



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2021

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Mega Uranium Ltd. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

MEGA URANIUM LTD.

Condensed Interim Consolidated Statements of Financial Position

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

	As at December 31, 2021	As at September 30, 2021
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	\$ 854	\$ 1,281
Receivables and prepaid expenses (note 4)	332	307
Marketable securities (note 5)	20,383	18,177
Total current assets	21,569	19,765
Non-current assets		
Restricted cash (note 6)	322	321
Equity investment (note 7)	1,641	1,710
Long-term investment (note 8)	107,119	116,079
Property, plant and equipment	36	22
Right-of-use asset (note 9)	95	108
Total non-current assets	109,213	118,240
Total assets	\$ 130,782	\$ 138,005
EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (notes 10 and 12)	\$ 1,568	\$ 1,050
Lease liabilities (note 11)	58	56
Total current liabilities	1,626	1,106
Non-current liabilities		
Lease liabilities (note 11)	48	63
Total non-current liabilities	48	63
Total liabilities	1,674	1,169
Equity		
Share capital (note 13)	281,525	280,117
Share option reserve	66,128	66,512
Accumulated other comprehensive income	84,645	92,419
Deficit	(303,190)	(302,212)
Total equity	129,108	136,836
Total equity and liabilities	\$ 130,782	\$ 138,005

Commitments and obligations (note 18)

Subsequent event (note 22)



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

MEGA URANIUM LTD.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited - In thousands of Canadian dollars, except for securities and per share amounts)

	Three Months Ended December 31,	
	2021	2020
Operating expenses		
General and administrative expenses (note 16)	\$ 1,056	\$ 748
Exploration and evaluation expenditures (note 17)	44	173
Operating loss	(1,100)	(921)
Loss from equity investment (note 7)	(69)	(211)
Loss on deemed disposition of equity investment (note 7)	-	(51)
Unrealized gain on marketable securities	1,002	3,094
Realized gain on marketable securities	282	56
Accretion (note 11)	(3)	(5)
Other income	95	44
Foreign exchange gain	2	10
Net income before taxes	209	2,016
Deferred tax (expense) recovery	(1,187)	3,097
Net (loss) income for the period	(978)	5,113
Other comprehensive income (loss)		
Items that will be reclassified subsequently to the profit and loss:		
Exchange differences on translation of foreign operations	(2)	(16)
Items that will not be reclassified subsequently to the profit and loss:		
Change in fair value of long-term investment, net of tax (note 8)	(7,772)	20,275
Other comprehensive (loss) income	(7,774)	20,259
Total comprehensive (loss) income for the period	\$ (8,752)	\$ 25,372
(Loss) income per common share - basic	\$ (0.00)	\$ 0.02
(Loss) income per common share - diluted	\$ (0.00)	\$ 0.02
Weighted average number of common shares outstanding - basic	349,706,998	334,089,128
Weighted average number of common shares outstanding - diluted	349,706,998	334,089,128



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

MEGA URANIUM LTD.

Condensed Interim Consolidated Statements of Cash Flows

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

	Three Months Ended December 31,	
	2021	2020
Operating activities		
Net (loss) income for the period	\$ (978)	\$ 5,113
Adjustment for:		
Loss on equity investment (note 7)	69	211
Loss on deemed disposition of equity investment (note 7)	-	51
Unrealized gain on marketable securities	(1,002)	(3,094)
Realized gain on marketable securities	(282)	(56)
Amortization	15	29
Write-off of property, plant and equipment	-	18
Stock-based compensation	184	140
Accretion	3	5
Deferred tax expense (recovery)	1,187	(3,097)
Non-cash working capital items:		
Receivables and prepaid expenses	(25)	(27)
Amounts payable and other liabilities	518	290
Deposit on purchase price	-	156
Net cash used in operating activities	(311)	(261)
Financing activities		
Proceeds from exercise of warrants and options	840	1,548
Lease payments (note 11)	(16)	(32)
Net cash provided by financing activities	824	1,516
Investing activities		
Proceeds from sale of marketable securities	321	152
Purchase of marketable securities	(1,241)	-
Purchase of property, plant and equipment	(14)	-
Net cash (used in) provided by investing activities	(934)	152
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	(6)	(31)
Net change in cash and cash equivalents	(427)	1,376
Cash and cash equivalents, beginning of period	1,281	610
Cash and cash equivalents, end of period	\$ 854	\$ 1,986



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MEGA URANIUM LTD.

Condensed Interim Consolidated Statements of Equity

(Unaudited - 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	Deficit	Total Shareholders' equity
Balance, October 1, 2020	332,891,094	\$ 277,183	\$ 485	\$ 66,346	\$ 30,734	\$ (323,266)	\$ 51,482
Exercise of warrants	10,324,545	1,849	(301)	-	-	-	1,548
Expiry of warrants	-	-	(184)	-	-	184	-
Stock-based compensation	-	-	-	140	-	-	140
Net income for the period	-	-	-	-	-	5,113	5,113
Other comprehensive income	-	-	-	-	20,259	-	20,259
Balance, December 31, 2020	343,215,639	\$ 279,032	\$ -	\$ 66,486	\$ 50,993	\$ (317,969)	\$ 78,542
Balance, October 1, 2021	348,595,639	\$ 280,117	\$ -	\$ 66,512	\$ 92,419	\$ (302,212)	\$ 136,836
Exercise of stock options	6,765,000	1,408	-	(568)	-	-	840
Stock-based compensation	-	-	-	184	-	-	184
Net loss for the period	-	-	-	-	-	(978)	(978)
Other comprehensive loss	-	-	-	-	(7,774)	-	(7,774)
Balance, December 31, 2021	355,360,639	\$ 281,525	\$ -	\$ 66,128	\$ 84,645	\$ (303,190)	\$ 129,108



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

MEGA URANIUM LTD.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2021

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

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 is located at 217 Queen Street West, Suite 401, Toronto, Ontario, Canada, M5V 0R2.

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

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

In addition to the Company's own exploration activities, Mega participates indirectly in the uranium sector through its securities holdings in other companies, including its significant long-term investment in NexGen Energy Ltd. ("NexGen") (NXE:TSX), its equity accounted investment in Toro Energy Limited ("Toro") (TOE:ASX), and marketable securities of other uranium-focused issuers. NexGen is an exploration and development stage entity engaged in the acquisition, exploration and evaluation of uranium properties in Canada. Toro's principal activities include the development of the Wiluna Uranium Project and exploration and evaluation of its tenement holdings.

These condensed interim consolidated financial statements ("interim consolidated statements") were approved by the Company's board of directors on February 9, 2022.

Commencing in March 2020 and continuing after the year ended December 31, 2021, the coronavirus pandemic known as "COVID19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include travel bans, self-imposed quarantine periods and lockdowns, have caused material disruption to businesses globally, resulting in broad-based supply chain disruptions and economic slowdowns. Global equity markets have experienced significant volatility. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and overall impact of the COVID19 pandemic remain unknown at this time, even with the availability of effective vaccines, as does the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the consolidated financial results and condition of the Company and its operating subsidiaries in future periods.

2. Basis of preparation

a) Statement of compliance:

These interim consolidated statements have been prepared on a condensed basis in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting issued by IAS Board ("IASB") and interpretation of the International Financial Reporting Interpretations Committee using accounting policies consistent with International Financial Reporting Standards ("IFRS") and includes the accounts of Mega and its subsidiary entities.

The same significant accounting policies and methods of computation were followed in the preparation of these interim consolidated statements as were followed in the preparation and described in note 3 of the annual consolidated financial statements as at and for the year ended September 30, 2021. Accordingly, these interim consolidated statements for the three months ended December 31, 2021 should be read together with the annual consolidated financial statements as at and for the year ended September 30, 2021. Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these interim consolidated statements are presented below.



MEGA URANIUM LTD.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2021

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

2. Basis of preparation (continued)

b) Basis of presentation:

These interim consolidated 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 interim consolidated 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 by its subsidiaries.

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

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

d) Critical accounting judgments, estimates and assumptions:

The preparation of the interim consolidated statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities, and contingent liabilities and the accompanying note disclosures at the date of the interim consolidated 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. The information about significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below:

Judgments

(i) Determination of functional currency:

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

(ii) Significant influence:

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



MEGA URANIUM LTD.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2021

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

2. Basis of preparation (continued)

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

Judgments (continued)

(iii) Impairment of equity investment:

At the end of each financial reporting period, the Company's management assesses whether there are indications of impairment of the Company's equity investment in Toro. The evaluation of external and internal sources of information to determine whether there is an indicator of impairment or, in particular, an impairment reversal involves significant management judgement, including in the case of a potential impairment reversal an assessment of whether there has been a sustained improvement in the service potential of the investment. To the extent that there is such an indicator, the recoverable amount of the Company's equity investment in Toro is estimated based on the applicable publicly available closing share price. The amount of any impairment reversal is limited to the difference between the current carrying amount and the amount that would have been the carrying amount had the earlier impairment not been recognized.

Estimates

(i) Share-based payments:

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

(ii) 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.



MEGA URANIUM LTD.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2021

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

3. Cash and cash equivalents

	As at December 31, 2021	As at September 30, 2021
Cash	\$ 844	\$ 1,271
Short-term deposits in bank	10	10
Cash and cash equivalents	\$ 854	\$ 1,281

4. Receivables and prepaid expenses

	As at December 31, 2021	As at September 30, 2021
Sundry receivables	\$ 191	\$ 183
Sales tax receivables	90	71
Prepaid expenses	51	53
	\$ 332	\$ 307

As at December 31, 2021, no receivables are past due.

5. Marketable securities

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

	As at December 31, 2021	As at September 30, 2021
Investments at fair value	\$ 20,383	\$ 18,177
Cost	\$ 8,282	\$ 7,080

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

6. Restricted cash

As at December 31, 2021, the Company pledged AUD\$350 (CAD\$322) (September 30, 2021 – CAD\$321) 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.



MEGA URANIUM LTD.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2021

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

7. 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.

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.

During the year ended September 30, 2021, Mega acquired an additional 65,217,391 shares of Toro through its participation in a private placement, which increased Mega's total holdings in Toro to 460,312,778 shares but diluted its ownership from 14.53% to 11.81% and resulted in a dilution loss of \$291.

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

	Toro
Investment as at September 30, 2020	\$ 1,436
Additional investment	1,408
Mega's share of loss	(843)
Loss on deemed disposition of equity investment in Toro	(291)
Investment as at September 30, 2021	1,710
Mega's share of the loss	(69)
Investment as at December 31, 2021	\$ 1,641

The fair value of the equity investment in Toro is \$9,322 as at December 31, 2021 (September 30, 2021 - \$12,230) based on the applicable closing share price. Such fair value is categorized as level 1 within the fair value hierarchy.

As at September 30, 2021 and December 31, 2021, the Company determined that there were no indicators of impairment or impairment reversal on the equity investment in Toro.



MEGA URANIUM LTD.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2021

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

8. Long-term investment

Mega holds 19,476,265 shares of NexGen as at December 31, 2021 (September 30, 2021 - 19,476,265). The change in the investment in NexGen is detailed as follows:

	Three Months Ended December 31, 2021	Year Ended September 30, 2021
Opening balance	\$ 116,079	\$ 44,990
Unrealized (loss) gain recorded in other comprehensive income	(8,960)	71,089
Closing balance	\$ 107,119	\$ 116,079

9. Right-of-use assets

	Three Months Ended December 31, 2021	Year Ended September 30, 2021
Balance, beginning of period	\$ 108	\$ 192
Depreciation	(13)	(84)
Balance, end of period	\$ 95	\$ 108

Rights-of-use asset is depreciated over a four-year term. Refer to note 11 for further details.

10. Amounts payable and other liabilities

	As at December 31, 2021	As at September 30, 2021
Trade payables	\$ 201	\$ 59
Due to related parties (note 12)	1,293	921
Accrued liabilities	74	70
	\$ 1,568	\$ 1,050



MEGA URANIUM LTD.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2021

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

11. Lease liabilities

The Company has recorded the current office lease as a right-of-use asset (note 9) and lease liability in the consolidated statements of financial position as at December 31, 2021. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 10%, which is the lease specific incremental borrowing rate.

The continuity of the lease liabilities is presented in the table below:

	Three Months Ended December 31, 2021	Year Ended September 30, 2021
Balance, beginning of period	\$ 119	\$ 200
Interest expense	3	16
Lease payments	(16)	(97)
Balance, end of period	\$ 106	\$ 119

The lease liabilities are classified as follows:

	As at December 31, 2021	As at September 30, 2021
Current portion	\$ 58	\$ 56
Non-current portion	48	63
Total lease liabilities	\$ 106	\$ 119

Maturity analysis - contractual undiscounted cash flows

As at December 31, 2021

Less than one year	\$ 66
One to five years	50
Total undiscounted lease obligations	\$ 116



MEGA URANIUM LTD.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2021

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

12. 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 three months ended December 31, 2021 and 2020.

Type of service	Nature of relationship	Three Months Ended December 31,	
		2021	2020
Short-term compensation benefits ^(a)	Directors	\$ 39	\$ 39
Short-term compensation benefits ^(b)	Officers	\$ 447	\$ 309
Stock-based compensation benefits ^(c)	Directors and officers	\$ 155	\$ 126
Administrative services ^(d)	Officers	\$ 6	\$ 6

^(a) Represents the portion of annual retainers for board and committee service paid to all of the directors during the period.

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

^(c) Reflects costs associated with stock options granted as part of executive and director compensation.

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

During three months ended December 31, 2021, the Company provided office space and other occupancy services to Toro and earned \$94 (three months ended December 31, 2020 - \$44) of income from Toro.

Included in amounts payable and other liabilities are fees owing to officers and directors of \$1,293 as at December 31, 2021 (September 30, 2021 - \$921).

During the three months ended December 31, 2021, officers and directors of Mega exercised 6,290,000 stock options.



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Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2021

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

13. Share capital

a) Authorized share capital

At December 31, 2021, 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 December 31, 2021, the issued share capital amounted to \$281,525. The changes in issued share capital for the years were as follows:

	Number of common shares	Amount
Balance, September 30, 2020	332,891,094	\$ 277,183
Exercise of warrants	10,324,545	1,849
Balance, December 31, 2020	343,215,639	\$ 279,032
Balance, September 30, 2021	348,595,639	\$ 280,117
Exercise of stock options	6,765,000	1,408
Balance, December 31, 2021	355,360,639	\$ 281,525

14. Warrants

	Number of warrants	Grant date fair value
Balance, September 30, 2020	16,473,636	\$ 485
Exercised	(10,324,545)	(301)
Expired	(6,149,091)	(184)
Balance, December 31, 2020	-	\$ -
Balance, September 30, 2021 and December 31, 2021	-	\$ -



MEGA URANIUM LTD.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2021

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

15. Stock options

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

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

The following table reflects the continuity of stock options for the years ended December 31, 2021 and 2020:

	Number of stock options	Weighted average exercise price (\$)
Balance, September 30, 2020 and December 31, 2020	33,185,000	0.13
Exercisable, December 31, 2020	27,573,333	0.13
Balance, September 30, 2021	32,830,000	0.15
Exercised	(6,765,000)	0.12
Balance, December 31, 2021	26,065,000	0.15
Exercisable, December 31, 2021	22,516,663	0.14

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2021:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
May 31, 2022	0.175	0.41	1,675,000	1,675,000	-
August 31, 2022	0.200	0.67	1,675,000	1,675,000	-
December 31, 2022	0.210	1.00	1,675,000	1,675,000	-
May 31, 2023	0.140	1.41	1,675,000	1,675,000	-
September 4, 2023	0.125	1.68	1,675,000	1,675,000	-
January 1, 2024	0.120	2.00	1,675,000	1,675,000	-
February 28, 2024	0.105	2.16	1,675,000	1,675,000	-
June 2, 2024	0.100	2.42	1,195,000	1,195,000	-
May 31, 2025	0.100	3.42	6,930,000	6,930,000	-
August 31, 2025	0.140	3.67	1,190,000	991,666	198,334
February 28, 2026	0.195	4.16	1,675,000	837,499	837,501
May 31, 2026	0.265	4.42	1,675,000	558,332	1,116,668
August 31, 2026	0.260	4.67	1,675,000	279,166	1,395,834
		2.64	26,065,000	22,516,663	3,548,337

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

For the three months ended December 31, 2021, included in the consolidated statements of loss and comprehensive loss was stock-based compensation expense of \$163 (three months ended December 31, 2020 - \$129) relating to the fair value of stock options granted and \$21 (three months ended December 31, 2020 - \$11) was expensed as exploration and evaluation.



MEGA URANIUM LTD.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2021

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

16. General and administrative expenses

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

	Three Months Ended December 31,	
	2021	2020
Professional fees	\$ 25	\$ 9
Consulting and directors' fees	525	370
Shareholder relations and communications	6	-
Transfer agent and filing fees	33	26
Travel and promotion	13	1
Salaries and office administration	276	166
Stock-based compensation	163	129
Amortization	15	29
Write-off of property, plant and equipment	-	18
	\$ 1,056	\$ 748

17. 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 and Queensland Australia. The Company incurred \$44 in exploration expenditures during the three months ended December 31, 2021 (three months ended December 31, 2020 - \$173).

On May 14, 2020, the Company entered into an agreement with NxGold Ltd. (now known as Consolidated Uranium Inc. ("CUR")) to grant to CUR a two-year option to purchase Mega's Ben Lomond uranium property ("Ben Lomond Option") located in Queensland, Australia. As consideration for the option grant, Mega received \$180 in cash, 900,000 CUR common shares and 900,000 common share purchase warrants exercisable for an equal number of common shares of CUR (such warrants, together with the 900,000 common shares, the "Option Securities") and an option to sell to CUR Mega's Georgetown uranium property, also located in Queensland, Australia (the "Georgetown Option"). The aggregate value of consideration received was recorded as a gain on sale of option on mineral properties as the mineral properties had no carrying value.

The Ben Lomond Option is conditional upon and may be exercised by CUR subject to the satisfaction of certain conditions, including the approval of the Australian Foreign Investment Review Board, failing which the option will terminate and the Option Securities will be cancelled. CUR may exercise the option and acquire the Ben Lomond property for a price of \$2,500, payable in cash or common shares of CUR (under certain circumstances), and reimbursement to Mega of expenses incurred in respect of the property since the execution of the option agreement. The purchase of the Ben Lomond property is also subject to contingent payments to Mega of up to \$2,385, if the monthly average spot price of uranium reaches US\$50, US\$75 and US\$100, prior to or after closing of Ben Lomond sale. If the option is exercised, completion of the sale of the Ben Lomond property will be subject to the satisfaction of various conditions.



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17. Exploration and evaluation expenditures (continued)

The Georgetown Option is also conditional upon and may be exercised by Mega subject to the satisfaction of certain conditions, including the approval of the Australian Foreign Investment Review Board, failing which it will terminate. If the Ben Lomond Option is exercised, Mega can exercise the Georgetown Option and sell the Georgetown property to CUR for a price of \$500, payable in cash or common shares of CUR (under certain circumstances), and reimbursement to Mega of expenditures in respect of the property since the execution of the option agreement. The purchase of the Georgetown property by CUR is also subject to contingent payments of up to \$1,425, if the monthly average spot price of uranium reaches US\$50, US\$75 and US\$100, prior to or after closing of the Georgetown sale. If the Georgetown Option is exercised, completion of the sale of the Georgetown property will be subject to the satisfaction of various conditions.

On November 3, 2021, the Company entered into an agreement to sell its interest in the Mustang Lake uranium property, located in Labrador, Canada, to Labrador Uranium Inc. ("LUR"), a subsidiary of CUR. Mega has a 66% interest in the property (the "Interest"), which is the subject matter of its joint venture with Anthem Resources Inc.

Under the terms of the agreement, Mega will receive 3 million common shares of LUR in exchange for the Interest and have the right to appoint one nominee to LUR's board of directors on closing. Closing of the sale is subject to various conditions, including the completion of the proposed spin-out of CUR's interest in LUR to CUR's shareholders and the listing of LUR's shares on a Canadian stock exchange, and the waiver of Anthem's right of first refusal in respect of the Interest. If the spin-out and listing are not completed prior to November 3, 2022, CUR will have, under certain circumstances, a thirty-day option to purchase the Interest for \$1 million, payable in common shares of CUR.

18. Commitments and obligations

The Company has the following commitments and obligations as at December 31, 2021:

(i) The Ben Lomond property (Queensland) has a yearly commitment of \$248 (AUD\$269) for care and maintenance costs and environmental obligations for the next five years. The Georgetown property (Queensland) has a yearly commitment of \$9 (AUD\$10) for care and maintenance costs for the next five years. The Redport gold property (Western Australia) has a yearly commitment of \$138 (AUD\$150) for care and maintenance costs 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 December 31, 2021, these contracts require that additional payments of approximately \$2,141 be made upon the occurrence of a change of control. The minimum commitment upon termination of these contracts is approximately \$992. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated statements.

(iii) The Company's Chief Executive Officer's compensation package includes a discretionary bonus that is dependent upon the excess of cash proceeds on disposition of the original 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).



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19. Segmented information

The Company's operations are segmented on a regional basis and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments is Mega's 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 three months ended December 31, 2021 and 2020 and as at December 31, 2021 and 2020:

Country/Region	Three Months Ended December 31,	
	2021	2020
	Net income (loss)	
Canada	\$ (1,126)	\$ 5,263
Australia	148	(150)
	\$ (978)	\$ 5,113

As at December 31, 2021

Country/Region	Capital assets	Cash and cash equivalents	Other assets	Total assets
Canada	\$ 36	\$ 752	\$ 129,252	\$ 130,040
Australia	-	102	640	742
	\$ 36	\$ 854	\$ 129,892	\$ 130,782

As at September 30, 2021

Country/Region	Property and Equipment	Cash and cash equivalents	Other assets	Total assets
Canada	\$ 22	\$ 1,223	\$ 136,214	\$ 137,459
Australia	-	58	488	546
	\$ 22	\$ 1,281	\$ 136,702	\$ 138,005

The Company has no inter-segment revenues.



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20. Management of capital

The Company includes the following items in its managed capital:

	As at December 31, 2021	As at September 30, 2021
Shareholders' equity comprises of:		
Share capital	\$ 281,525	\$ 280,117
Share option reserve	66,128	66,512
Accumulated other comprehensive income	84,645	92,419
Deficit	(303,190)	(302,212)
	\$ 129,108	\$ 136,836

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 three months ended December 31, 2021 and the Company is not subject to any externally imposed capital requirements.



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Three Months Ended December 31, 2021

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21. 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 and private 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 markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments decline, resulting in lower proceeds on dispositions and losses upon dispositions. 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 \$854. The cash equivalents consist of highly liquid short-term deposits with the bank (see note 3). The Company has working capital surplus as at December 31, 2021 of \$19,943. 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. 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 trade 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 period ended December 31, 2021, from a change in the closing bid price of the Company's investments in marketable securities with all other variables held constant as at December 31, 2021:

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%	\$ 300	\$ (300)
4%	599	(599)
6%	899	(899)
8%	1,198	(1,198)
10%	1,498	(1,498)



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Three Months Ended December 31, 2021

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21. 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 comprehensive income (loss) by approximately \$14.

(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 period ended December 31, 2021 from a change in all foreign currencies (Australian dollars and U.S. dollars) with all other variables held constant as at December 31, 2021:

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%	\$ 8	\$ (8)
4%	15	(15)
6%	23	(23)
8%	31	(31)
10%	38	(38)

(e) Credit risk:

Credit risk is the risk of loss associated with a counterparty'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.



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Three Months Ended December 31, 2021

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21. Financial instruments (continued)

(f) Concentration risks:

The Company is exposed to concentration risks as its investment portfolio is concentrated primarily in NexGen and Toro, two uranium companies that have total asset carrying values in aggregate of \$108,760 as at December 31, 2021, and \$117,789 as at September 30, 2021, and poses the risk that changes in its fair value can adversely affect the Company's after-tax net income (loss).

The following table shows the estimated sensitivity of the Company's after-tax net income (loss) for the period ended December 31, 2021, from a change in the closing bid price of the Company's investment in NexGen with all other variables held constant as at December 31, 2021:

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%	\$ 1,575	\$ (1,575)
4%	3,149	(3,149)
6%	4,724	(4,724)
8%	6,299	(6,299)
10%	7,873	(7,873)

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

The Company does not fair value its investment in Toro as it is held as an equity investment (see note 7).

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).



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21. Financial instruments (continued)

Fair value analysis (continued)

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

The Company's financial assets measured at fair value through profit or loss have used Level 1 and Level 2 valuation techniques during the three months ended December 31, 2021. The carrying values of the Company's financial assets and liabilities approximate their fair values as at December 31, 2021.

As at December 31, 2021 and 2020, 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 December 31, 2021

	Level 1	Level 2	Level 3	Total Fair Value
Marketable securities	\$ 16,422	\$ 3,961	\$ -	\$ 20,383
Long-term investments	107,119	-	-	107,119
	\$ 123,541	\$ 3,961	\$ -	\$ 127,502

As at September 30, 2021

	Level 1	Level 2	Level 3	Total Fair Value
Marketable securities	\$ 14,585	\$ 3,592	\$ -	\$ 18,177
Long-term investments	116,079	-	-	116,079
	\$ 130,664	\$ 3,592	\$ -	\$ 134,256

22. Subsequent event

On January 2, 2022, the Company granted 7,625,000 stock options to employees, directors and officers of the Company at an exercise price of \$0.255 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.

