Consolidated Financial Statements of

MEGA URANIUM LTD

December 31, 2014
(Unaudited -Prepared in Canadian Dollars)

Contents

MEGA URANIUM LTD.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102 – *Continuous Disclosure Obligations*, if an auditor has not performed a review of an issuer's interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

Mega Uranium Ltd.'s independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Ontario for a review of interim financial statements by an entity's auditor.

MEGA URANIUM LTD.
Consolidated Statements of Financial Position
As at December 31, 2014 and September 30, 2014
(Unaudited-In thousands of Canadian dollars, except for securities and per share amounts)

	Notes		December 31, 2014	September 30, 2014
Assets				
Current				
Cash and cash equivalents	5	$	1,952	864
Prepaid expenses and receivables			321	1,855
Marketable securities	6		443	1,174
			2,716	3,893
Asset classified as held for sale				-
Mineral properties and deferred exploration expenditures	7		12,564	12,675
Restricted cash	8		332	343
Equity investments	9		39,317	40,106
Capital assets, net			228	282
		$	55,157	57,299
Liabilities and Shareholders' Equity				
Current				
Accounts payable and accrued liabilities	11	$	2,181	1,888
			2,181	1,888
Shareholders' equity				
Share capital	12		270,998	270,998
Warrant reserve	13		35,488	35,488
Share option reserve	14		64,011	63,987
Accumulated other comprehensive loss			(2,515)	(2,089)
Deficit			(315,006)	(312,973)
			52,976	55,411
		$	55,157	57,299

1. Refer to Note 2 for the going concern uncertainty.

See accompanying notes to the interim condensed consolidated financial statements.

MEGA URANIUM LTD.

Consolidated Statements of Comprehensive loss
For the three months period ended December 31, 2014 and 2013
(Unaudited- In thousands of Canadian dollars, except for securities and per share amounts)

	Notes		2014		2013
Operating Expenses					
General and administrative expenses	**16**	**$**	**752**	$	948
			(752)		(948)
Foreign exchange loss			**(12)**		(5)
Unrealized gain on marketable securities			**5,192**		93
Realized loss on marketable securities			**(5,693)**		(147)
Interest income			**4**		53
Gain on sale of capital assets			**17**		66
Loss on significant influenced equity investments	**9**		**(789)**		(448)
Other income			**-**		971
Net loss for the period			**(2,033)**		(365)
Other comprehensive loss					
Exchange differences on translation of foreign operations			**(426)**		(248)
Net comprehensive loss for the period		**$**	**(2,459)**	$	(613)
Net loss per common share					
Basic and diluted		**$**	**(0.01)**	$	(0.00)
Weighted average number of common shares outstanding					
Basic and diluted			**271,592,813**		267,180,313

See accompanying notes to the interim condensed consolidated financial statements.

MEGA URANIUM LTD.
Consolidated Statements of Cash Flows
Three months period ended December 31, 2014 and 2013
(Unaudited-In thousands of Canadian dollars, except for securities and per share amounts)

		2014		2013
Cash used in operating activities				
Net loss for the period	**$**	**(2,033)**	$	(365)
Items not affecting cash:				
Realized loss on marketable securities		**5,693**		147
Unrealized gains on marketable securities		**(5,192)**		(93)
Amortization		**32**		77
Stock-based compensation		**24**		22
Net gain on sale of capital assets		**(17)**		(66)
Loss on significant influenced equity investments		**789**		448
Unrealized foreign exchange loss		**(1)**		-
		(705)		170
Changes in non-cash working capital balances from operations				
Prepaid expenses and receivables		**1,534**		156
Accounts payable and accrued liabilities		**5**		526
Income taxes payable		**-**		(10)
		834		842
Cash from investing activities				
Expenditure on mineral properties and related exploration		**(134)**		(731)
Proceeds from sale of marketable securities		**584**		1,202
Purchase of marketable securities		**(174)**		-
Proceeds from disposition of capital assets		**31**		67
		307		538
Net increase in cash and cash equivalents		**1,141**		1,380
Effect of changes in foreign exchange rate		**(53)**		(43)
Cash and cash equivalents, beginning of period		**864**		74
Cash and cash equivalents, end of period	**$**	**1,952**	$	1,411

Supplemental Cash Flows Information				
Payment of taxes	**$**	**-**	$	10

See accompanying notes to the interim condensed consolidated financial statements.

MEGA URANIUM LTD
Consolidated Statements of Changes in Equity
For three months ended December 31, 2014 and 2013
(In thousands of Canadian dollars, except for securities and per share amounts)

	Number of shares	Share capital	Deficit	Accumulated other comprehensive income (loss)	Warrants reserve	Share option reserve	Total Shareholders' equity
	#	$	$	$	$	$	$
Balance as at October 1, 2014	**271,592,813**	**270,998**	**(312,973)**	**(2,089)**	**35,488**	**63,987**	**55,411**
Net loss for the period	**-**	**-**	**(2,033)**	**-**	**-**	**-**	**(2,033)**
Other comprehensive loss	**-**	**-**	**-**	**(426)**	**-**	**-**	**(426)**
Total comprehensive loss for the period	**-**	**-**	**(2,033)**	**(426)**	**-**	**-**	**(2,459)**
Transactions with owners:							
Stock-based compensation under stock option plan	**-**	**-**	**-**	**-**	**-**	**24**	**24**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**24**	**24**
Balance as at December 31, 2014	**271,592,813**	**270,998**	**(315,006)**	**(2,515)**	**35,488**	**64,011**	**52,976**
Balance as at October 1, 2013	267,180,313	270,337	(301,209)	(2,634)	35,488	63,779	65,761
Net loss for the period	-	-	(365)	-	-	-	(365)
Other comprehensive loss	-	-	-	(248)	-	-	(248)
Total comprehensive loss for the period	-	-	(365)	(248)	-	-	(613)
Transactions with owners:							
Stock-based compensation under stock option plan	-	-	-	-	-	27	27
Total transaction with owners	-	-	-	-	-	27	27
Balance as at December 31, 2013	267,180,313	270,337	(301,574)	(2,882)	35,488	63,806	65,175

See accompanying notes to the interim condensed consolidated financial statements

1. Nature of Business:

Mega Uranium Ltd. ("Mega" or the "Company") was incorporated in 1990 under the laws of the Province of Ontario and its shares are publicly traded on the Toronto Stock Exchange (the "TSX") under the symbol "MGA". The Company is domiciled in the Province of Ontario, Canada and its registered office located at 130 King St. West, Suite 2500, Toronto, Ontario, Canada, M5X 2A2.

Mega is an exploration and development stage mineral resources company with a focus on uranium properties in Australia and Canada. 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.

Mega also holds significant equity interests in NexGen Energy Ltd. ("NexGen") (NXE:TSXV), and Toro Energy Limited ("Toro"), (TOE:AX), as well as marketable securities in other uranium-focused issuers.

These unaudited interim condensed consolidated financial statements ("interim consolidated statements") were approved by the Company's board of directors on February 12, 2015.

2. Going Concern:

These interim 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 quarter ended December 31, 2014 of $2,033 (2013 - $365) and has an accumulated deficit of $315,006 (2013 - $301,574). The Company is in the exploration and development stage and is subject to risks and challenges similar to other companies in a comparable stage of exploration.

These risks include, but are not limited to, dependence on key individuals, successful exploration and the ability to secure adequate financing to meet the minimum capital required to successfully complete the projects, political risk relating to maintaining property licenses in good standing and continuing as a going concern.

The Company will have to raise additional funds to continue operations. Although the Company is able to raise funds by selling equity investments and has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the

2. Going Concern (continued):

Company. Failure to meet its funding commitments with its partners may result in the loss of the Company's exploration and evaluation interests.

The challenges of securing requisite funding beyond December 31, 2014 and the continued estimated operating losses cast significant doubt on the Company's ability to continue as a going concern.

The interim 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.

3. Basis of preparation:

a) Statement of Compliance:

These interim consolidated statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") which the Company has adopted in its annual consolidated financial statements as at and for the year ended September 30, 2014.

Except as described in note 4 below, 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 4 of the annual consolidated financial statements as at and for the year ended September 30, 2014. Accordingly, these interim consolidated statements for the three month periods ended December 31, 2014 and 2013 should be read together with the annual consolidated financial statements as at and for the year ended September 30, 2014. Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these interim consolidated statements are presented below.

b) Basis of presentation:

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

c) Basis of consolidation:

These interim consolidated statements include the accounts of Mega's 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").

3. Basis of preparation (continued):

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

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

d) Critical accounting judgments, estimates and assumptions:

The preparation of the interim 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 financial statements disclosures. 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 can differ from these estimates. The information about significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenue and expenses are discussed below:

(i) Determination of functional currency:

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

(ii) Mineral properties and deferred exploration expenditures:

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment whether economically recoverable reserves exist is itself an

3. Basis of preparation (continued):

estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written off in the consolidated statements of comprehensive loss in the period when the new information becomes available.

(iii) Impairment of assets:

At each consolidated statement of financial position reporting date, the carrying amounts of the Company's assets or cash generating units are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is assessed in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company reviews the recoverable amount of the cash generating unit to which the asset belongs.

An asset's recoverable amount is the higher of the fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The Company's determination of impairment is based on: (i) whether the exploration programs on the mineral property interests have significantly changed, such that previously identified resource targets are no longer being pursued; (ii) whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; or (iii) whether remaining lease terms are sufficient to conduct necessary studies or exploration work. The Company's assessment of the carrying value of mineral properties and related exploration expenditures is based on management's assessment of potential indicators of impairment and best estimates of likely courses of action by the Company. The fair values were determined using a variety of valuation methods, the selection of which was based on which was considered most applicable to each property. These methods included unsolicited bids on the Company's properties, comparable transactions, value per unit of metal and value per unit of area. The assessment of the carrying values and the determination of these fair value less cost to sale are subject to significant measurement uncertainty and further material write-downs of these assets could occur if actual results differ from the estimates and assumptions used and/or if alternative valuation methods were applied.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the assessed recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in net income or loss.

(iv) 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

3. Basis of preparation (continued):

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.

4. Changes in accounting policies:

Effective October 1, 2014, the Company has adopted the following new and revised standards, along with any consequential amendments. These changes were made in accordance with the applicable transitional provisions.

(a) IAS 32 Financial Instruments:

IAS 32 was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

The Company assessed its consolidation conclusions on October 1, 2014 and determined that the adoption of amended IAS 32 did not result in any change in the consolidation status of any of its subsidiaries and investees.

(b) IAS 36 Impairments of Assets :

IAS 36 was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014. There was no significant impact from the adoption of IAS 36 on the Company's consolidated financial statements.

New standards not yet adopted:

(c) Financial instruments

IFRS 9 introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39, Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted. The Company is currently evaluating the impact of this new standard on the Company's financial assets and financial liabilities.

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

5. Cash and cash equivalents:

The Company's cash and cash equivalents consisted of the following components:

		December 31, 2014		September 30, 2014
Cash in bank	**$**	**1,184**	$	659
Short term deposits in bank		**768**		205
Cash and cash eqivalents		**1,952**		864

6. Marketable securities:

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

		December 31, 2014		September 30, 2014
Investments at fair value	**$**	**443**	$	1,174
Cost	**$**	**3,571**	$	9,494

7. Mineral properties and deferred exploration 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 following is a detailed list of the Company's mineral properties, as at December 31, 2014:

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

7. Mineral properties and deferred exploration expenditures:

	September 30, 2014	**December 31, 2014**			
	Net book value	**Net expenditures**	**Impairment**	**Foreign currency translation**	**Net book value**
AUSTRALIA - Western Australia					
Redport Properties					
Acquisition and exploration expenditures	$ 1,268	**$ 336**	**$ -**	**$ (38)**	**$ 1,566**
Kintyre Rocks					
Acquisition and exploration expenditures	1,730	**-**	**-**	**(52)**	**1,678**
Total Western Australian properties	2,998	**336**	**-**	**(90)**	**3,244**
AUSTRALIA - Northern Territory					
Hindmarsh properties					
Neutral junction property(Joint operations with Mithril Resources Ltd and Bowgan Minerals Ltd, each holding 33.33% of the property)					
Bowgan property (Joint operations with Bowgan Minerals Ltd. and Marengo Mining Ltd., each holding 33.33% of the property)					
Acquisition and exploration expenditures	58	**-**	**-**	**(2)**	**56**
Total South Australia & Northern Territory properties	58	**-**	**-**	**(2)**	**56**
AUSTRALIA - Queensland					
Ben Lomond Property					
Acquisition and exploration expenditures	5,457	**36**	**-**	**(173)**	**5,320**
Georgetown Properties					
Acquisition and exploration expenditures	2,446	**50**	**-**	**(78)**	**2,418**
Total Queensland properties	7,903	**86**	**-**	**(251)**	**7,738**
Total Australian properties	10,959	**422**	**-**	**(343)**	**11,038**

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

7. Mineral properties and deferred exploration expenditures(continued):

	September 30, 2014	December 31, 2014				
	Net book value	Net expenditures	Sale of properties	Impairment	Foreign currency translation	Net book value
CANADA						
Ontario Properties						
Deaty and Hamlin properties (Mega 24.5% Rainy Mountain Royalty Corp 24.5% and Glencore Xstrata 51%)						
Acquisition and exploration expenditures	190	-	(190)	-	-	-
Greenwich Properties(Optioned to Panoramic Resources Ltd.)						
Acquisition and exploration expenditures	1,469	-	-	-	-	1,469
Monster Labrador Properties						
Mustang lake and Brue River Properties (Joint operations with Anthem Resources Ltd. 73.6% Mega and 26.% Anthem Resources Ltd.)						
Acquisition and exploration expenditures	39	-	-	-	-	39
Other Properties						
Acquisition and exploration expenditures	18	-	-	-	-	18
Total Canadian properties	1,716	-	(190)	-	-	1,526
Total mineral properties and related expenditures	$ 12,675	$ 422	$ (190)	$ -	$ (343)	$ 12,564

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

7. Mineral properties and deferred exploration expenditures(continued):

The following is a detailed list of the Company's mineral properties as at September 30, 2014:

	September 30, 2013	**September 30, 2014**				
	Net book value	**Net expenditures**	**Sale of properties**	**Impairment**	**Foreign currency translation**	**Net book value**
AUSTRALIA - Western Australia						
Redport Properties						
Acquisition and exploration expenditures	$ 937	**$ 653**	**$ -**	**$ (349)**	**$ 27**	**$ 1,268**
Kintyre Rocks						
Acquisition and exploration expenditures	1,700	**-**	**-**	**-**	**30**	**1,730**
Total Western Australian properties	2,637	**653**	**-**	**(349)**	**57**	**2,998**
AUSTRALIA - South Australia and Northern Territory						
Hindmarsh Property						
Western South Australia						
Acquisition and exploration expenditures	175	**-**	**-**	**(164)**	**(11)**	**-**
Central South Australia						
Gawler Property (Joint operations with Investigator Resources 25% Mega and 75% Investigator resources)						
Acquisition and exploration expenditures	2,808	**1,122**	**(3,673)**	**(429)**	**172**	**-**
Corunna Property Harris Bluff (Joint operations with Venture Minerals Ltd. and Doray Minerals Ltd. 51% Mega and 49% jointly by Venture Minerals Ltd. and						
Acquisition and exploration expenditures	180	**2**	**-**	**(174)**	**(8)**	**-**
Eastern South Australia						
Acquisition and exploration expenditures	124	**32**	**-**	**(161)**	**5**	**-**
Northern Territory						
Neutral junction property(Joint operations with Mithril Resources Ltd and Bowgan Minerals Ltd, each holding 33.33% of the property)						
Bowgan property (Joint operations with Bowgan Minerals Ltd. and Marengo Mining Ltd., each holding 33.33% of the property)						
Acquisition and exploration expenditures	94	**-**	**-**	**(34)**	**(2)**	**58**
Total South Australia & Northern Territory properties	3,381	**1,156**	**(3,673)**	**(962)**	**156**	**58**

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

7. Mineral properties and deferred exploration expenditures(continued):

	September 30, 2013	**September 30, 2014**				
	Net book value	**Net expenditures**	**Sale of properties**	**Impairment**	**Foreign currency translation**	**Net book value**
AUSTRALIA - Queensland						
Ben Lomond Property						
Acquisition and exploration expenditures	$ 8,667	**$ 406**	**$ -**	**$ (3,787)**	**$ 171**	**$ 5,457**
		-				
Future Metals and Energy Properties						
Acquisition and exploration expenditures	28	**-**	**-**	**(28)**	**-**	**-**
Georgetown Properties						
Acquisition and exploration expenditures	3,460	**114**	**-**	**(1,195)**	**67**	**2,446**
Total Queensland properties	12,155	**520**	**-**	**(5,010)**	**238**	**7,903**
Total Australian properties	18,173	**2,329**	**(3,673)**	**(6,321)**	**451**	**10,959**

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

7. Mineral properties and deferred exploration expenditures(continued):

	September 30, 2013	September 30, 2014				
	Net book value	Net expenditures	Sale of properties	Impairment	Foreign currency translation	Net book value
CANADA						
Ontario Properties						
Deaty and Hamlin properties (Mega 24.5% Rainy Mountain Royalty Corp 24.5% and Glencore Xstrata 51%)						
Acquisition and exploration expenditures	1,530	-	-	(1,340)	-	190
Greenwich Properties(Optioned to Panoramic Resources Ltd.)						
Acquisition and exploration expenditures	1,469	-	-	-	-	1,469
Monster Labrador Properties						
Mustang lake and Brue River Properties (Joint operations with Anthem Resources Ltd. 73.6% Mega and 26.% Anthem Resources Ltd.)						
Acquisition and exploration expenditures	184	14	-	(159)	-	39
Other Properties						
Acquisition and exploration expenditures	52	-	-	(34)	-	18
Total Canadian properties	3,235	14	-	(1,533)	-	1,716
Total mineral properties and related expenditures	$ 21,408	$ 2,343	$ (3,673)	$ (7,854)	$ 451	$ 12,675

7. Mineral properties and deferred exploration expenditures(continued):

Included in the exploration expenditures is stock-based compensation of $1 (2013-$5).

The transactions involving the Company's properties during the three month period ended December 31, 2014 are:

In September 2014, Mega entered into a definitive agreement with Canoe Mining Ventures Corp. (Canoe) to sell its 24.5% interest in the Deaty and Hamlin properties located in Thunder bay, Ontario, for 1,000,000 shares of Canoe valued at $190. The sale was completed in October 2014.

The Company's assessment of the carrying values of mineral properties and related expenditures is based on management's assessment of potential indicators of impairment and best estimates of likely courses of action by the Company. The fair value less cost to sell ("FVLCTS") was determined using a variety of valuation methods, the selection of which was based on which were considered most applicable to each property. These methods included unsolicited bids on the Company's properties, comparable transactions, value per unit of metal and value per unit of area. The assessment of the carrying values and the determination of the FVLCTS are subject to significant measurement uncertainty and further material write-downs of these assets could occur if actual results differ from the estimates and assumptions used and/or if alternative valuation methods were applied.

8. Restricted cash:

As at December 31, 2014, the Company had pledged AUS $350 (CAD - $332) (September 30, 2014 – CAD $343) 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 uranium project. 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.

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

9. 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 investments in associates 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 year. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment.

As at December 31, 2014, Mega holds 21,876,265 common shares of NexGen Energy Ltd. (of which 9,844,320 shares are held in escrow), representing approximately 11.18% of the outstanding common shares of NexGen. The Company's investment in NexGen is accounted for using the equity method on the basis that significant influence over NexGen exists given the Company's equity interest in NexGen and its representation on NexGen's board of directors. The restricted shares will be released from escrow in equal tranches of 3,281,440 shares every six months from April 22, 2015 until April 22, 2016.

In November 2013, Mega acquired 415 million ordinary shares of Toro, representing approximately 21.8% of Toro's outstanding shares as at December 31, 2014. The shares were received as consideration for the sale of the Lake Maitland properties and certain associated rights and assets valued at of $34,337.

As the Company owns 21.8% of the outstanding common shares of Toro and also has representation on Toro's board of directors, the Company is considered to have significant influence over Toro, and accordingly, accounts for its investment in Toro using the equity method.

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

		NexGen		**Toro**
Investments as of September 30,2013	$	8,113	$	-
Investment accquired durig the year		-		34,337
Mega share of the loss for the year ended September ,30, 2014		(457)		(1,887)
Investments as of September 30,2014	$	7,656	$	32,450
Mega share of the loss for the three months period ended December 31, 2014		(745)		(44)
Investments as of December 31,2014	**$**	**6,911**	**$**	**32,406**

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

9. Equity investment (continued):

Loss on these equity investments was $789 (2013- $448) as per table above for the three month period ended December 31, 2014.

The carrying value of the equity investments in NexGen as at Decemberr 31, 2014 is $6,911 (2014-$7,656) and Toro is $32,406 (2014-$32,450) respectively.

The fair value of the equity investments in NexGen as at December 31, 2014 is $8,313 (2014-$9,188) and Toro is $31,470 (2014- $40,628) as at December 31, 2014 based on the applicable closing share price.

The following table summarizes certain unaudited financial information of NexGen as at and for the three-month periods ended December 31, 2014 and December 31, 2013:

		December 31, 2014	December 31, 2013
Total Assets	**$**	**57,004**	39,121
Total Liabilities	**$**	**1,946**	1,711
Revenue	**$**	**Nil**	Nil
Net loss	**$**	**(6,231)**	(943)

The following table summarizes certain unaudited financial information of Toro for the three-month periods ended December 31, 2014 and December 31, 2013:

		December 31, 2014	December 31, 2013
Total Assets	**$**	**168,161**	130,035
Total Liabilities	**$**	**20,475**	10,905
Revenue	**$**	**58**	79
Net loss	**$**	**(172)**	(1,333)

10. 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:

Type of service	**Nature of relationship**		**2014**		2013
Salaries	Directors	**$**	**24**	$	19
Consulting fees (a)	Officers		**334**		333
Stock based compensation	Directors and officers		**22**		21

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

10. Related party transactions (continued):

a) Consulting agreements are with the Company's Chief Executive Officer, Executive Vice President-Corporate Affairs, President, Executive Vice President-Australia and Chief Financial Officer. The costs relating to these agreements are included in operating, general and administrative expenses of $219 and $115 is capitalized to mineral properties.

Included in accounts payable and accrued liabilities are fees owing to officers and directors of $1,653 (2013-$291), as at December 31, 2014.

11. Accounts payable and accrued liabilities:

	December 31, 2014	September 30, 2014
Trade accounts payable	**408**	399
Due to related parties	**1,636**	1,121
Accrued liabilities	**137**	368
	2,181	1,888

As at December 31, 2014 $1,492 (September 30, 2014- $883) of accounts payable and accrued liabilities has been outstanding for more than 90 days, which represents 68% of the Company's accounts payable and accrued liabilities.

12. Share capital:

(a) Share capital:

Authorized: unlimited number of common shares.

Common shares issued and outstanding:

	# of Shares		Amount
Balance, September 30, 2013	267,180,313	$	270,337
Issued for acquiring investment in Bayswater Uranium Corp.	1,750,000		140
Issued for settlement of debts	2,662,500		532
Share issuance cost			(11)
Balance, September 30, 2014 and December 31, 2014	**271,592,813**		**270,998**

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

12. Share capital (continued):

(b) Stock option plans:

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

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

A summary of the status of the Company's stock options outstanding as at December 31, 2014 and September 30, 2014 and changes during the periods then ended is presented below:

	December 31, 2014			September 30, 2014		
	# of Options		**Weighted average exercise price**	# of Options		Weighted average exercise price
Outstanding, at beginning of period	15,965,840	$	0.32	13,680,840	$	0.46
Granted	-		-	3,985,000		0.10
Cancelled/Forfeited	-		-	(445,000)		(0.60)
Expired	-		-	(1255,000)		(1.03)
Outstanding, at end of period	15,965,840	$	0.32	15,965,840	$	0.32
Exercisable, at end of period	**13,973,324**	**$**	**0.35**	**13,309,158**	**$**	**0.37**

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

12. Share capital (continued):

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2014:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
2,710,000	**2,710,000**	**0.76**	January 1, 2015
2,170,840	**2,170,840**	**0.49**	August 31, 2015
325,000	**325,000**	**1.09**	January 1, 2016
2,810,000	**2,810,000**	**0.20**	January 1, 2017
3,965,000	**3,965,000**	**0.18**	August 31, 2017
3,985,000	**1,992,484**	**0.10**	December 31, 2018
15,965,840	**13,973,324**		

There were no stock options granted during the three months ended December 31, 2014.

These stock options are issued to employees, directors and consultants and are accounted for using the fair value method and expensed over the option's vesting periods in the consolidated statements of comprehensive loss and credited to share option reserve.

The fair value of stock options granted to employees and directors during the prior years were estimated at the date of the grant using the Black-Scholes option pricing model. The expected weighted average life of an option of the Company is 4.3 years with an expected dividend yield of 0% since the Company has never distributed cash dividends. Volatility is calculated using 4.3 years of share data prior to the date the option was granted. The Company uses the Bank of Canada bank rate as the risk-free interest rate. For the purposes of calculating stock-based compensation expense during the year, an expected forfeiture rate is also estimated based on the historical forfeiture rate for the Company's options.

For the three months ended December 31, 2014, included in the consolidated statement of comprehensive loss was stock-based compensation expense of $23 (2013– $22) relating to the fair value of stock options granted during prior years.

13. Warrants:

A summary of the status of the Company's warrants as at December 31, 2014 and changes during the periods then ended is presented below:

	# of Warrants	Weighted average exercise price	Warrant reserve
Balance, October 1, 2013	32,772,000	$ 1.13	$ 35,488
Warrants expired during the year	(3,360,000)	(1.10)	-
Balance, September 30, 2014	29,412,000	1.13	35,488
Warrant expired during period	(29,412,000)	(1.13)	-
Balance, December 31, 2014	**-**		**35,488**

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

14. Share Option Reserve:

Share option reserve transactions for the respective periods are as follows:

	Amount
Balance, October 1, 2013	$ 63,779
Stock based compensation	208
Balance, September 30, 2014	**$ 63,987**
Stock based compensation	**24**
Balance, December 31, 2014	**$ 64,011**

15. 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 three 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 offices in Perth.

The following is segmented information of operations as at and for the period ended December 31, 2014:

	Three Months ended December 31, 2014	As at December 31, 2014				
Country/Region	Net Loss	Capital assets	Mineral Properties and related expenditures	Cash and cash equivalents	Other assets	Total assets
Canada	$ (1,867)	$ -	$ 1,526	$ 830	$ 39,965	$ 42,321
Australia	(166)	228	11,038	1,122	448	12,836
Total	$ (2,033)	$ 228	$ 12,564	$ 1,952	$ 40,413	$ 55,157

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

15. Segmented information (continued):

The following is segmented information of operations for the three months period ended December 31, 2013 and as at September 30, 2014:

	Three Months ended December 31, 2013	As at September 30, 2014				
Country/Region	Net Loss	Capital assets	Mineral Properties and related expenditures	Cash and cash equivalents	Other assets	Total assets
Canada	$ (1,081)	$ 5	$ 1,716	$ 550	$ 41,569	$ 43,840
Australia	805	277	10,959	314	1,909	13,459
Africa	(88)	-	-	-	-	-
Total	$ (365)	$ 282	$ 12,675	$ 864	$ 43,478	$ 57,299

The Company has no inter-segment revenues.

16. General and administrative expenses:

The following table summarizes the general and administrative expenses incurred for the years ended as indicated below:

	Three months ended December 31,	
	2014	2013
Professional fees	**$ 64**	$ 144
Consulting and directors' fees	**280**	276
Shareholder relations and communications	**2**	4
Transfer agent and filing fees	**33**	28
Travel and promotion	**2**	27
Salaries and office administration	**316**	370
Stock based compensation	**23**	22
Amortization	**32**	77
	$ 752	$ 948

17. Commitments and Option Obligations:

The Company has the following commitments and obligations as at December 31 2014:

(i). On the Ben Lomond Properties located in Queensland, there is a yearly commitment and obligation of $398 (AUD- $420) towards the care and maintenance costs and environmental obligation of the project for the next five years. In addition the Company is in process of renewing the Ben Lomond property license and is expecting an increase in security deposit amount which is presently $332 (AUD $350).

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

17. Commitments and Option Obligations(continued):

(ii). On the Georgetown properties located in Queensland, there is a yearly commitment of $68 (AUD- $72), towards the care and maintenance costs of the properties for the next five years.

(iii). On the Redport gold properties located in Western Australia there is a yearly commitment of $181 (AUD- $191), towards the care and maintenance costs of the properties for the next five years.

18. Management of capital:

The Company includes the following in its capital as follows:

	December 31, 2014	September 30, 2014
Shareholders' equity comprises of		
Share capital	**$ 270,998**	$ 270,998
Warrant reserve	**35,488**	35,488
Share option reserve	**64,011**	63,987
Accumulated other comprehensive income (loss)	**(2,515)**	(2,089)
Deficit	**(315,006)**	(312,973)
	$ 52,976	$ 55,411

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.

- realizing proceeds from the disposition of its marketable securities;
- 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,

18. Management of capital (continued):

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 month period ended December 31, 2014 and the Company is not subject to any externally imposed capital requirements.

19. 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, in addition to interest income earned on its investment. The Company has cash and cash equivalents of approximately $1,952. The cash equivalents consist of highly liquid short-term deposits in bank (see note 5). The Company has working capital surplus as at December 31, 2014 of $ 535. 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. Also refer to note 2 on going concern assessment. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by 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.

(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, 2014 from a change in the closing bid

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

19. Financial Instruments (continued):

price of the Company's investments in marketable securities with all other variables held constant as at December 31, 2014:

Percentage of Change in Closing Bid Prices	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%	$ 7	$ (7)
4%	13	(13)
6%	20	(20)
8%	26	(26)
10%	33	(33)

(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 $1.

(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 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, 2014 from a change in all foreign currencies (Australian dollars, and U.S. dollars) with all other variables held constant as at December 31, 2014:

Percentage of Change in Foreign Currencies	Change in Net after-tax Income (Loss) From % Increase in Foreign Currencies	Change in Net After-tax Income (Loss) From % decrease in Foreign Currencies
2%	$20	$ (20)
4%	41	(41)
6%	61	(61)
8%	82	(82)
10%	102	(102)

(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 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.

19. Financial Instruments (continued):

(f) Fair value:

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

The consolidated statement of financial position carrying amounts for cash and cash equivalents, short-term investments and accounts payable and accrued liabilities and due to related parties approximate fair value due to their short-term nature. Long-term investments are fair valued using the bid price on the closing date for the underlying investment.

Fair Value Analysis

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

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

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

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

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

The Company's financial assets measured at fair value through profit or loss have used Level 1 valuation techniques during the three months period ended December 31, 2014 and 2013. The carrying values of the Company's financial assets and liabilities approximate their fair values as at December 31, 2014.

20. Subsequent event:

On January 1, 2015, 2,710,000 options having an exercise price of $0.76 expired unexercised.