



MEGA URANIUM LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2021

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

Introduction

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of Mega Uranium Ltd. ("Mega" or the "Company") should be read in conjunction with Mega's unaudited condensed interim consolidated financial statements ("interim consolidated statements") and notes thereto as at and for the three and six months ended March 31, 2021. The same accounting policies and methods of computation were followed in the preparation of the 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, 2020.

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

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

Caution Regarding Forward-Looking Information

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to future events or the Company's future performance and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, but is not limited to the Company's expectations regarding its portfolio investment strategy, including the time horizon for holding positions and milestones for dispositions, the Company's exploration and development activities, including expectations regarding drilling and other activities conducted to advance properties and associated expenditures, receipt of regulatory and governmental approvals, the Company's future operating costs and working capital requirements, including its ability to satisfy such requirements through dispositions of securities or other means and the anticipated timing of dispositions of securities, the exposure of its financial instruments to various risks and its ability to manage those risks, the Company's ability to use tax resource pools and loss carry-forwards, fees to be incurred by foreign subsidiaries and changes in accounting policies, measures implemented in response to the COVID-19 pandemic and its expected impact on our business (including our investments), operations (including our ability to raise capital), earnings and results.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to uranium exploration activities generally, including the availability and cost of geophysical, drilling and other equipment; uncertainties associated with the uranium industry, including supply and demand fundamentals, our ability to complete our capital programs; geological, technical, drilling and processing problems, including the availability of equipment and access to properties; our ability to secure adequate transportation for our products; potential losses which would stem from any disruptions in production, including work stoppages or other labour difficulties, or disruptions in the transportation network on which we are reliant; potential

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

delays or changes in plans with respect to exploration or development projects or capital expenditures; our ability and the ability of our partners to attract and retain the necessary labour required to explore and develop our projects; potential conflicting interests with our joint venture partners; our failure or the failure of the holder(s) of licenses or leases to meet specific requirements of such licenses or leases; the failure by counterparties to make payments or perform their operational or other obligations in compliance with the terms of contractual arrangements between us and such counterparties; adverse claims made in respect of our properties or assets; operating hazards and other difficulties inherent in the exploration for and production and sale of uranium; political and economic conditions in the countries in which our property interests are located; obtaining the necessary financing for operations, and unanticipated costs or increased costs incurred to run the operations, our ability to generate taxable income from operations, fluctuations in the value of our portfolio investments due to market conditions and/or company-specific factors, fluctuations in prices of commodities underlying our interests and portfolio investments, unexpected working capital requirements (whether as to timing or quantum) which could require untimely investment dispositions, the severity, duration and spread of the COVID-19 outbreak, as well as actions that may be taken by governmental authorities to contain COVID-19 or to treat its impact and the corresponding effects on global commodity and financial markets, and other risks included elsewhere in this MD&A under the heading "Risks" and in the Company's public disclosure documents filed with certain Canadian securities regulatory authorities and available under the Company's profile at www.sedar.com.

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

Nature of the Business

Mega was incorporated in 1990 under the laws of the Province of Ontario and its shares are publicly traded on the Toronto Stock Exchange (the "TSX") under the symbol "MGA". The Company is domiciled in the Province of Ontario, Canada and its registered office address is located at 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 public companies.

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

In addition to the Company's own exploration 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") (TSX:NXE), its equity investment in Toro Energy Limited ("Toro") (ASX:TOE), and marketable securities of other uranium-focused issuers, including Uranium Royalty Corporation (TSXV:URC) and International Consolidated Uranium Inc. (TSXV:CUR). The Company classifies its investments in each of the three categories in accordance with IFRS based on various factors, including Mega's percentage interest in and ability to otherwise influence the entity and the Company's trading intentions. The classifications are discussed in the notes to the Company's audited September 2020

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

consolidated financial statements. Additional information about our investment portfolio is provided elsewhere in this MD&A, including in the section entitled "Investment Portfolio".

Investment Strategies and Oversight

We generally acquire and hold investments with a medium to long term view, on the basis of perceived value and growth opportunities and the ability of management teams to effectively execute business plans. We manage our investment portfolio in-house, relying upon the broad industry knowledge and expertise of management to identify and evaluate investment opportunities and monitor the investee companies on an on-going basis. Investment performance is monitored via available market data (including continuous disclosure made by the investees that are public companies) and contact with investee management. Monitoring may also include involvement on the board of directors of an investee, where the size of the investment or other factors so warrant. For example, we currently have representation on the boards of NexGen and Toro, two of our principal investments (by fair value).

Our exit strategies include mergers or the achievement of other significant milestones for our investee companies, but may also involve otherwise timely dispositions of the securities in the secondary market, if and when warranted, and receipt of third-party bids for the securities which are beneficial to us, in the circumstances.

Notwithstanding the foregoing, we may pursue a particular investment or series of investments that may diverge from these strategies from time to time, where suitable opportunities present themselves.

Operational Highlights

- Commencing in March 2020 and continuing after the period ended March 31, 2021, the outbreak of the novel strain of coronavirus known as "COVID19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID19 pandemic is unknown at this time, as is 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 financial results and condition of the Company and its operating subsidiaries in future periods.
- During the six months ended March 31, 2021, the Company issued 10,324,545 common shares to subscribers for cash proceeds of \$1,548 upon the exercise of warrants issued by Mega in 2018.
- During the six months ended March 31, 2021, the Company issued 1,995,000 common shares for gross proceeds of \$173 upon the exercise of stock options by participants under Mega's stock option plan.

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

Overall Performance

As at March 31, 2021, the Company had a working capital surplus of \$18,297 as compared to a working capital surplus of \$4,616 as at September 30, 2020. The increase in working capital surplus is attributable to the increase in value of marketable securities, proceeds from the sale of marketable securities and the exercise of warrants and stock options offset by the spending on exploration activities, general and administrative expenses and payment of payables during the period ended March 31, 2021.

The value of Mega's investment portfolio grew significantly over the six-month period, driven primarily by an approximately 95% increase in our NexGen holdings to \$87,838 and an approximately 250% increase in our marketable securities, as positive sentiment in the uranium market generally drove equity prices higher throughout the sector.

Mineral Properties

Details of the exploration and evaluation expenditures on the Company's mineral properties for the six months ended March 31, 2021 and 2020 are provided below:

	Ben Lomond Property (Queensland Australia)	Redport Properties (Western Australia)	Total
Six months ended March 31, 2021			
Consulting - geology and environmental	\$15	\$11	\$26
Land licenses	160	14	174
Miscellaneous	2	nil	2
Stock-based compensation	nil	22	22
	\$177	\$47	\$224

	Ben Lomond Property (Queensland Australia)	Redport Properties (Western Australia)	Total
Six months ended March 31, 2020			
Consulting - geology and environmental	\$30	\$nil	\$30
Consulting fees	nil	11	11
Land licenses	15	13	28
Administration	1	nil	1
Stock-based compensation	nil	11	11
	\$46	\$35	\$81

- None of Mega's properties are in production. Pre-feasibility studies are ongoing on the Ben Lomond Project in Queensland.
- On May 14, 2020, the Company entered into an agreement with NxGold Ltd. (now known as International Consolidated Uranium Inc. ("ICU")) to grant to ICU 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 common shares and 900,000 common share purchase warrants exercisable for an equal number of common shares of ICU (such

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

warrants, together with the 900,000 common shares, the "Option Securities") and an option to sell to ICU Mega's Georgetown uranium property, also located in Queensland, Australia (the "Georgetown Option").

The Ben Lomond Option is conditional upon and may be exercised by ICU 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. ICU may exercise the option and acquire the Ben Lomond property for a price of \$2,500, payable in cash or common shares of ICU (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.

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 ICU for a price of \$500, payable in cash or common shares of ICU (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 ICU 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.

During the six-month period ended March 31, 2021, ICU funded \$151 in expenditures incurred by Mega on the Ben Lomond property, which the Company has recognized as a deposit on the purchase price of the property while the option remains outstanding.

There are no active exploration programs on the Company's Canadian properties.

The proposed plans for Mega's properties for its current fiscal year are provided below:

Project/Property Name	Brief Description	Plans for Project	Planned Expenditure for Fiscal 2021	Expenditures Incurred for the Six Months Ended March 31, 2021
Ben Lomond	2 mining leases totaling 21.6 km ² in Queensland, Australia.	Environmental and geological prefeasibility studies	\$265	\$177
Georgetown (including the Maureen uranium resource)	Uranium rights in the Georgetown area of Queensland, Australia.	Ground checking airborne radiometric anomalies; drill testing of various prospects if warranted	\$10	\$nil
Redport	Gold properties in Western Australia	Geological studies	\$147	\$25

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

Quarterly information

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

Three Months Ended	Total Revenue (\$)	Working capital surplus (\$)	Net Income or (Loss)	
			Total (\$)	Per Share (\$)
March 31, 2021	nil	18,297	11,552	0.03
December 31, 2020	nil	8,589	5,113	0.02
September 30, 2020	nil	4,616	1,496	0.00
June 30, 2020	nil	4,019	2,890	0.01
March 31, 2020	nil	2,535	(4,103)	(0.01)
December 31, 2019	nil	3,952	(4,026)	(0.01)
September 30, 2019	nil	5,044	(4,861)	(0.01)
June 30, 2019	nil	6,163	1,783	0.01

The Company is an exploration stage mineral resources company, with an investment portfolio comprised of uranium-focused companies. Issues of seasonality have not had an impact on our results or operations, however, commodity market fluctuations, and fluctuations in the price of uranium, in particular, have impacted the value of our investments, our exploration activities and our ability to grow through acquisition, and may continue to do so in the future. Over the past eight quarters, variations in the quarterly net income (loss) were caused by fluctuations in financial revenue and gains/losses on disposal of marketable securities and long-term investment, income/(loss) from equity investment, exploration and evaluation expenditures and general and administrative expense. Financial income (loss) varies from quarter-to-quarter due primarily to changes in the fair value of the Company's investments in marketable securities, which gives rise to unrealized gains/losses. Stock-based compensation expense varies from quarter-to-quarter depending on the number of stock options granted in a quarter, their vesting periods, and the inputs, including assumptions used in the Black-Scholes Option Pricing Model, which is used to calculate the fair value of the stock options.

Results of operations

For the three months ended March 31, 2021, compared with the three months ended March 31, 2020

For the three months ended March 31, 2021, the Company's net income was \$11,552 compared to net loss of \$4,103 for the three months ended March 31, 2020. The increase in net income of \$15,655 is primarily attributable to the following:

- An increase of \$10,009 in unrealized gain on marketable securities resulting from the higher aggregate fair value of the securities during the three months ended March 31, 2021 compared to the three months ended March 31, 2020.
- Deferred tax recovery for the three months ended March 31, 2021 was \$2,580 compared to a deferred tax expense of \$1,630 for the three months ended March 31, 2020. The increase of \$4,210 in deferred tax recovery resulted from the tax impact of an unrealized gain of \$19,476 on the NexGen shares for the three months ended March 31, 2021 compared to an unrealized loss of \$12,440 for the three months ended March 31, 2020.

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

A breakdown of general and administrative expenses for the three months ended March 31, 2021 and 2020 is provided below.

Three Months Ended March 31,	2021	2020	Variance
	(\$)	(\$)	(\$)
Professional fees	16	36	(20)
Consulting and directors' fees (a)	164	163	1
Transfer agent and filing fees	58	51	7
Travel and promotion	9	8	1
Salaries and office administration	161	158	3
Stock-based compensation (b)	101	31	70
Amortization	29	18	11
	538	465	(73)

(a) Professional fees decreased by \$20 during the three months ended March 31, 2021 compared to the three months ended March 31, 2020, due to the reduced level of professional services required during the current period.

(b) Stock-based compensation expense increased by \$70 for the three months ended March 31, 2021 over the 2020 period. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.

For the six months ended March 31, 2021, compared with the six months ended March 31, 2020

For the six months ended March 31, 2021, the Company's net income was \$16,665 compared to net loss of \$8,129 for the six months ended March 31, 2020. The increase in net income of \$24,794 is primarily attributable to the following:

- An increase of \$13,796 in unrealized gain on marketable securities resulting from the higher aggregate fair value of the securities during the six months ended March 31, 2021 compared to the six months ended March 31, 2020.
- During the six months ended March 31, 2021, the Company recorded a realized gain of \$1,030 from the sale of marketable securities compared to \$144 for the six months ended March 31, 2020.
- During the six months ended March 31, 2020, the Company recorded an impairment of equity investment of \$2,657. The impairment resulted from management's assessment that the carrying value of its investment in Toro exceeded its recoverable amount.
- Deferred tax recovery for the six months ended March 31, 2021 was \$5,677 compared to a deferred tax expense of \$1,784 for the six months ended March 31, 2020. The increase of \$7,461 in deferred tax recovery resulted from the tax impact of an unrealized gain of \$42,848 on the NexGen shares for the six months ended March 31, 2021 compared to an unrealized loss of \$13,603 for the six months ended March 31, 2020.

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

A breakdown of general and administrative expenses for the six months ended March 31, 2021 and 2020 is provided below.

Six Months Ended March 31,	2021 (\$)	2020 (\$)	Variance (\$)
Professional fees	25	31	(6)
Consulting and directors' fees (a)	534	326	208
Shareholder relations and communications	nil	1	(1)
Transfer agent and filing fees	84	73	11
Travel and promotion	10	25	(15)
Salaries and office administration	327	314	13
Stock-based compensation (b)	230	86	144
Amortization	58	36	22
Write off of property, plant and equipment	18	nil	18
	1,286	892	394

- (a) Consulting and directors' fees increased by \$208 during the six months ended March 31, 2021 compared to the six months ended March 31, 2020, the difference being primarily attributable to bonuses awarded to senior management in respect of the 2020 calendar year.
- (b) Stock-based compensation expense increased by \$144 for the six months ended March 31, 2021 over the 2020 period. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.

Liquidity and Capital Resources

The Company has no operating revenues. It finances its exploration and discretionary investment activities through proceeds from private placements of its securities, the exercise of its stock options and warrants by holders and dispositions of investments.

There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. Furthermore, as of March 31, 2021, the Company had no warrants outstanding and 32,865,000 options outstanding, which would raise \$4,421, if exercised in full by the holders, however such exercises are outside of Mega's control and dependent upon various factors, including the future trading prices of the underlying common shares, which cannot be predicted. Accordingly, Mega cannot rely on the availability of these sources of funds with any degree of certainty.

Absent the foregoing funding sources, the Company must utilize its existing cash reserves or proceeds from investment dispositions to maintain its capacity to meet ongoing operating activities. As at March 31, 2021, the Company had cash and cash equivalents of \$2,419 to settle its amounts payable and other liabilities of \$955. The Company's cash and cash equivalents as of March 31, 2021 are sufficient to pay these liabilities. Approximately \$847 of the amounts payable and other liabilities is due to related parties, the majority of which is owed to a payee who has agreed to defer payment.

During the period ended March 31, 2021, the Company used \$969 of cash on its operations. During the period ended March 31, 2021, receivables and prepaid expenses increased by \$69 and amounts payable and other liabilities increased by \$67.

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

For the six months ended March 31, 2021, the Company received proceeds of \$1,722 from the exercise of warrants and options previously issued by Mega and proceeds of \$1,467 from the sale of marketable securities from its investment portfolio offset by funds used to purchase \$363 of marketable securities. Net lease payments of \$64 were made during the period.

As at March 31, 2021, the Company's marketable securities and long-term investment in NexGen shares were valued at \$16,717 and \$87,838, respectively. The Company can choose to sell investments to generate funds required to settle its obligations as they arise. Management intends to hold the Company's marketable securities and long-term investments until it becomes advantageous to sell the investments or liquidity needs necessitate such sale.

The Company's use of cash is currently and is expected to continue to be focused on two principal areas - the funding of its general and administrative expenditures and its investment activities. Investing activities include the cash components of the cost of acquiring and exploring the Company's mineral properties. For the twelve-month period ending September 30, 2021, corporate head office costs are estimated to average \$300 per quarter for salaries, office administration, consulting fees, travel and promotion, professional fees and reporting issuer costs.

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

Contractual Obligations	Total	Up to 1 year	1 - 3 years	4 - 5 years	After 5 years
	(\$)	(\$)	(\$)	(\$)	(\$)
Amounts payable and other liabilities	955	955	nil	nil	nil
Lease liabilities	165	33	132	nil	nil
Obligations on mineral properties (a)	2,053	411	821	821	nil
	3,173	1,399	953	821	nil

- (a) Obligations on mineral properties pertain to minimum expenditures required to be incurred to maintain those claims/tenements in Canada and Australia.
- (b) The Company is subject to management contracts with certain executive officers that provide for payments under circumstances involving a change of control of Mega and/or termination of the officer's services. As at March 31, 2021, these contracts require that additional payments of approximately \$2,194 be made upon the occurrence of a change of control. The minimum commitment upon termination of these contracts is approximately \$1,009. As a triggering event has not taken place, the contingent payments have not been reflected in the interim consolidated statements.
- (c) As part of his compensation package, the Company's Chief Executive Officer is entitled to a special bonus that is dependent upon the cash proceeds of disposition of the original NexGen investment net of acquisition and disposition costs. The entitlement is payable at the discretion of the board of directors and is subject to a maximum bonus equal to 5% of the net cash proceeds. Up to 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).

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

Off-Balance Sheet Arrangements

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

Outstanding Share Data

The number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of Mega as at May 13, 2021 are as follows:

Securities	As at May 13, 2021
Common shares outstanding	346,390,639
Issuable under options	31,685,000
Total securities	378,075,639

Contractual Obligations

Refer to the commitment table under the section "Liquidity and Capital Resources" above for details regarding the Company's contractual obligations as at March 31, 2021.

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. Mega's Chief Executive Officer is the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

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 and six months ended March 31, 2021 and 2020 and as at March 31, 2021 and September 30, 2020:

Country/Region	Three Months Ended March 31, 2021 Net Income (Loss) (\$)	Three Months Ended March 31, 2020 Net (Loss) (\$)	Six Months Ended March 31, 2021 Net Income (Loss) (\$)	Six Months Ended March 31, 2020 Net (Loss) (\$)
Canada	11,644	(3,982)	16,907	(7,920)
Australia	(92)	(121)	(242)	(209)
	11,552	(4,103)	16,665	(8,129)

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

As at March 31, 2021

Country/Region	Property and Equipment \$	Cash and cash equivalents \$	Other assets \$	Total assets \$
Canada	14	2,338	105,701	108,053
Australia	-	81	408	489
	14	2,419	106,109	108,542

As at September 30, 2020

Country/Region	Property and Equipment \$	Cash and cash equivalents \$	Other assets \$	Total assets \$
Canada	15	541	51,634	52,190
Australia	18	69	293	380
	33	610	51,927	52,570

The Company has no inter-segment revenues.

Investment Portfolio

The Company's investment portfolio was comprised of the following positions as at the year ended September 30, 2020 and the six months ended March 31, 2021. The composition of the portfolio may change from reporting period to period, including changes to individual positions which may increase or be pared down, as a result of acquisitions and dispositions in accordance with Mega's investment and capital management objectives.

September 30, 2020

Issuer	Securities	Cost (\$)	Fair value (\$)
NexGen Energy Ltd.	19,476,265 common shares	9,828	44,990
Toro Energy Limited ⁽¹⁾	395,095,387 common shares	32,690	4,903
Uranium Royalty Corporation	2,688,426 common shares	1,976	3,065
International Consolidated Uranium Inc.	1,275,000 common shares	322	701
	1,275,000 warrants	174	578
Other investments ⁽²⁾	Common shares	3,760	379
Total		48,750	54,616

March 31, 2021

Issuer	Securities	Cost (\$)	Fair value (\$)
NexGen Energy Ltd.	19,476,265 common shares	9,828	87,838
Toro Energy Limited ⁽¹⁾	395,095,387 common shares	32,690	7,564
Uranium Royalty Corporation	2,554,526 common shares	1,545	9,477
International Consolidated Uranium Inc.	1,493,500 common shares	476	3,211
	1,379,250 warrants	392	2,817
Other investments ⁽²⁾	Common shares	3,730	1,212
Total		48,661	112,119

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

(1) Our Toro investment is equity-accounted for in our consolidated financial statements at \$1,436 as at September 30, 2020 and \$762 as at March 31, 2021, in accordance with IFRS. See "Equity Investment" below for a discussion of the accounting. The fair values of the position provided above are calculated in the same manner as the other securities in the portfolio, using the applicable closing bid price of the shares, and are included for comparative purposes.

(2) Represents securities of an aggregate of 12 issuers.

Equity investments

In November 2013, Mega acquired 415 million ordinary shares of Toro as consideration for the sale of its Lake Maitland properties and certain associated rights and assets. The shares were valued at \$34,337 upon acquisition and represented approximately 28.00% of Toro's outstanding shares. Mega's original ownership interest in Toro has decreased from time to time since then as a result of share dispositions by the Company and dilution following share issuances by Toro.

During the six months ended March 31, 2021, Mega's holdings in Toro (395,095,387 shares) were diluted from 14.53% to 14.02% as a result of the issuance of additional ordinary shares by Toro, resulting in a dilution loss of \$51.

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

Under the equity method, the Company's investments are initially recognized at cost, and the carrying amounts are increased or decreased to recognize the Company's share of the profit or loss after the date of acquisition. Loss on the equity investment was \$623 for the six months ended March 31, 2021.

The fair value of the equity investment in Toro is \$7,564 as at March 31, 2021 (September 30, 2020 - \$4,903) based on the applicable closing share price. Such fair value is categorized as level 1 within the fair value hierarchy.

As at March 31, 2021, the Company determined that there were no indicators of impairment on the equity investment in Toro. Accordingly, the Company has not recorded an impairment on the equity investment in Toro during the six months ended March 31, 2021 (year ended September 30, 2020 - impairment of \$2,657).

Long-term investment

Mega holds 19,476,265 shares of NexGen as at March 31, 2021 (September 30, 2020 - 19,476,265). The change in the investment in NexGen is detailed as follows:

	March 31, 2021 (\$)	September 30, 2020 (\$)
Opening balance	44,990	33,133
Purchase of additional NexGen shares	-	140
Unrealized loss for the year ended recorded in other comprehensive loss	42,848	11,717
Closing balance	87,838	44,990

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

The closing bid price of NexGen was \$4.51 on March 31, 2021 compared to \$2.31 on September 30, 2020.

The fair value of the Company's NexGen investment can be vulnerable to market fluctuations during periods of significant broader market volatility or volatility experienced by the uranium sector, in addition to company-specific factors, all of which factors are beyond the Company's control.

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 and six months ended March 31, 2021 and 2020:

Type of service	Nature of relationship	Three Months Ended March 31, 2021 (\$)	Three Months Ended March 31, 2020 (\$)
Short-term compensation benefits ^(a)	Directors	40	40
Short-term compensation benefits ^(b)	Officers	138	133
Stock-based compensation benefits ^(c)	Directors and Officers	98	28
Administrative services ^(d)	Officers	6	6

Type of service	Nature of relationship	Six Months Ended March 31, 2021 (\$)	Six Months Ended March 31, 2020 (\$)
Short-term compensation benefits ^(a)	Directors	79	79
Short-term compensation benefits ^(b)	Officers	447	266
Stock-based compensation benefits ^(c)	Directors and Officers	224	79
Administrative services ^(d)	Officers	12	12

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

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

For the three and six months ended March 31, 2021, \$138 and \$447, respectively of the costs relating to these agreements (three and six months ended March 31, 2020 - \$80 and \$159, respectively) are included in general and administrative expenses and \$nil (three and six months ended March 31, 2020 - \$53 and \$107, respectively) are included in exploration and evaluation.

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

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

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

During three and six months ended March 31, 2021, the Company provided office space and other occupancy services to Toro and earned \$19 and \$63, respectively (three and six months ended March 31, 2020 - \$65 and \$112, respectively) of income from Toro.

Included in amounts payable and other liabilities are fees owing to officers and directors of \$847 as at March 31, 2021 (September 30, 2020 - \$729).

During the six months ended March 31, 2021, officers and directors of Mega exercised 1,720,000 stock options.

Critical accounting judgements, 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 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, revenue 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.

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 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.

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

(ii) Impairment of equity investment:

At the end of each financial reporting period, the Company's management assesses whether there are indications of impairment or impairment reversal of the Company's equity investment in Toro. The recoverable amount of the Company's equity investment in Toro is estimated based on the applicable closing share price. Conversely, if an indicator of impairment reversal is identified, the recoverable amount of the Company's equity investment in Toro is calculated in order to determine if any impairment reversal is required. A recovery is recognized to the extent the recoverable amount of the Company's equity investment in Toro exceeds its carrying amount. The amount of the reversal is limited to the difference between the current carrying amount and the amount which would have been the carrying amount had the earlier impairment not been recognized.

(iii) Deferred tax assets and liabilities:

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

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

Risks

Mega's financial condition, results of operation and business are subject to certain risks, which may negatively affect them. A detailed discussion of these risks can be found on pages 18 to 22 under "Risks" in our MD&A for the financial year ended September 30, 2020 (available on SEDAR at www.sedar.com) and elsewhere in this MD&A, including under "Financial Instruments", where we discuss the concentration of our investments in NexGen and Toro, which represent the majority our assets (on a fair value basis), and the impact that material changes in their fair values could have on our financial condition and ability to carry on business, and under "COVID-19 Risks" where we discuss certain risks to our business associated with the pandemic.

COVID-19 Risks

The worldwide emergency measures taken to combat the COVID-19 pandemic may continue, could be expanded, and could also be reintroduced in the future following relaxation. As governments implement monetary and fiscal policy changes aimed to help stabilize economies and capital markets, we cannot predict legal and regulatory responses to concerns about the COVID-19 pandemic and related public health issues and how these responses may impact our business. The COVID-19 pandemic, actions taken globally in response to it, and the ensuing economic downturn has caused significant disruption to business activities and economies. The depth, breadth and duration of these disruptions remain highly uncertain at this time. Furthermore, governments are developing frameworks for the staged resumption of business

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

activities. As a result, it is difficult to predict how significant the impact of the COVID-19 pandemic, including any responses to it, will be on the global economy and our business. We have outlined these risks in more detail below.

Strategic & Operational Risks

The ongoing COVID-19 pandemic could adversely impact our financial condition in future periods as a result of reduced business opportunities via acquisitions and dispositions of exploration properties and investments. The uncertainty around the expected duration of the pandemic and the measures put in place by governments to respond to it could further depress business activity and financial markets. Our strategic initiatives to advance our business may be delayed or cancelled as a result.

To date, our operations have remained stable under the pandemic but there can be no assurance that our ability to continue to operate our business will not be adversely impacted, in particular to the extent that aspects of our operations which rely on services provided by third parties fail to operate as expected. The successful execution of business continuity strategies by third parties is outside our control. If one or more of the third parties to whom we outsource critical business activities fails to perform as a result of the impacts from the spread of COVID-19, it could have a material adverse effect on our business and operations.

Liquidity risk and capital management

Extreme market volatility and stressed conditions resulting from COVID-19 and the measures implemented to control its spread could limit our access to capital markets and our ability to generate funds to meet our capital requirements. Sustained global economic uncertainty could result in more costly or limited access to funding sources. In addition, while we currently have a sources of liquidity such as cash balances and investments, there can be no assurance that these sources will provide us with sufficient liquidity on commercially reasonable terms in the future. Extreme market volatility may leave us unable to react in a manner consistent with our historical investment practices.

Market Risk

The pandemic and resulting economic downturn have created significant volatility and declines in financial and commodity markets. Central banks have announced emergency interest rate cuts, while governments are implementing unprecedented fiscal stimulus packages to support economic stability. The pandemic could result in a global recessionary environment with continued market volatility, which may continue to impact our financial condition. Our investment portfolio has been, and may continue to be, adversely affected as a result of market developments from the COVID-19 pandemic and related uncertainty.

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 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

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

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 \$2,419. The cash equivalents consist of highly liquid short-term deposits with the bank. The Company has working capital surplus as at March 31, 2021 of \$18,297. 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 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 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 March 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 March 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%	246	(246)
4%	491	(491)
6%	737	(737)
8%	983	(983)
10%	1,229	(1,229)

(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 net loss and comprehensive loss by approximately \$11.

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

(d) Currency risk:

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

The following table shows the estimated sensitivity of the Company's net after-tax income (loss) for the period ended March 31, 2021 from a change in all foreign currencies (Australian dollars, and U.S. dollars) with all other variables held constant as at March 31, 2021:

Percentage of change in closing exchange rate	Change in net after-tax income (loss) from % increase in closing exchange rate	Change in net after-tax income (loss) from % decrease in closing exchange rate
	\$	\$
2%	4	(4)
4%	9	(9)
6%	13	(13)
8%	17	(17)
10%	21	(21)

(e) Credit risk:

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

(f) Concentration risks:

The Company is exposed to concentration risks as its investment portfolio is concentrated primarily in NexGen and Toro, two uranium companies which, together, have a total asset value of \$88,600 as at March 31, 2021 and \$46,426 as September 30, 2020 and poses the risk that its fair value can decrease significantly, which could impact the Company's available cash resources, and 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 March 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 March 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%	1,291	(1,291)
4%	2,582	(2,582)
6%	3,874	(3,874)
8%	5,165	(5,165)
10%	6,456	(6,456)

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

(g) Fair value:

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

The carrying values of cash and cash equivalents, restricted cash, receivables and amounts payable and other liabilities, approximate their fair values due to the short-term nature of these instruments. 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.

Management of Capital

The Company includes the following items in its managed capital as at March 31, 2021 and September 30, 2020:

	March 31, 2021 (\$)	September 30, 2020 (\$)
Shareholders' equity comprises of:		
Share capital	279,327	277,183
Warrants	-	485
Share option reserve	66,475	66,346
Accumulated other comprehensive income	67,906	30,734
Deficit	(306,417)	(323,266)
	107,291	51,482

The Company's objectives when managing capital are:

- To maintain the necessary financing to complete exploration and development of its properties;
- To realize proceeds from sales of one or more of its properties;
- 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
- 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.

MEGA URANIUM LTD.

Management's Discussion and Analysis

Three and Six Months Ended March 31, 2021

Discussion Dated: May 13, 2021

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

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

Subsequent Event

Following the end of the reporting period, the Company issued an aggregate of 1,180,000 common shares, at a price of \$0.14 per share, upon the exercise of the equivalent number of stock options by participants under Mega's stock option plan.

Additional Information

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