (which exclude discretionary acquisition and exploration expenses pursuant to various agreements). Failure to meet exploration obligations could lead to termination/dilution of the Company's underlying interests.

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

Contractual Obligations	Total	Up to 1 year	1 - 3 years	4 - 5 years	After 5 years
	($)	($)	($)	($)	($)
Amounts payable and other liabilities	197	197	nil	nil	nil
Obligations on mineral properties (a)	2,398	468	961	969	nil
Office lease (b)	240	53	107	80	nil
	2,835	**718**	**1,068**	**1,049**	**nil**

(a) Obligations on mineral properties pertain to minimum expenditures required to be incurred to maintain those claims/tenements in Canada and Australia.

(b) The Company has no long-term debt. The Company terminated a services agreement with Pinetree Capital Ltd. as of December 31, 2015 which included use-of-premises fees. The Company entered into a lease agreement in respect of its new head office location for a five year period commencing March 15, 2016, which provides for a monthly cost of $4.5 plus HST.

(c) The Company is subject to management contracts with certain executive officers that provide for payments under circumstances involving a change of control of Mega and/or termination of the officer's services. As at September 30, 2016, these contracts require that additional payments of approximately $2,263 be made upon the occurrence of a change of control. The minimum commitment upon termination of these contracts is approximately $1,033. As a triggering event has not taken place, the contingent payments have not been reflected in the consolidated statements.

(d) As part of his compensation package, the Company's Chief Executive Officer is entitled to a special bonus that is dependent upon the cash proceeds of disposition of the NexGen investment net of acquisition and disposition costs. The entitlement is payable at the discretion of the board of directors and is subject to a maximum bonus 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).

Equity investments

In November 2013, Mega acquired 415 million ordinary shares of Toro as consideration for the sale of its Lake Maitland properties and certain associated rights and assets. The shares were valued at $34,337 upon acquisition and represented approximately 20.74% of Toro's outstanding shares.

During the year ended September 30, 2016, Mega's holding in Toro was diluted from 20.74% to 20.20% as a result of the additional issuance of ordinary shares by Toro and the sale of 9,904,613 shares of Toro by Mega. The issuance of ordinary shares by Toro resulted in a dilution loss of $15 (year ended September 30, 2015 - $nil). In addition Mega sold 9,904,613 ordinary shares of Toro for cash proceeds of $528 which resulted in a loss of $63 (year ended September 30, 2015 - $nil).

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.

Under the equity method, the Company's investments are initially recognized at cost, and the carrying amounts are increased or decreased to recognize the Company's share of the profit or loss after the date of acquisition. Loss on these equity investments was $10,202 for the year period ended September 30, 2016.

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

The carrying value of the equity investment in Toro is $16,953 as at September 30, 2016.

The fair value of the Company's equity investment in Toro is $20,364 based on the closing share price, as at September 30, 2016.

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, 2016 year-end financial statements), which is within 3 months of the Company's year-end. Any significant transactions between June and September are adjusted. In prior years, the Company recast Toro's financial results for the twelve months ended September 30th. The Company changed the date at which it picks up its share of the income/(loss) to June 30th to better align with Toro's financial reporting. There were no material adjustments as a result of this change.

Long-term investment

Mega holds 19,376,265 shares of NexGen as at September 30, 2016. Mega acquired the shares in December 2012 as consideration for the sale to NexGen of the majority of its Canadian projects. 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 June 30, 2015, NexGen raised capital and issued approximately 55,654,359 common shares, which resulted in the dilution of Mega's ownership below 10% and the decrease in its board nominee rights to one person. As a result, the Company determined that it no longer had significant influence in NexGen and ceased accounting for its investment using the equity method and classified its investment as a long-term investment, effective May 26, 2015.

During the year ended September 30, 2016, Mega sold 2,500,000 shares of NexGen for cash proceeds of $1,950. For the year ended September 30, 2016, $26,634 was also recorded as fair value unrealized gain in other comprehensive income.

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

	September 30, 2016 ($)	September 30, 2015 ($)
Opening balance	12,787	nil
Transfer on reclassification from equity investments	nil	6,749
Net unrealized gain on initial recognition as long-term investment	nil	3,973
Fair value reversed on disposal of long-term investment	(1,250)	nil
Fair value unrealized gain for the period ended recorded in other comprehensive income	26,634	2,065
Balance	**38,171**	**12,787**

The share price of NexGen ranged from $0.58 on October 1, 2015 to $1.97 (the closing price of NexGen shares on the TSX) on September 30, 2016.

During periods of significant broader market volatility or volatility experienced by the uranium sector, the value of the Company's NexGen investment can be vulnerable to market fluctuations.

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

Outstanding Share Data

The number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of Mega as at December 22, 2016 are as follows:

Securities	As at December 22, 2016
Common shares outstanding	284,374,328
Issuable under options	20,471,666
Issuable under warrants	1,150,000
Total securities	**305,995,994**

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, 2016 and 2015:

Type of service	Nature of relationship	Year Ended September 30, 2016 ($)	Year Ended September 30, 2015 ($)
Salaries	Directors	118	98
Consulting (a)(b)	Officers	584	1,019
Stock-based compensation	Directors and Officers	391	148

(a) Consulting agreements are with the Company's Chief Executive Officer, Executive Vice President-Australia, former Chief Financial Officer and current Chief Financial Officer. For the year ended September 30, 2016, $350 of the costs relating to these agreements (year ended September 30, 2015 - $693) are included in general and administrative expenses and $234 (year ended September 30, 2015 - $326) are included in exploration and evaluation.

(b) Gerry Feldman, the former Chief Financial Officer, ceased to be a related party upon his departure from the Company effective December 31, 2015. All consulting fees owing to him were paid prior to September 30, 2016. Carmelo Marrelli succeeded Mr. Feldman as Chief Financial Officer.

Included in amounts payable and other liabilities are fees owing to officers and directors of $2 as at September 30, 2016 (September 30, 2015 - $1,208).

Contractual Obligations

Refer to the commitment table under the section "Liquidity and Capital Resources" above for details regarding the Company's contractual obligations as at September 30, 2016.

Disclosure Controls and Procedures

Management has designed and evaluated the effectiveness of the Company's disclosure controls and procedures and the internal controls on financial reporting and has concluded that, based on its evaluation, they are sufficiently effective as of September 30, 2016, to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries is made known to management and disclosed in accordance with applicable securities regulations.

Internal Controls over Financial Reporting ("ICFR")

Management is responsible for certifying the design of the Company's ICFR as required by Multilateral Instrument 52-109 – "Certification of Disclosure in Issuers' Annual and Interim Filings" and CSA staff notice 52-316 – "Certification of Design of Internal Control over Financial Reporting". The Company's ICFR are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable accounting standards. ICFR should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail that accurately and fairly reflect the transactions and dispositions of the Company's assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with applicable accounting standards;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of their inherent limitations, ICFR may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the Chief Executive Officer and Chief Financial Officer, have evaluated the design of the Company's internal controls over financial reporting as of September 30, 2016, pursuant to the requirements of Multilateral Instrument 52-109. Management follows the Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company has designed appropriate ICFR for the nature and size of its business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with applicable accounting standards.

There have been no changes in ICFR during the year ended September 30, 2016, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Critical accounting judgements, estimates and assumptions

The preparation of the consolidated 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 consolidated 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.

However, actual outcomes may differ from these estimates. Significant judgments are used in the Company's assessment of its ability to continue as a going concern which is described in note 2 of the consolidated statements. 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 currencies for the Company's subsidiaries in Australia and Cameroon are the Australian Dollar and Cameroon Franc, respectively.

(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.

(v) 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.

Risks

Mega's financial condition, results of operation and business are subject to certain risks, which may negatively affect them. Certain of these risks are described below (and elsewhere in this MD&A):

Exploration and Development Risks

The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. Furthermore, resources and reserves are estimates based upon drilling results, past experience with mining properties, experience of the person making the resource/reserve estimates and many other factors. Resource/reserve estimation is an interpretative process based upon available data. The actual quality and characteristics of ore deposits and metallurgical recovery rates cannot be known until mining takes place, and will almost certainly differ from the assumptions used to develop reserves. Further, reserves are valued based on current costs and current prices and consequently may be reduced with declines in, or sustained low, metal prices.

Financing Risks

The Company has limited financial resources, no operating cash flow and no assurance that sufficient funding will be available to it for further exploration and development of its projects or to fulfill its contractual obligations. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. This risk is heightened by the recent global economic slowdown and significant declines in both the Company's stock price (along with those of other junior exploration companies) and overall commodity prices. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Company will require additional financing if ongoing exploration of its properties is warranted.

Investment Risks

Mega holds and, from time to time, acquires securities of public companies, which are primarily junior or small-cap mining exploration companies in the uranium sector. The market values of these securities can experience significant fluctuations in the short and long term due to factors beyond the Company's control. Market value can be reflective of the actual or anticipated operating results of the companies and/or the general market conditions that affect the mining sector as a whole, such as fluctuations in uranium prices and global political and economic conditions. The Company's investments are carried at fair value, and unrealized gains/losses on the securities we hold and realized losses on the securities we sell could have a material adverse impact on our operating results. The recent decline in the stock prices of the types of companies in which the Company invests has been very significant and such prices could take a prolonged period of time, to recover and may not return to the prior levels, including the levels at which they were acquired by Mega, resulting in realized losses upon disposition.

In the case of Mega's equity accounted investment, we are required to record our share of income or loss from this investment and related dilutions and accordingly, our earnings are affected by these amounts. Further, the investment is subject to market forces which may fluctuate beyond our control. We may realize lower proceeds of disposition in the event that we are required to dispose of the investment at a point in time when market prices are low.

Currency Risks

The Company is exposed to currency fluctuations as it presently holds funds in Australian Dollars and a significant amount of its costs and liabilities will be incurred in Australian Dollars. The Company has not entered into any foreign currency contracts.

Environmental Matters

All phases of the Company's operations are subject to environmental regulations in the jurisdictions in which it operates. Environmental legislation is evolving in a manner, which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests which are presently unknown to the Company and which have been caused by previous or existing owners or operators of the properties or by illegal mining activities.

The Company has adopted Environmental Policies, Management Systems, Plans and Governance processes to guide the implementation of environmental practice in all of its operations. Mega requires all of its subsidiaries to apply these policies and procedures in strict compliance with the regulatory requirements of the countries and provinces within which it operates and consistent with the accepted practices. Our goal is to maintain a high level of environmental performance and a high level of creditability both inside and outside of the Company in all of our areas of operation. In October 2016, the EHP issued the Company's subsidiary Uranium Mineral Ventures Inc. ("UMVI") with an environmental protection order ("EPO") in respect of the Ben Lomond Project. The EPO requires UMVI to undertake investigations on the Ben Lomond Project site and to consider, and where appropriate to implement, certain environmental rehabilitation measures by 1 November 2017. UMVI considers, and has submitted to the EHP, that the EPO is unjustified and inappropriate in the circumstances. As at the date of this MD&A UMVI is awaiting advice from EHP as to the outcome of an internal review it has requested be conducted of the EPO and will, depending upon the outcome of that internal review, consider appealing the EPO if necessary. The Company has no other financial liabilities for environmental damage or remediation work and is not aware of any other potential or contingent liabilities.

Operating and capital costs for environmental programs are included in project plans for each subsidiary. These costs are based on the Company's assessment of the best practices applicable to the activities approved by the relevant authorities. These programs are reviewed annually.

Governmental Matters

Government approvals and permits are generally required in connection with the Company's operations. If such approvals are required and not obtained, the Company may be delayed or prohibited from proceeding with planned exploration or development of mineral properties. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in development of new mining properties. The Company is currently involved in exploration activities in Australia and Canada.

The tenements that comprise the Ben Lomond project in Queensland expired on November 30, 2014. During the second quarter of 2014 the Company made an application for the renewal of the tenements that comprise the Ben Lomond project for a further period of twenty (20) years each. The applications are currently pending however the tenements will remain valid and on foot until the applications are determined. The Company is not presently aware of the existence of any circumstances which may result in those tenements not being renewed, however the Company cannot guarantee that those tenements, or any other tenements in which the Company has an interest in Australia, will be renewed beyond their current expiry date and there is a material risk that, in the event the Company is unable to renew any of its tenements beyond their current expiry date, all of part or the Company's interests in the corresponding projects may be relinquished.

Australian Governmental Risks

In late November 2007, the Labor Party was elected as the Commonwealth (Federal) Government of Australia. Its policy is to allow uranium to be mined and processed in Australia. However, there are restrictions on the export of uranium from Australia. The Commonwealth government's nuclear safeguards policy has been developed to implement Australia's obligations under the Nuclear Non Proliferation Treaty of 1970 (the "NNPT") which was ratified by Australia in 1973. Parties to the NNPT agree to accept technical safeguards applied by the International Atomic Energy Agency. This safeguard system tracks uranium within the nuclear fuel cycle from production, through to use and storage and ultimately disposal, to ensure that Australian uranium is sold strictly for electrical power generation and cannot benefit the development of nuclear weapons or other military programs. The Commonwealth government only allows the sale of Australian uranium to countries that are signatories to the NNPT and have a bilateral nuclear safeguards agreement with Australia.

The Company's Ben Lomond Project and Georgetown (Maureen) Project are located in Queensland, where there has historically been an anti-uranium mining policy in effect despite the current Federal Government's support of uranium mining. In October 2012, the then newly elected Liberal – National State Government overturned the anti-uranium mining policy in effect under the previous Labor Government and appointed a three-member implementation committee to oversee the recommencement of uranium mining in Queensland. A state election was held in Queensland on January 31, 2015, following which the Queensland Labor Party formed government with the support of certain independent members. The Queensland Labor Party has expressed its intention to reinstitute the ban on uranium mining which was overturned by the Liberal Party – National Party coalition government in October 2012, however as at the date hereof such a ban has yet to be instituted and so it remains uncertain as to whether this ban will be enacted and if so on what terms.

Risks Relating to Foreign Operations

The Company is exposed to risks of political instability and changes in government policies, laws and regulations in every country in which the Company operates. The Company holds mineral interests in Australia that may be affected in varying degrees by political stability, government regulations relating to the mining industry and foreign investment therein, and the policies of other nations in respect of these countries. Any changes in regulations or shifts in political conditions are beyond the Company's control and may adversely affect the Company's business. The Company's operations may be affected in varying degrees by government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and mine safety. There is no assurance that permits can be obtained, or that delays will not occur in obtaining all necessary permits or renewals of such permits for existing properties or additional permits required in connection with future exploration and development programs.

In the event of a dispute arising at the Company's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company may also be hindered or prevented from enforcing its rights with respect to a government entity or instrumentality because of the doctrine of sovereign immunity.

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 $734. The cash equivalents consist of highly liquid short-term deposits with the bank. The Company has working capital surplus as at September 30, 2016 of $1,405. 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 "Going Concern" section above. 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.

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

(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 be vulnerable to market fluctuations.

The following table shows the estimated sensitivity of the Company's after-tax net income (loss) for the period ended September 30, 2016 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, 2016:

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%	9	(9)
4%	18	(18)
6%	26	(26)
8%	35	(35)
10%	44	(44)

(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 $6.

(d) Currency risk:

Currency risk is the risk that the fair value of or 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 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.

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

The following table shows the estimated sensitivity of the Company's net after-tax income (loss) for the year ended September 30, 2016 from a change in all foreign currencies (Australian dollars, and U.S. dollars) with all other variables held constant as at September 30, 2016:

Percentage of change in closing exchange rate	Change in net after-tax income (loss) from % increase in closing exchange rate $	Change in net after-tax income (loss) from % decrease in closing exchange rate $
2%	(15)	15
4%	(29)	29
6%	(44)	44
8%	(59)	59
10%	(73)	73

(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, together, have a total asset value of $55,124 as at September 30, 2016 and $40,548 as at September 30, 2015 and pose the risk of producing losses large enough 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, 2016 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, 2016:

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%	561	(561)
4%	1,122	(1,122)
6%	1,683	(1,683)
8%	2,244	(2,244)
10%	2,806	(2,806)

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

(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 carrying values of cash and cash equivalents, receivables, amounts payable and other liabilities, approximate their fair values due to the short-term nature of these instruments. Marketable securities and long term investments 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.

Management of Capital

The Company includes the following items in its managed capital as at September 30, 2016 and September 30, 2015:

	September 30, 2016 ($)	September 30, 2015 ($)
Shareholders' equity comprises of:		
Share capital	**271,741**	271,744
Warrants	**154**	154
Share option reserve	**64,784**	64,259
Accumulated other comprehensive income	**25,022**	1,921
Deficit	**(304,684)**	(296,407)
	57,017	41,671

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, 2016 and the Company is not subject to any externally imposed capital requirements.

Subsequent events

Subsequent to September 30, 2016, 2,525,000 shares were issued for the exercise of warrants at a price of $0.14 per share.

On December 10, 2016, 1,455,000 warrants with an exercise price of $0.14 per share expired unexercised.

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.

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

Additional Information

Additional information relating to Mega, including its annual information form, is available under the Company's profile on SEDAR at www.sedar.com.