



MEGA URANIUM LTD.

**NOTICE OF ANNUAL MEETING
AND
MANAGEMENT INFORMATION CIRCULAR**

January 31, 2017

MEGA URANIUM LTD.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting (the “Meeting”) of shareholders of Mega Uranium Ltd. (the “Corporation”) will be held at the offices of Irwin Lowy LLP, 365 Bay Street, Suite 400, Toronto, ON M5H 2V1, on Thursday, March 30, 2017, at 11:00 a.m. (Toronto time), for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended September 30, 2016 and the report of the auditor thereon;
2. to elect directors;
3. to appoint MNP LLP, Chartered Accountants, as auditor of the Corporation, and to authorize the directors to fix their remuneration; and
4. to transact such further or other business as may properly come before the Meeting or any adjournment(s) thereof.

Registered shareholders entitled to vote who do not expect to be present at the Meeting are encouraged to date, sign and return the form of proxy that has been provided to them by the Corporation. The directors have fixed the hour of 11:00 a.m. (Toronto time) on March 28, 2017 or, if the Meeting is adjourned or postponed, on the day that is two business days preceding the adjournment or postponement, as the time before which the instrument of proxy to be used at the Meeting must be deposited with the Corporation, c/o Equity Financial Trust Company, Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1.

If you are a non-registered shareholder of the Corporation, either a proxy form or a voting instruction form has been sent to you. You must complete and return the form in accordance with the instructions provided on it in order to vote in respect of the matters indicated above either in person or by proxy at the Meeting. The section of the Circular entitled “*Non-Registered Holders*”, which is included with this notice of meeting, provides additional information for non-registered shareholders.

DATED the 8th day of February, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

“Richard Patricio”

Richard Patricio
President & Chief Executive Officer

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF MEGA URANIUM LTD. OF PROXIES TO BE USED AT THE ANNUAL MEETING (THE “MEETING”) OF SHAREHOLDERS OF THE CORPORATION TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ENCLOSED NOTICE OF MEETING. While it is expected that the solicitation will be primarily by mail, proxies may also be solicited personally by our regular employees at nominal cost. The cost of solicitation by management will be borne directly by us. None of our directors have advised management in writing that they intend to oppose any action intended to be taken by management at the Meeting.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and/or directors of the company. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT THE SHAREHOLDER AT THE MEETING MAY DO SO** either by inserting such person’s name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of our transfer agent, Equity Financial Trust Company, Suite 300, 200 University Avenue, Toronto, Ontario M5H 4H1, not later than 11:00 a.m. (Toronto time) on March 28, 2017 or, if the Meeting is adjourned, on the day that is two business days preceding the adjournment.

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. by delivering another properly executed form of proxy bearing a later date and depositing it as described above;
2. by depositing an instrument in writing revoking the proxy executed by the shareholder:
 - (a) with Equity Financial Trust Company at any time up to and prior to the close of business on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or
 - (b) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, prior to the commencement of the Meeting or any adjournment thereof, as applicable; or
3. in any other manner permitted by law.

VOTING OF PROXIES

Shares represented by properly executed proxies **WILL BE VOTED OR WITHHELD FROM VOTING IN ACCORDANCE WITH THE INSTRUCTIONS OF THE SHAREHOLDER ON ANY BALLOT THAT MAY BE CALLED FOR AND IF THE SHAREHOLDER SPECIFIES A CHOICE WITH RESPECT TO ANY MATTERS TO BE ACTED UPON, THE SHARES WILL BE VOTED ACCORDINGLY.** Where there is no choice specified, shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy **WILL BE VOTED FOR EACH OF THE MATTERS TO BE VOTED ON BY SHAREHOLDERS AS DESCRIBED IN THIS MANAGEMENT INFORMATION CIRCULAR.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of Meeting, or other matters which may properly come before the Meeting. At the time of printing this circular, management knows of no such amendments, variations or other matters to come

before the Meeting. However, if any other matters which at present are not known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

If you are a non-registered holder of our common shares (i.e., you hold common shares that are not registered in your name), you should refer to the section below entitled “Non-Registered Holders” for information specific to you on how to vote your common shares at the Meeting.

NOTICE AND ACCESS

This circular and associated materials for the Meeting (collectively, the “**Meeting Materials**”) are being sent to both registered and non-registered holders of our common shares using “notice-and-access”, the delivery procedures that allow us to send shareholders paper copies of an information notice and form of proxy or voting information form, as applicable, while providing shareholders access to electronic copies of the Meeting Materials or to paper copies of the materials if they so request them within the applicable time periods.

Meeting materials are available electronically on SEDAR (sedar.com) under our issuer profile and at <http://noticeinsite.tsxtrust.com/MegaUraniumAM2017>. Shareholders who want to receive a paper copy of the Meeting Materials or who have questions about notice-and-access may call toll free 1-866-600-5869 or email TMXEInvestorServices@tmx.com. In order to receive a paper copy in time to vote before the Meeting, requests should be received by March 21, 2017.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of common shares, of which 285,524,328 common shares were issued and outstanding as at January 31, 2017.

February 6, 2017 is the record date for determining the registered holders of our common shares who are entitled to vote at the Meeting. Each shareholder is entitled to one vote for each common share registered in the shareholder’s name on the record date.

To the knowledge of our directors and officers, as of January 31, 2017, no person beneficially owns, directly or indirectly or exercises control or direction over more than 10% of the outstanding common shares.

NON-REGISTERED HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most of our shareholders are “non-registered” shareholders because the common shares that they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. A person is not a registered shareholder in respect of our common shares which are held either: (a) in the name of an intermediary that the non-registered shareholder deals with in respect of the common shares (an intermediary includes, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited), of which the intermediary is a participant.

A non-registered shareholder will receive Meeting Materials from either the intermediary who holds their common shares or directly from us (or our agent). If you are a non-registered shareholder and we or our agent have sent the Meeting Materials directly to you, your name and address and information about your holdings of our common shares have been obtained in accordance with applicable securities regulatory

requirements from the intermediary holding the common shares on your behalf. By choosing to send these materials to you directly, we (and not the intermediary holding on your behalf) have assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Included in your Meeting Materials is a voting instruction form. You must complete the form and return it containing your voting instructions as specified in the form in order for your common shares to be voted at the Meeting.

If you are a non-registered shareholder and object to us receiving access to your personal name and address, we have provided these documents to your broker, custodian, fiduciary or other intermediary to forward to you. Please follow the voting instructions that you receive from your intermediary. Your intermediary is responsible for properly executing your voting instructions.

The purpose of these procedures is to permit non-registered shareholders to direct the voting of the common shares which they beneficially own. If you receive a voting instruction form with your Meeting Materials and you want to vote at the Meeting in person, you must insert your name in the blank space provided or the name of someone else who will attend the Meeting on your behalf, instead of filling in the voting instructions in the form, and return the form in accordance with the instructions contained in it. When you arrive at the Meeting, you or the person that you have designated on your voting instruction form to attend on your behalf will then have to register with the scrutineers.

PARTICULARS OF MATTERS TO BE ACTED UPON

Financial Statements

Our consolidated financial statements for the fiscal year ended September 30, 2016, together with the auditor's report thereon, will be placed before the shareholders at the Meeting.

Election of Directors

Majority Voting Policy

The board of directors has adopted a majority voting policy which requires that any nominee for election as a director in an uncontested election, who receives a greater number of votes "withheld" from his or her election than votes "for" such election, promptly tender his or her resignation to the board, to be effective upon the board's acceptance. The board will promptly, and in any event within 90 days of the final voting results, accept the tendered resignation unless it determines that there are extraordinary circumstances relating to the composition of the board or the voting results that should delay the acceptance of the resignation or justify rejecting it. Subject to any corporate law restrictions, the board may leave a resulting vacancy unfilled until the next annual meeting of shareholders, fill the resulting vacancy through the appointment of a new director, or call a special meeting of shareholders to consider another nominee for election to fill the vacancy.

Nominees for Election

At the Meeting, management proposes to nominate the persons listed below for election as directors (the "**Nominees**"). Each director will hold office until the election of his successor at our next annual meeting, or any adjournment thereof, or until his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Ontario).

The following table provides the names of the Nominees and information concerning them. **The persons named in the enclosed form of proxy intend to vote FOR the election of each of the Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director,**

however, if a Nominee is so unavailable, the persons named in the enclosed form of proxy will vote FOR another nominee in management's discretion, unless the shareholder has specified in the shareholder's proxy that the shareholder's shares are to be withheld from voting in the election of the Nominee.

<u>Name and Province/State and Country of Residence</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Number of Common Shares Held, Controlled or Directed⁽¹⁾</u>
Albert Contardi ^{(2),(3)} Ontario, Canada	Consultant	2016	450,000
Larry Goldberg ⁽²⁾ Ontario, Canada	Chief Operating Officer, Qualified Financial Services Inc., a managing general agency	2016	207,800
Arni Johansson British Columbia, Canada	Founding Partner and President, Canadian Nexus Ventures Ltd., a venture capital firm focused on Canadian public and private equity	2005	330,000
Douglas Reeson ^{(2),(3)} Ontario, Canada	Professional Director and Chairman and Chief Executive Officer of Gossan Resources Limited, a mineral exploration company	2002	801,000
Stewart Taylor ⁽³⁾ Brisbane, Australia	Principal, Stewart Taylor & Associates, a geological consulting company	2006	1,065,000

⁽¹⁾ The information provided indicates the number of common shares beneficially owned, or controlled or directed, directly or indirectly, by each Nominee as at January 31, 2017 and has been furnished by each Nominee.

⁽²⁾ Member of the Audit Committee.

⁽³⁾ Member of the Compensation Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No proposed director of the company is, or within the 10 years prior to the date of this circular, either:

- (i) has been a director, chief executive officer or chief financial officer of any company that while that person was acting in that capacity (or in the case of (c) below, within a year of the person ceasing to act in that capacity):
 - (a) was the subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days (any of such orders, an "Order");
 - (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has individually, within the 10 years prior to the date of this circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or

instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets,

with the exception of the following:

- (I) Douglas Reeson was a director of Colossus Minerals Inc. from January 2007 to December 29, 2013. On January 14, 2014, Colossus announced a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (Canada) to enable Colossus to pursue a sale and restructuring with the benefit of creditor protection. Colossus' common shares were suspended from trading by the TSX. On January 21, 2014, the TSX decided to delist Colossus' common shares and all other listed securities on February 21, 2014. On March 14, 2014, the Ontario Superior Court approved Colossus' Second Amended Proposal and Plan of Reorganization which provided for a share consolidation of the existing shareholders on a 200:1 ratio whereby the existing shareholders would retain a 1.7% equity interest in the recapitalized company. On April 29, 2014, the Ontario Securities Commission issued a temporary cease trade order and on May 12, 2014, a cease trade order against the company for failing to meet continuous disclosure requirements.

Appointment of Auditor

Unless such authority is withheld, the persons named in the enclosed form of proxy intend to vote **FOR** the appointment of MNP LLP ("**MNP**"), as our auditor, to hold office until our next annual meeting of shareholders, and to authorize the directors to fix MNP's remuneration.

MNP was first appointed as auditor effective October 8, 2016, following the resignation of Ernst & Young LLP ("**E&Y**"). E&Y was first appointed as our auditor in 2007. Effective October 8, 2016, E&Y resigned as auditor at the request of our board of directors and MNP was appointed to fill the vacancy until the next annual meeting of our shareholders. This decision was also considered and recommended by our audit committee. There were no reservations in the report of E&Y on our consolidated financial statements for the two most recently completed fiscal years ended September 30, 2015 or the period thereafter up to the date of resignation for which a report was delivered, and no "reportable event" (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian securities regulatory authorities) had occurred involving Mega and E&Y.

Copies of our change of auditor notice and associated letters from MNP and E&Y, which were prepared, delivered and filed on SEDAR in accordance with National Instrument 51-102 are included in this circular as Schedule "A".

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Discussion and Analysis

Our executive compensation structure is designed to encourage and motivate executives to achieve high levels of performance, both individually and for the company, particularly over the medium-to-long term. An executive's overall compensation package in any given year will reflect the functions being performed, and his or her overall contribution to the organization, capacity to improve our financial performance, enthusiasm and loyalty, and ability to create or help to create value for the benefit of our shareholders.

An executive's compensation may be comprised of three principal components: base salary, annual or periodic cash bonuses and stock options. Base salary and cash bonus components motivate executives in

the short-to-medium term, while stock option grants align their interests with those of our shareholders and assist in keeping us competitive in the market for high quality executives.

Each component of an executive's compensation is typically determined with an overall view to the individual's total compensation package.

The process for determining executive compensation overall is relatively informal, in view of our size and operations. Executive officers are involved in the process and make recommendations to the Compensation Committee, which considers and, depending upon the circumstances, either approves senior management compensation or recommends the compensation to the Board of Directors for approval.

Except for the annual bonus entitlement for our President and Chief Executive Officer (discussed below under "Bonus"), there are no specific performance goals used in determining the compensation of executive officers. Historically, as an exploration company without a reoccurring revenue or profit base, executive compensation has not been tied to quantitative measures of our performance. From time to time, compensation has been and going forward may be tied to certain qualitative measures of our performance. For example, an executive's contribution toward the achievement of certain strategic objectives (e.g., meeting exploration targets or completing acquisitions) may be considered for the purposes of determining an entitlement to (and quantum of) a cash bonus and/or option grant. The same may also be a factor in determining salary increases. Furthermore, as the composition of our assets has evolved in recent years, with a greater weighting in equity investments, quantitative measures may assume greater relevance for compensation purposes.

In assessing the adequacy and competitiveness of executive compensation packages, including for the purposes of considering increases in base salaries and bonus awards, reference may be made to the practices of a comparative group of uranium-focused public companies chosen based upon factors such as size (market capitalization), stage of operations (pre-production to production), and location of operations (North America and Australia, among others), with a view to providing a spectrum of compensation data. The most recent comparative group utilized by us for this purpose consisted of the following companies:

Bannerman Resources Limited	Fission Uranium Corp.
Forsys Metals Corp.	Laramide Resources Ltd.
NexGen Energy Ltd.	Toro Energy Limited
UEX Corporation	Ur-Energy Inc.
Uranium Energy Corp.	U308 Corp.

Additionally, in recognition of the evolving nature of the Company's asset mix, the Compensation Committee most recently also referenced the compensation practices of a group of investment companies which included:

49 North Resources Inc.	Aberdeen International Inc.
Difference Capital Financial Inc.	Goodman Gold Trust
Sulliden Mining Capital Inc.	ThreeD Capital Inc.

During our 2016 financial year, the Compensation Committee conducted a thorough review of our Chief Executive Officer's compensation package, which culminated in recommended changes that were approved by our board of directors and went into effect during the 2016 fiscal year. The review followed successful organizational cost cutting measures undertaken over the prior two fiscal years and continuing in 2016, including operational rationalizations and compensation reductions for our executive officers. In recognition of, among other things, the successful efforts of our Chief Executive Officer in steering the organization through difficult times, changes were made to his base salary, bonus and stock option entitlements. These changes are each discussed below in the applicable component section.

Also during our 2016 financial year, Carmelo Marrelli was appointed as our Chief Financial Officer as part of the rationalization of our finance/accounting operations, which included the departures of head office accounting staff, and has resulted in significant annual cost savings.

Details concerning the compensation paid to our "Named Executive Officers" are disclosed elsewhere in this section of the circular. The Named Executive Officers are the Chief Executive Officer and Chief Financial Officer and each of our three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation for the 2016 financial year was greater than \$150,000, as calculated in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102"). The Named Executive Officers for our 2016 financial year are: Richard Patricio, President and Chief Executive Officer; Gerry Feldman, Chief Financial Officer until December 31, 2015; Carmelo Marrelli, Chief Financial Officer commencing December 31, 2015; and Richard Homsany, Executive Vice President, Australia.

Salary

Amounts paid to an executive officer as base salary, including merit salary increases, are determined by reference to the individual's performance and salaries prevailing in the marketplace for comparable positions.

The base salary of each executive officer is reviewed as required. Salary adjustments take into consideration the general level of salaries in the marketplace for comparable positions, the performance of the executive and our performance.

During the 2016 financial year, our Chief Executive Officer's annual base compensation was increased to \$275,000. The increase followed a reduction in his compensation from \$250,000 -- his base compensation when he was still our Executive Vice President, Corporate Affairs -- to \$175,000 in March 2015, as part of our cost cutting initiatives. The 2016 increase in base compensation was determined with reference to the CEO base compensation levels in the comparative group referenced above and set below the average base amount, with a view to moving toward an amount that is more reflective of Mr. Patricio's role and responsibilities while still keeping internal costs relatively low.

Additionally, the appointment of our new Chief Financial Officer at the end of December 2015 reduced the annual base compensation for that position from \$145,000 to \$42,000.

No other changes to NEO salaries were made in respect of the 2016 fiscal year.

Bonus

Cash bonus awards are designed to reward an executive for the direct contribution which he or she can make to the company. Pursuant to the terms of his agreement with us, Mr. Patricio is entitled to an annual performance-based bonus (discussed below), the terms of which are established by either the Compensation Committee or the Board of Directors, and the other Named Executive Officers are entitled to receive discretionary cash bonuses from time to time, as determined by the Chief Executive Officer, and approved by the Compensation Committee. Except in respect of Mr. Patricio, and as discussed earlier in this section, there are no specific performance goals used in determining an officer's bonus entitlement.

Bonuses are generally awarded in respect of a calendar year, rather than our financial year ended September 30th. For the 2016 calendar year, our Chief Executive Officer was eligible to earn a bonus of up to 100% of his base compensation upon achieving the following corporate and individual performance objectives: (i) 25% for an increase of more than 100% in the company's share price; (ii) 25% for completion of an acquisition valued at more than \$10 million; (iii) 25% for completion of a financing for gross proceeds in excess of \$5 million; (iv) 25% for the identification and execution of new investment opportunities/deals; and (v) 25% at the discretion of the board.

Based on the above-criteria, upon the recommendation of the Compensation Committee, the board awarded a bonus of \$137,500 to Mr. Patricio, representing 50% of his base compensation, 25% of which was awarded for doubling our share price at year-end and 25% of which was awarded in the board's discretion in recognition of the efforts made by him in pursuing the company's strategic goals. Although the share price goal was not strictly attained because the year-end share price was *exactly* double what it had been a year earlier (\$0.14 versus \$0.07) rather than *in excess* of double over the prior year-end price, the board determined that that achievement was otherwise attained and waived the strict application of the milestone to award the 25% bonus attributable to that component.

In addition to the Chief Executive Officer's annual bonus entitlement for 2016, upon the recommendation of the Compensation Committee, the board approved a special bonus entitlement for him that is tied to the performance of our portfolio investment in NexGen Energy Ltd. As part of the Compensation Committee's review of Mr. Patricio's compensation structure during the year, the Committee recognized the strategic changes that we have undergone over the last several years, which he spearheaded, involving the acquisition and sale of the property which now hosts the significant NexGen uranium discovery and the series of transactions that culminated in the NexGen investment which have had a transformational impact on our balance sheet and financial condition. The Committee determined that it would be appropriate to reward Mr. Patricio for his efforts to-date and continue to properly incentivize him with respect to managing the investment until and upon the occurrence of a liquidity event, the structure of which aligns both the company's (and shareholders') and his interests, and concluded that the disposition of the NexGen position would be an appropriate milestone.

The special bonus may be payable to Mr. Patricio at the board's discretion upon the full disposition of the NexGen position, based upon the cash proceeds of disposition of the position, net of original acquisition costs, and subject to a maximum bonus payable of 5% of the net proceeds. The board also has the discretion to determine that payment of up to 50% of the bonus will be satisfied by the issuance of common shares of the company, subject to applicable regulatory approval. The bonus entitlement is not tied to a particular year but remains in effect until disposition of the investment.

Option-based awards

Stock option grants are an important component of the compensation packages of the Named Executive Officers. Options are granted pursuant to our stock option plan. Our stock option plan is administered by the board of directors, which has the authority to amend the plan and the terms of outstanding options, subject to applicable regulatory and shareholder approvals and provided that no amendment may materially impair the rights of existing option holders in respect of options outstanding prior to the amendment. In accordance with option granting procedures adopted by the board of directors, options may be awarded on four pre-established, regular grant dates during the year (provided no trading black-outs are in effect on such dates).

Generally, the Chief Executive Officer proposes option grants for executive officers and the Compensation Committee reviews the proposed grants prior to their submission to the board of directors for its consideration and approval. When considering an award of options to an executive officer, consideration of the number of options previously granted to the executive may be taken into account.

As part of the changes made to our Chief Executive Officer's compensation package during the 2016 financial year, the board of directors approved a reference target of 3% for the purposes of stock option grants to him (i.e., the total number of options held by him should be exercisable for 3% of the total number of our common shares outstanding from time to time).

Additional information concerning our option granting process and practices and grants made to the Named Executive Officers is provided elsewhere in this circular under the heading "Incentive Plan Awards" and in the Summary Compensation Table.

Compensation Risk

As discussed above, our compensation practices are relatively informal and involve a mix of salary, stock options and discretionary cash bonuses determined in view of an individual's and the company's overall performance, without specific performance goals. The mix of components represents a balanced approach, combining fixed and variable pay and short-to-long term incentives. Salary, bonuses and option grants for our executive officers are also reviewed and/or approved by the Compensation Committee, which acts as a control on the quantum of these compensation components in view of their discretionary nature.

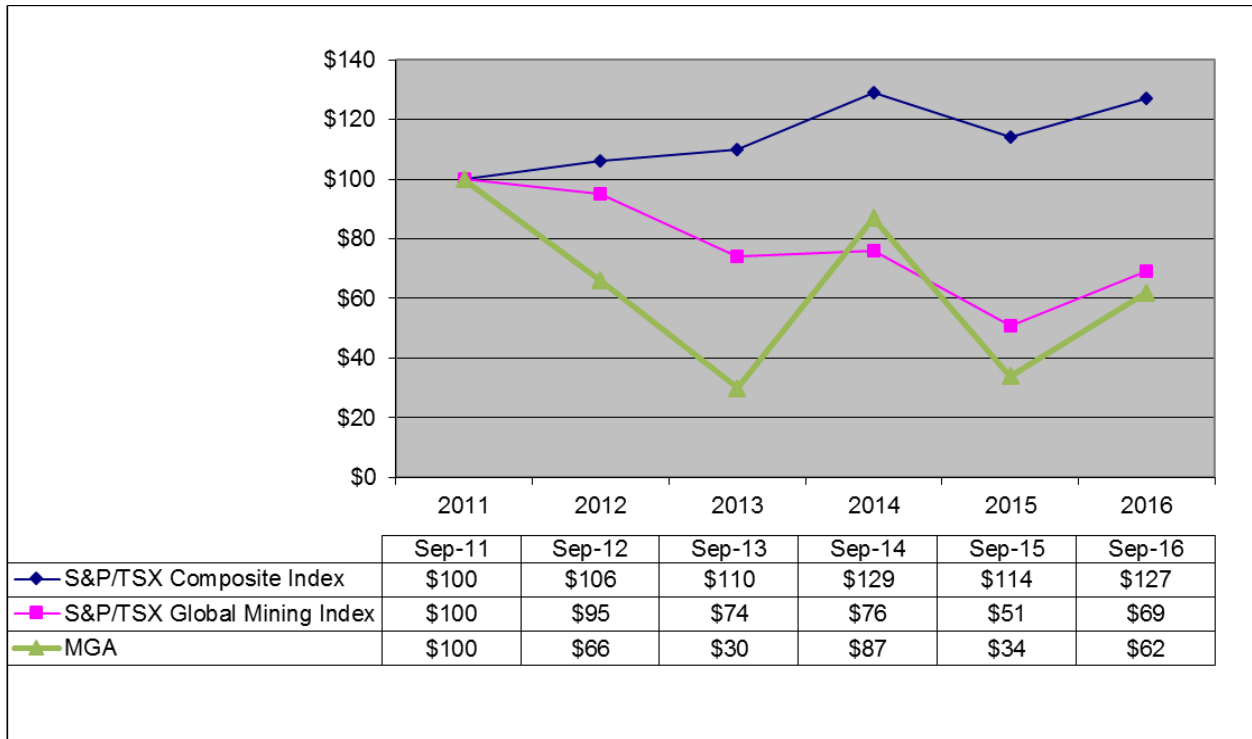
The Compensation Committee has considered our compensation practices to determine whether they are likely to encourage executive officers to expose the company to inappropriate or excessive risks. The Committee concluded that there are no risks identified from our compensation policies and practices that are reasonably likely to have a material adverse effect on the company.

Restrictions on Hedging Mega Securities

Our directors and officers, including the Named Executive Officers, are subject to our Insider Trading Policy. The policy does not specifically prohibit them from purchasing financial instruments that could be used to hedge a decrease in the market value of equity securities granted to them as compensation or held, directly or indirectly, by them. It does prohibit short selling any of our securities (that is selling securities which are not owned at the time of sale), except for the purpose of facilitating the exercise or conversion of a security owned and corresponding sale of the underlying security.

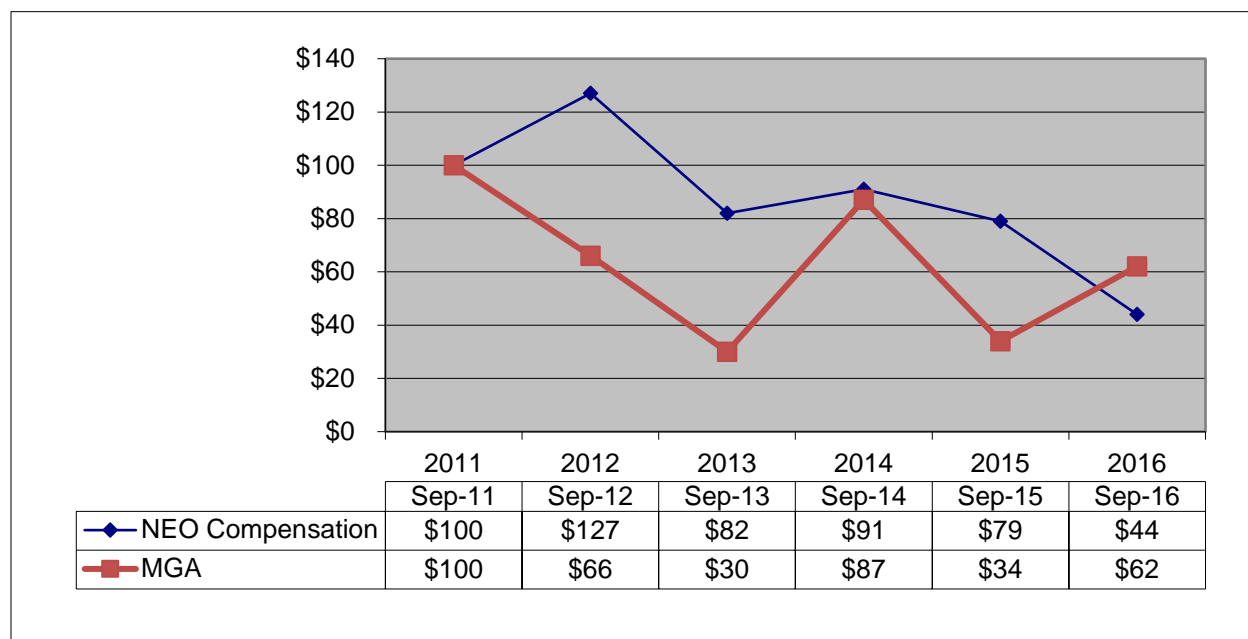
Performance Graph

The following graph compares the cumulative total shareholder return on our common shares (assuming the reinvestment of cash dividends of which there have been none) with the cumulative total return on the S&P/TSX Composite Index and the S&P/TSX Global Mining Index for the five most recently completed financial years. The graph and table illustrate what a \$100 investment in our common shares made on September 30, 2011, as compared to a \$100 investment in the S&P/TSX Composite Index and the S&P/TSX Global Mining Index made on the same date, would be worth on September 30th of each of the five subsequent years.



As reflected in the graph above, our stock price declined consistently and dramatically during the 2011 to 2013 period, as declining uranium prices impacted the valuations of uranium-focused public companies, the uranium sector as a whole was further dramatically impacted by the events at the Fukushima nuclear plant following the March 2011 earthquake and tsunami in Japan, and commodity-based public companies were generally impacted by overall market declines. Our stock price rebounded significantly during our 2014 financial year, however, as the market sentiment regarding uranium began to turn, but then tracked the overall trends in the markets through 2015 and 2016, as commodity prices suffered significant declines followed by a subsequent rebound.

The following graph compares the trend in compensation of the Named Executive Officers (referred to as “NEO Compensation” in the graph), as a group, to the trend in our share price. The annual aggregate compensation paid to the Named Executive Officers for each of the last five financial years, indexed to 2011, is shown with the cumulative total shareholder return on our common shares over the same period.



Except for a component of our Chief Executive Officer’s annual bonus entitlement (discussed earlier under “Compensation Discussion & Analysis – Bonus”), generally, no specific part of our executive compensation structure is directly tied to our share price, in the sense that share performance is not typically determinative of the quantum of base salaries, annual bonuses or stock option grants, though it may be a factor considered from time to time.

Option-based awards represent the form of compensation most directly tied to our stock price, insofar as the intrinsic value of options at any point in time (i.e., whether or not they are “in-the-money” and by how much) is directly correlated to the trading price of our shares and is thereby the compensation component most directly aligned with the interests of our shareholders. Additionally, in accordance with NI 51-102, for the purposes of calculating the NEO Compensation above and the total compensation of the Named Executive Officers under “Summary Compensation Table” elsewhere in this section of the circular, options granted to the Named Executive Officers are valued using the Black-Scholes valuation method. Because our stock price is an input used in the Black-Scholes valuation method, the Named Executive Officers’ total annual compensation reflected in the graph is, at least, partially connected to the market value of our shares on the grants dates.

Trends in total compensation for the Named Executive Officers during the five year period reflected in the graph above are primarily attributable to option grants made in 2012 and 2014 financial years (no grants made in 2011 or 2013) and reductions in base compensation for certain of the Named Executive Officers during our 2015 and 2016 financial years (including changes associated with the departures of our former Chief Executive Officer and Chief Financial Officer). It should be noted that the individuals who qualified as the Named Executive Officers were not the same in each of the years reflected in the graph. Accordingly, changes in compensation from year to year will have also been at least partially attributable to changes in the composition of the Name Executive Officers, as a group (and to the number of individuals in the group, which was reduced from five to four for 2013 and 2014 and to three for 2015 and 2016).

Compensation Governance

The Compensation Committee assists our board of directors in respect of compensation of our directors and officers. As described earlier, our compensation practices are relatively informal and, except as otherwise indicated, the board of directors has not specifically adopted any formal policies or practices to determine director and officer compensation.

The members of the Compensation Committee are Albert Contardi, Douglas Reeson and Stewart Taylor, each of whom is independent from the company, except Mr. Taylor who served as our President until March 2015. He is not considered to be independent according to the standard articulated in NI 51-102 on the basis that he has been an executive officer of the company within the last three years. Both Mr. Contardi and Mr. Reeson also serve on our Audit Committee, and have previously served and/or currently serve on the audit committees and compensation committees of other public companies. Mr. Taylor, who has spent his career involved with exploration and development companies world-wide, including at the senior management level, also brings to the Committee knowledge of the junior uranium space in particular. Accordingly, each member has an understanding of financial and risk management matters relating to Mega specifically, as well as those matters in the context of other issuers, which enables the committee, as a whole, to make decisions concerning our compensation policies and practices. The responsibilities of the Compensation Committee are described in the section of this information circular entitled “Corporate Governance – Compensation” and their involvement in the determination of the Named Executive Officers’ compensation is described earlier in this section.

Summary Compensation Table

The following table sets forth the total compensation paid or payable by us, for our fiscal years ended September 30, 2016, 2015 and 2014, to our Chief Executive Officer, Chief Financial Officer and our three most highly compensated executive officers (other than the Chief Executive Officer and Chief Financial Officer) whose total compensation exceeded \$150,000 during the 2016 fiscal year (collectively, the “**Named Executive Officers**”). Only one executive officer (other than the Chief Executive Officer and the Chief Financial Officer) earned over \$150,000 in total compensation for the 2016 financial year.

Summary Compensation Table

Name and principal position	Year	Salary/Fees ⁽¹⁾ (\$)	Share-Based awards (\$)	Option-based awards ⁽²⁾ (\$) ⁽²⁾	Non-equity incentive plan compensation ⁽³⁾	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans		
Richard Patricio ⁽⁴⁾ President & Chief Executive Officer	2016	208,331	Nil	90,000	103,125	Nil	298,331
	2015	206,250	Nil	240,000	Nil	Nil	446,250
	2014	250,000	Nil	25,000	Nil	Nil	275,000
Gerry Feldman ⁽⁵⁾ Chief Financial Officer	2016	42,292	Nil	Nil	Nil	48,333	90,625
	2015	145,000	Nil	30,000	Nil	Nil	175,000
	2014	145,000	Nil	25,000	Nil	Nil	170,000
Carmelo Marrelli ⁽⁶⁾ Chief Financial Officer	2016	31,500	Nil	17,000	Nil	18,000	66,500

Name and principal position	Year	Salary/Fees ⁽¹⁾ (\$)	Share-Based awards (\$)	Option-based awards ⁽²⁾ (\$) ⁽²⁾	Non-equity incentive plan compensation ⁽³⁾	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans		
Richard Homsany ⁽⁷⁾	2016	234,168	Nil	36,000	Nil	Nil	270,168
Executive Vice	2015	326,427	Nil	30,000	Nil	Nil	356,427
President, Australia	2014	476,808	Nil	25,000	Nil	Nil	501,808

⁽¹⁾ Commencing with the 2014 financial year, the Named Executive Officers deferred receiving payment of their fees, which were accrued and unpaid until February 2016 (with the exception of Mr. Marrelli and of Mr. Feldman, whose accrued and unpaid fees were paid out subsequent to his departure at the end of the 2015 calendar year).

⁽²⁾ Option-based awards are stock options granted to the Named Executive Officers under our stock option plan. Each option entitles the holder to acquire one common share of Mega. Options vest and become exercisable in equal amounts every three months, over a period of eighteen months from the grant date, are granted at an exercise price per share equal to the closing price of our common shares on the Toronto Stock Exchange on the trading day immediately preceding the grant date, and expire five years from the grant date.

The dollar value of the option-based awards reflects the fair value of the options granted to the Named Executive Officers during the year, calculated as at the applicable grant date using the Black-Scholes valuation method. The values are calculated and provided for the purposes of the requirements of NI 51-102 and may not reflect the actual values that would be realized by the Named Executive Officers when they ultimately exercise the options, if at all, which realized values will depend upon the market price of our common shares at the time of exercise. Additionally, the values reported do not reflect the intrinsic value of the options (the difference between the market price of the shares and the exercise price) on the grant date or as at the end of the applicable financial year. Details of the Black-Scholes values used to calculate the fair value of the option grants indicated in the table are provided in the section entitled "Fair Value of Option-Based Awards which follows the table.

2016 options are exercisable at a price per share of \$0.07, \$0.085, and \$0.14, until expiry on December 31, 2021, February 28, 2021 and May 31, 2021, respectively. During the 2016 financial year, 1,500,000 options were issued to Mr. Patricio, 300,000 options were issued to Mr. Marrelli and 600,000 options were issued to Mr. Homsany. 2015 options are exercisable at a price per share of \$0.09, until expiry on May 31, 2020. During the 2015 financial year, 4,000,000 options were issued to Mr. Patricio and 500,000 options were issued to each of Mr. Feldman, and Mr. Homsany. 2014 options are exercisable at a price per share of \$0.10, until expiry on December 31, 2018. During the 2014 financial year, 500,000 options were issued to each of Mr. Feldman, Mr. Patricio and Mr. Homsany. The dollar values of all of the foregoing options on their respective grant dates (calculated as set forth in the section below entitled "Fair Value of Option-Based Awards") are reported in the table.

⁽³⁾ We do not have any long-term non-equity incentive plans. Non-equity incentive plan compensation reflects annual cash bonuses paid or payable to the Named Executive Officers in respect of the applicable financial year ended September 30th. However, bonuses are generally payable in respect of services rendered for a calendar year, rather than our September 30th financial year. Accordingly, an amount shown in the table for a financial year represents the portion of the calendar-year bonus awarded to the Named Executive Officer which is attributable to services rendered in that financial year. Mr. Patricio was awarded a \$137,500 bonus in respect of the calendar year ended December 31, 2016, \$103,125 of which is attributable to the period of January 1, 2016 to September 30, 2016.

⁽⁴⁾ Compensation is paid to Totus Inc., a corporation controlled by Mr. Patricio. Effective June 1, 2016, Mr. Patricio's aggregate annual fees were increased to \$275,000, after being reduced from \$250,000 (his base salary while he was our Executive Vice President, Corporate Affairs) to \$175,000 commencing March 1, 2015 as part of our cost reduction initiatives.

⁽⁵⁾ Compensation was paid to Feldman & Associates Professional Corporation, a corporation wholly-owned by Mr. Feldman. Mr. Feldman resigned as CFO effective December 31, 2015. "All other compensation" reflects 4 months' fees in lieu of notice paid to Mr. Feldman as a result of the termination of his contract.

⁽⁶⁾ Mr. Marrelli was appointed as our Chief Financial Officer effective December 31, 2015. Compensation is paid to Marrelli Support Services Inc. ("Marrelli Co."), the securities of which Mr. Marrelli has indirect control and direction over. Under the terms of our agreement with Mr. Marrelli and Marrelli Co., a monthly fee of \$5,500 is paid to Marrelli Co., \$3,500 of which is payable for Mr. Marrelli's services as our Chief Financial Officer and \$2,000 of which is payable for accounting services provided to us by Marrelli Co.

⁽⁷⁾ Compensation is paid to Cardinals Corporate Pty Ltd, a corporation controlled by Mr. Homsany. Mr. Homsany was entitled to receive aggregate fees totaling AUD\$475,000 per year until March 1, 2015, when they were reduced to AUD\$240,000 per year (as part of our cost reduction initiatives). His fees are paid in Australian dollars by one of our Australian subsidiaries. Consistent with our accounting practices, amounts indicated in the table have been converted from Australian dollars to Canadian dollars at the average Bank of Canada exchange rate during the applicable financial quarter in which the amounts were paid. The average exchange rate utilized for conversion of the 2014, 2015 and 2016 amounts was \$0.99335, \$0.9660 and \$0.9757, respectively.

Fair Value of Option-Based Awards

The dollar value of the option-based awards indicated in the table above reflects the fair value of the options granted to the Named Executive Officers during the year, calculated as at the applicable grant date using the Black-Scholes valuation method.

Each option grant made to a Named Executive Officer is determined based upon the number of Common Shares underlying the grant, rather than by ascribing a particular value to the grant. The Black-Scholes valuation method used for the purposes of calculating the fair value of the grants is the same methodology used by us for accounting purposes.

The Black-Scholes value of each option granted to a Named Executive Officer in the applicable year and the assumptions and estimates used in calculating the value are provided in the table below:

		Option Fair Value, Assumptions and Estimates				
Grant Date	Exercise Price (\$)	Fair Value (\$)	Share Price Volatility (%)	Expected Life (years)	Expected Dividend Yield (%)	Risk-Free Interest Rate (%)
2016						
Jan 1	0.07	0.04	85	3.8	0	0.58
Mar 1	0.085	0.05	85	3.8	0	0.59
Jun 1	0.14	0.09	85	3.8	0	0.74

Incentive Plan Awards

Outstanding share-based awards and option-based awards

The following table provides details of stock options held by the Named Executive Officers as at September 30, 2016. The Named Executive Officers do not hold any share-based awards.

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)
Richard Patricio	250,000	0.20	January 1, 2017	Nil
	500,000	0.18	August 31, 2017	Nil
	500,000	0.10	December 31, 2018	22,500
	4,000,000	0.09	May 31, 2020	220,000
	500,000	0.07	December 31, 2021	37,500
	500,000	0.085	February 28, 2021	30,000
	500,000	0.14	May 31, 2021	2,500
Carmelo Marrelli	200,000	0.07	December 31, 2021	15,000
	200,000	0.14	May 31, 2021	1,000

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options⁽¹⁾ (\$)
Richard Homsany	250,000	0.20	January 1, 2017	Nil
	500,000	0.18	August 31, 2017	Nil
	500,000	0.10	December 31, 2018	22,500
	500,000	0.09	May 31, 2020	27,500
	200,000	0.07	December 31, 2021	15,000
	200,000	0.085	February 28, 2021	12,000
	200,000	0.14	May 31, 2021	1,000

⁽¹⁾ The value of an in-the-money option is equal to the difference between the closing price of our common shares on the Toronto Stock Exchange on September 30, 2016 (\$0.145), the last trading day of our 2016 financial year, and the exercise price of the option. A nil value indicates that none of the options were in-the-money as at September 30, 2016.

Incentive plan awards – value vested or earned during the year

The following table indicates the value of the incentive plan awards held by the Named Executive Officers which vested during the year ended September 30, 2016.

Name	Option-based awards – Value vested during the year⁽¹⁾ (\$)	Share-based awards – Value vested during the year⁽²⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year⁽³⁾ (\$)
Richard Patricio	155,000	Nil	103,125
Gerry Feldman	Nil	Nil	Nil
Carmelo Marrelli	4,500	Nil	Nil
Richard Homsany	14,583	Nil	Nil

⁽¹⁾ Amounts indicated reflect the aggregate dollar value that would have been realized by the Named Executive Officer if the options under his option-based awards which vested during fiscal 2016 were exercised by him on the vesting date. Aggregate dollar value is calculated by subtracting the exercise price of the option from the closing price of our common shares on the Toronto Stock Exchange on the vesting date. Options which are out-of-the-money on the vesting date (i.e., the exercise price is greater than the closing price of the underlying common shares) will have a nil value.

⁽²⁾ We do not make any share-based awards and none were held by the Named Executive Officers during the year ended September 30, 2016.

⁽³⁾ Non-equity incentive plan compensation generally reflects cash bonuses paid to the Named Executive Officers. Further information regarding the bonuses is provided in footnote 3 of the Summary Compensation Table and under “Compensation Discussion and Analysis – Bonus” elsewhere in this section of the circular.

Discussion of Incentive Plan Awards

Stock options are granted to the Named Executive Officers under our stock option plan. Except for the 3% reference target in respect of grants made to our Chief Executive Officer discussed earlier under “Compensation Discussion and Analysis – Option-Based Awards”, no specific formula or criteria is used to determine the quantum of a particular grant (whether in terms of the number of options or fair value of options) but prior grants, if any, during the financial year, may be taken into account. An option grant is intended to recognize, on a reasonable basis, the individual’s specific contribution to the company in the context of his role. Option grants for the Named Executive Officers are proposed for consideration to the

Compensation Committee by the Chief Executive Officer and recommended by the committee to the Board of Directors for its approval.

In accordance with the terms of our stock option plan, each option is exercisable for one of our common shares. The exercise price of an option is determined by the Board of Directors but may not be less than the closing price of our common shares on the Toronto Stock Exchange on the day preceding the grant date. As a matter of course, options have exercise prices equal to this closing price. Under the terms of the stock option plan, the Board of Directors also has the discretion to determine whether option grants will be subject to any vesting requirements. As a matter of course, options granted vest in equal installments every three months over an aggregate period of 18 months from the grant date.

Termination and Change in Control Benefits

Gerry Feldman resigned as our Chief Financial Officer effective December 31, 2015 and received \$48,333, representing payment of four months' fees. He also received the aggregate amount owing to him in accrued and unpaid fees that had been deferred during the 2014 to 2016 financial years.

Change in Control

In the event of a change in control involving the company and regardless of whether there is a corresponding termination of his service, Mr. Patricio is entitled to receive a one-time lump sum cash payment equal to 36 months' fees and the average bonus paid to him in the 36 preceding months (excluding the special bonus discussed under "Compensation Discussion & Analysis – Bonus"), and immediate vesting of all stock options (subject to receipt of any necessary regulatory or other approvals).

Mr. Homsany is entitled to receive a one-time lump sum cash payment of \$950,000 and immediate vesting of all stock options (subject to receipt of any necessary regulatory or other approvals) in the event of a change in control involving the company and regardless of whether there is a corresponding termination of his service. He is also entitled to receive 24 months' fees (and other benefits), together with any bonus owed to him in the year of termination and for the following 24 months, if he terminates his agreement within 6 months of a change in control.

For the purposes of Mr. Patricio's and Mr. Homsany's entitlements, a change in control means: (a) the acquisition by any person or company (as such terms are defined in Section 1(1) of the *Securities Act* (Ontario), or by any combination of persons or companies, of beneficial ownership of more than 50% of our outstanding voting securities or of the voting power of such voting securities, by means of a take-over bid or otherwise; (b) if individuals who, as of the date of the particular agreement, constitute our board of directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the members of the Incumbent Board; provided, however, that any individual becoming a director subsequent to the date of the agreement whose election, or nomination for election by our shareholders, is approved by a vote of at least two-thirds of the directors then constituting the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose election or nomination is in connection with an actual or threatened solicitation of proxies by or on behalf of any party other than management; (c) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of our assets; (d) any consolidation, merger, amalgamation, arrangement, reorganization or transaction of similar form or nature involving the company (a "Business Combination"), whereby our shareholders immediately prior to the Business Combination do not, immediately following the Business Combination, beneficially own, directly or indirectly, more than 50% of the outstanding voting securities of the entity resulting from the Business Combination or of the voting power of such voting securities, in substantially the same proportions as their ownership immediately

prior to the Business Combination; and (e) the approval by our shareholders of any liquidation or dissolution of the company.

Estimated Incremental Payments Upon Change in Control

The following table indicates the estimated incremental payments and benefits that would have been received by the Named Executive Officers under the change in control entitlements described above, assuming a change in control had occurred on September 30, 2016.

	Richard Patricio	Richard Homsany
Payment (\$)	859,375	1,432,688 ⁽¹⁾
Acceleration of unvested options (\$) ⁽²⁾	77,500	20,917
Total	936,875	1,453,605

⁽¹⁾ Includes 24 months' fees payable to Mr. Homsany, assuming that he terminated his agreement within 6 months of the change in control (at an AUD\$/CDN\$ exchange rate of 1.0056).

⁽²⁾ The value to each Named Executive Officer of the acceleration of their unvested options upon a change in control is calculated by multiplying the difference between the closing price of our common shares on the Toronto Stock Exchange on September 30, 2016 (\$0.145), the last trading day of our 2016 financial year, and the exercise price of the options by the number of unvested options held by the executive on that date.

Other members of management would have received \$350,000 in estimated incremental payments under change in control entitlements assuming a change in control had occurred on September 30, 2016.

Termination

Richard Patricio is entitled to receive payment of 24 months' fees if his services are terminated by us, for any reason (absent cause), in accordance with the terms of his agreement. He is also entitled to 24 months' fees if he terminates his services due to an adverse change in his position, duties, authority, responsibilities or title, including, without limitation, any such change in the person(s) to whom he reports or who report to him, or any assignment to him of any significant ongoing duties inconsistent in any respect with his position, duties, authority, responsibilities or title.

Richard Homsany is entitled to receive 24 months' fees (and other benefits), together with any bonus owed to him in the year of termination and for the following 24 months, if his agreement is terminated: (a) by us for any reason, other than for cause determined in accordance with the agreement or (b) by Mr. Homsany upon 6 months' prior notice and within 6 months of the occurrence of (i) a change in his title or duties resulting in a material diminution of his status or position with us, (ii) a change in control or material changes to the policies, strategies or future plans of our board of directors, as a result of which he is not able to implement his strategy or plans for the development of the company or its projects, or (iii) the relocation of the our principal place of business in Australia to a location other than Perth, Australia. Mr. Homsany is also entitled to receive payment of six months' fees if his services are terminated by us for any reason, other than for cause determined in accordance with the agreement, and without 6 months' notice.

Mr. Marrelli is not entitled to any payment upon termination of his services in accordance with his agreement with us.

Estimated Incremental Payments Upon Termination

If their respective agreements had been terminated by us on September 30, 2016, Mr. Patricio would have received a lump sum payment of \$550,000 and Mr. Homsany would have received an aggregate of AUS\$120,000 (approximately \$120,672 in Canadian dollars, based on the then exchange rate) payable over six months thereafter, and an aggregate of AUS\$480,000 (approximately \$482,686 in Canadian dollars, based on the then exchange rate) payable upon termination.

If Mr. Patricio had terminated his agreement on September 30, 2016 in any of the circumstances outlined above, he would have received \$550,000 upon termination. If Mr. Homsany had terminated his agreement on September 30, 2016 in any of the circumstances outlined above, he would have received an aggregate of AUS\$480,000 payable upon termination.

Director Compensation

Director Compensation Table

The following table sets forth the total compensation paid or payable by us to our non-executive directors for the fiscal year ended September 30, 2016.

Name	Fees earned⁽¹⁾ (\$)	Share-based awards (\$)	Option-based awards⁽²⁾ (\$)⁽³⁾	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$)
Albert Contardi ⁽⁴⁾	14,083	N/A	36,000	Nil	Nil	Nil	50,083
Larry Goldberg ⁽⁴⁾	14,583	N/A	36,000	Nil	Nil	Nil	50,583
Anthony Grey ⁽⁵⁾	12,500	N/A	8,000	Nil	Nil	Nil	20,500
Arni Johannson	20,000	N/A	36,000	Nil	Nil	Nil	56,000
Douglas Reeson	36,542	N/A	36,000	Nil	Nil	Nil	72,542
Stewart Taylor	20,667	N/A	36,000	Nil	Nil	Nil	56,667

⁽¹⁾ Fees earned are comprised of annual retainers for board and committee service and meeting attendance fees (until April 2016, when they were eliminated as part of changes made to directors' compensation), as more fully described below under "Discussion of Director Compensation".

⁽²⁾ Option-based awards are stock options granted to the non-executive directors under our stock option plan. Each option entitles the holder to acquire one of our common shares. Options vest and become exercisable in equal amounts every three months, over a period of eighteen months from the grant date, are granted at an exercise price per share equal to the closing price of our common shares on the Toronto Stock Exchange on the trading day immediately preceding the grant date, and expire five years from the grant date.

The dollar values of the options granted to the directors on the grant dates (calculated as set forth in note 3) are reported in the table. Options are exercisable at a price per share of \$0.07, \$0.085, and \$0.14, until expiry on December 31, 2021, February 28, 2021 and May 31, 2021, respectively. During the 2016 financial year, 600,000 options were issued to each of Messrs. Johannson, Reeson and Taylor, 400,000 options were issued to each of Messrs. Contardi and Goldberg and 200,000 options were issued to Mr. Grey.

⁽³⁾ The dollar value of the option-based awards indicated in the table reflects the fair value of the options granted to the directors during the year, calculated as at the applicable grant date using the Black-Scholes valuation method. The values are calculated and provided for the purposes of the requirements of NI 51-102 and may not reflect the actual values that would be realized by the directors when they ultimately exercise the options, if at all, which realized values will depend upon the market price of our shares at the time of exercise. Additionally, the values reported do not reflect the intrinsic value of the options (the difference between the market price of the shares and the exercise price) on the grant date or as at September 30, 2016.

The Black-Scholes value of each option and the assumptions and estimates used in calculating the value are provided in the table below:

		Option Fair Value, Assumptions and Estimates				
Grant Date	Exercise Price (\$)	Fair Value (\$)	Share Price Volatility (%)	Expected Life (years)	Expected Dividend Yield (%)	Risk-Free Interest Rate (%)
2016						
Jan 1,	0.07	0.04	85	3.8	0	0.58
Mar 1,	0.085	0.05	85	3.8	0	0.59
Jun 1,	0.14	0.09	85	3.8	0	0.74

⁽⁴⁾ Messieurs Contardi and Goldberg were elected to the board in March 2016.

⁽⁵⁾ Mr. Grey retired from the board in March 2016.

Discussion of Director Compensation

Effective as of April 1, 2016, our board of directors implemented changes to the fees component of director compensation. Each of our directors (all of whom are non-executive) receives an annual retainer of \$20,000 (previously \$15,000), with the chairman of the board receiving an additional retainer of \$12,500 (previously \$8,000). Each member of our audit and compensation committees receives an annual retainer of \$5,000, with the chairman of the committee receiving an additional annual retainer of \$10,000 (previously \$5,000) and \$5,000 (no change), respectively. Meeting fees (previously set at \$750 per board meeting and \$500 per committee meeting) have been eliminated.

Directors are also eligible to participate in our stock option plan, details of which are provided elsewhere in this circular under the sub-heading “Securities Authorized for Issuance Under Equity Compensation Plans – Stock Option Plan”.

Details of the fees earned and options granted to our directors during the 2016 financial year are provided in the Director Compensation Table above.

Outstanding share-based awards and option-based awards

The following table provides details of stock options held by our directors as at September 30, 2016. The non-executive directors do not hold any share-based awards.

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options⁽¹⁾ (\$)
Albert Contardi	250,000	\$0.09	May 31, 2020	13,750
	400,000	\$0.14	May 31, 2021	2,000
Larry Goldberg	400,000	\$0.14	May 31, 2021	2,000
Arni Johannson	50,000	0.20	January 1, 2017	Nil
	50,000	0.18	August 31, 2017	Nil
	100,000	0.10	December 31, 2018	4,500
	500,000	0.09	May 31, 2020	27,500
	200,000	0.07	December 31, 2021	15,000
	200,000	0.085	February 28, 2021	12,000
Douglas Reeson	200,000	0.14	May 31, 2021	1,000
	50,000	0.20	January 1, 2017	Nil
	50,000	0.18	August 31, 2017	Nil
	100,000	0.10	December 31, 2018	4,500
	500,000	0.09	May 31, 2020	27,500
	200,000	0.07	December 31, 2021	15,000
Stewart Taylor	200,000	0.085	February 28, 2021	12,000
	200,000	0.14	May 31, 2021	1,000
	250,000	0.20	January 1, 2017	Nil
	500,000	0.18	August 31, 2017	Nil
	100,000	0.10	December 31, 2018	4,500
	500,000	0.09	May 31, 2020	27,500

⁽¹⁾ The value of an in-the-money option is equal to the difference between the closing price of our common shares on the Toronto Stock Exchange on September 30, 2016 (\$0.145), the last trading day of our 2016 financial year, and the exercise price of the option. A nil value indicates that none of the options were in-the-money as at September 30, 2016.

Incentive plan awards – value vested or earned during the year

The following table indicates the value of the incentive plan awards held by our non-executive directors which vested during the year ended September 30, 2016.

	Option-based awards – Value vested during the year⁽¹⁾ (\$)	Share-based awards – Value vested during the year⁽²⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year⁽³⁾ (\$)
Albert Contardi	2,625	N/A	N/A
Larry Goldberg	333	N/A	N/A
Anthony Grey	Nil	N/A	N/A
Arni Johansson	14,583	N/A	N/A
Douglas Reeson	14,583	N/A	N/A
Stewart Taylor	14,583	N/A	N/A

⁽¹⁾ Amounts indicated in the column reflect the aggregate dollar value that would have been realized by the director if the options under his option-based awards which vested during fiscal 2016 were exercised by him on the vesting date. Aggregate dollar value is calculated by subtracting the exercise price of the option from the closing price of our common shares on the Toronto Stock Exchange on the vesting date.

⁽²⁾ We do not make any share-based awards and none were held by our directors during the year end September 30, 2016.

⁽³⁾ We do not pay any non-equity incentive plan compensation to our directors and no such compensation was earned by them during the year.

CORPORATE GOVERNANCE

The Canadian securities regulatory authorities have issued corporate governance guidelines (the “Corporate Governance Guidelines”) for all reporting issuers in Canada (other than investment funds), together with certain related disclosure requirements. The Corporate Governance Guidelines are recommended as “best practices” for issuers to follow. We recognize that good corporate governance plays an important role in our overall success and in enhancing shareholder value and, accordingly, we have adopted certain corporate governance practices which are reflective of the recommended guidelines. A summary of certain aspects of our approach to corporate governance is provided below.

Board of Directors

Independence

National Instrument 52-110 – *Audit Committees* of certain of the Canadian securities regulatory authorities (“**NI 52-110**”) sets out the standard for determining whether a director is “independent” for the purposes of the Corporate Governance Guidelines and disclosure requirements of the Canadian securities regulatory authorities. In accordance with NI 52-110, a director is “independent” if he or she has no direct or indirect material relationship with us. A “material relationship” is a relationship which could, in the view of our board of directors, be reasonably expected to interfere with the exercise of the director’s independent judgement. NI 52-110 also sets out certain circumstances where a director will automatically be considered to have a material relationship with us.

Based upon the standard articulated in NI 52-110, four out of five of our directors are independent. Albert Contardi, Larry Goldberg, Arni Johannson and Douglas Reeson are the independent members of the board and Stewart Taylor is not considered to be independent by virtue of the fact that, as our former President (who retired in March 2015), he has been an executive officer of the company within the last three years.

In accordance with the mandate of the board, our independent directors may meet regularly, or from time to time as the circumstances warrant, without the presence of members of management or our non-independent directors. Although Mr. Taylor is not considered to be independent under NI 52-110, the other members of the board are comfortable that Mr. Taylor's former position with the company does not generally interfere with his ability to exercise independent judgement as a director and, in the normal course unless the circumstances otherwise warrant, treat him as being independent.

The full board has had the opportunity for candid discussion outside the presence of management on several occasions during the year, as has our Audit Committee, which is comprised entirely of independent directors. The board as a whole has not met without the presence of Mr. Taylor, as no such meeting(s) were felt to be necessary.

Douglas Reeson is Chairman of the board of directors and is an independent director.

Attendance

During our financial year ended September 30, 2016, there were 5 meetings of the board of directors, 4 meetings of the Audit Committee and 2 meetings of the Compensation Committee (formerly, the Nominating and Compensation Committee). The attendance record of each of our directors for these meetings (as applicable) is set out below:

Director	Meetings of the		
	Board	Audit Committee	Compensation Committee ⁽¹⁾
Albert Contardi ⁽²⁾	3/3	2/2	2/2
Larry Goldberg ⁽²⁾	3/3	2/2	--
Anthony Grey ⁽³⁾	2/2	2/2	---
Arni Johannson	5/5	2/2	--
Douglas Reeson	5/5	4/4	2/2
Stewart Taylor	5/5	--	2/2

⁽¹⁾ In April 2016, the Nominating and Compensation Committee was dissolved and the Compensation Committee was constituted.

⁽²⁾ Messieurs Contardi and Goldberg were elected to our board of directors in March 2016.

⁽³⁾ Mr. Grey ceased to be a director in March 2016.

Directorships

The following nominees for election as directors at the Meeting are presently also directors of one or more other reporting issuers:

Director	Reporting Issuers
Albert Contardi	Terreno Resources Corp.
Arni Johannson	Palisades Ventures Inc.
Douglas Reeson	Gossan Resources Limited

Board Mandate

Our board of directors is responsible for the stewardship of the company and for supervising the management of our business and affairs. The board reviews, discusses and approves various matters relating to our strategic direction, business and operations and its organizational structure, with a view to the Corporation's best interests.

While management is responsible for the day to day conduct of our business, in carrying out its supervisory responsibilities, the board (or committees of the board, as the case may be) has numerous responsibilities, including: (a) adopting a strategic planning process and approving a strategic plan; (b) identifying our principal business risks and ensuring the implementation of appropriate systems to manage these risks; (c) ensuring appropriate succession planning in place, including appointing, training and monitoring senior management; (d) developing a communications policy for the company; (e) developing policies and procedures to ensure the integrity of our internal control and management information systems; (f) ensuring appropriate standards of corporate conduct, including adopting a code of business conduct and ethics, and monitoring compliance with and waivers from the code; (g) ensuring implementation of appropriate environmental stewardship and health and safety management systems; (h) reviewing and approving compensation of senior management; (i) adopting corporate governance guidelines or principles applicable to us; (j) reviewing annually the contribution of the board as a whole, the committees of the board and each of the directors; and (k) adopting a process for shareholders and other interested parties to communicate directly with the board or its independent directors.

Position Descriptions

The board of directors has not developed written position descriptions for its chairman or the chair of each committee of the board. Generally, the chairman's responsibilities include setting agendas for board meetings in collaboration with our chief executive officer and presiding over the meetings, acting as a liaison between senior management and the board and providing advice to senior management on various matters. The chairman stays up-to-date about the organization and determines when an issue needs to be brought to the attention of the full board or a committee.

The chair of each committee of the board of directors is responsible for determining the frequency of committee meetings (subject to any requirements set forth in the committee's charter), developing the committee's annual schedule and agendas and reporting to the board on the significant matters considered at the committee's meetings.

The board of directors has not developed a written position description for our chief executive officer. In light of the current stage of our operations, the board is of the view that it is not necessary to formalize in writing the role and responsibilities of the chief executive officer. The chief executive officer is accountable to the board for the effective overall management of the company. He is responsible for, among other things: fostering a corporate culture that promotes ethical practices; developing our strategic plan; developing and maintaining an effective organizational structure; acting as our principal spokesperson; advising the board on operational and financial matters and keeping it apprised of significant events, developments and opportunities that affect our business.

Orientation and Continuing Education

Each new director brings a different skill set and professional background to the board of directors. Accordingly, the board determines, on an individual basis, what measures are appropriate to orient a new director to the nature and operations of our business. We provide continuing education for directors as the

need arises and encourage open discussion at all meetings, which format encourages learning by the directors.

Ethical Business Conduct

We have a Code of Business Conduct and Ethics (the “**Code**”) in place which is to be followed by our employees, officers and directors and those of our subsidiaries. The purpose of the Code is to, among other things, promote honest and ethical conduct, avoidance of conflicts of interest and compliance with applicable governmental laws, rules and regulations. A copy of the Code is available at www.sedar.com and a summary of certain of its provisions is provided below.

We are committed to sound environmental management. The Code confirms our intention to conduct our self in partnership with the environment and community at large as a responsible and caring business entity, and our commitment to managing all phases of our business in a manner that minimizes any adverse effects of our operations on the environment.

The Code provides that our employees, officers and directors are required to act with honesty and integrity and to avoid any relationship or activity that might create, or appear to create, a conflict between their personal interests and our interests. Such individuals (and their immediate family members) are prohibited from using their positions with the company to solicit gifts or other benefits from our suppliers and contractors, and the Code contains guidelines to be followed when accepting gifts or entertainment from these parties.

We are committed to providing a healthy and safe workplace in compliance with applicable laws, rules and regulations. The Code affirms our commitment to foster a work environment in which all individuals are treated with respect and dignity. We are an equal opportunity employer and do not discriminate against employees, officers, directors or potential employees, officers or directors on the basis of race, color, religion, sex, national origin, age, sexual orientation or disability or any other category protected by Canadian federal or provincial laws and regulations, or any laws or regulations applicable in the jurisdiction where such employees, officers or directors are located.

All of our employees, officers and directors are expected to comply with the Code and any waiver from any part of the Code requires the approval of our President, in the case of an employee, or of our Board of Directors, in the case of an officer or director, and if required under applicable securities legislation, public disclosure of the waiver in the case of an officer or director.

The Code also provides a process by which actual or potential violations of its provisions are to be reported (on a confidential basis) to the chairman of the Audit Committee and confirms that there will not be any reprisals against an individual who does so in good faith.

Nomination of Directors

During our 2016 financial year, our board reassumed the director nomination responsibilities previously delegated to the Nominating and Compensation Committee, which was dissolved (and the Compensation Committee was constituted). With no current members of management on the board, and with a view to improving efficiencies, the need for a separate nominating committee became less compelling.

When a vacancy on the board arises, the directors will analyze our needs and identify individuals who can meet the needs and who, by virtue of their skills, areas of expertise, industry knowledge, geographic location and geographic and industry contacts, are best able to contribute to the direction of our business and affairs.

The identification of candidates is made in the context of the existing competencies and skills which the board of directors, as a whole, does possess and, to the extent different, should possess.

Compensation

The Compensation Committee is responsible for assisting the board of directors in respect of director and officer compensation matters. In accordance with its charter, the Compensation Committee establishes and reviews our overall compensation philosophy and, at least annually, its general compensation policies with respect to the chief executive officer (and other officers), including the corporate goals and objectives and the annual performance objectives relevant to him. The committee evaluates the chief executive officer's performance in light these goals and objectives and, based on its evaluation, determines and approves the annual salary, bonus, options and other benefits of the chief executive officer. In determining his compensation, the committee may consider a number of factors, including the Corporation's performance, the value of similar incentive awards to chief executive officers at comparable companies, the awards given to the chief executive officer in past years and other factors it considers relevant. In the case of the 2016 compensation of our chief executive officer, the committee made recommendations which were approved by the board.

The Compensation Committee also reviews the adequacy and form of compensation of our directors, with a view to ensuring it realistically reflects the responsibilities and risks involved in being a director of the company. The committee recommends to the board for approval the form of remuneration of directors and the amount to which each director will be entitled.

Other Board Committees

Other than the Audit Committee and the Compensation Committee, we do not have any other board committees.

Assessments

The board of directors annually reviews its own performance and effectiveness, as well as that of the Audit Committee. In accordance with its charter, the Audit Committee reviews the charter annually to assess whether any changes to it should be recommended to the board of directors. In accordance with its Charter, the Compensation Committee reviews and evaluates, at least annually, its performance and the performance of its members, and reviews its charter to assess whether any changes to it should be recommended to the board of directors.

The board of directors has not instituted a formal process to regularly assess the effectiveness and contribution of the board of directors or that of individual directors. Effectiveness is subjectively measured by comparing actual corporate results with objectives. The contributions of each individual director is informally monitored by the other members of the board, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the board.

We feel that our corporate governance practices are appropriate and effective for us, given our size and operations. Our method of corporate governance allows for us to operate efficiently, with simple checks and balances that control and monitor management and corporate functions without excessive administrative burden.

Term Limits and Other Mechanisms for Board Renewal

We have not adopted term limits for our directors or other formal mechanisms for board renewal. Our board is of the view that the company is best served where a balance exists between directors with the in-depth knowledge and institutional memory that comes from serving over longer periods of time and newer directors who bring different experiences and new perspectives. In their arbitrariness, term limits ignore this balance.

Representation of Women on the Board and in Executive Officer Positions

We have not adopted a written policy relating to the identification and nomination of women directors, however, the board supports the principles of diversity and recognizes the importance of diverse backgrounds, skills and experience and gender diversity when considering potential candidates who have the core skills and qualities to serve as directors. The board appreciates that the existing imbalance in respect of female representation on corporate boards is due primarily to a lack of opportunity, rather than qualifications, and intends to approach the process of identifying future candidates for board positions with a view to expanding its own diversity.

Historically, the level of representation of women on the board was not considered when identifying and nominating candidates for election or re-election.

Historically, there has been little to no turnover in our executive officer ranks, which have always been few in number (there are currently three executive officers), and no consideration was given to the level of representation of women in executive positions when making appointments, to the extent the opportunity arose.

We have not adopted a target regarding the number of women on our board or in executive officer positions. We recognize the importance and value of gender diversity but believe, at this time, it is best served by making thoughtful and informed executive and board recruitment decisions that further diversity principles rather than applying a mathematical approach to any selection criteria. There are currently no women on our board (0 of 5 directors) or holding executive officer positions (0 of 3 executive officer positions). One of the four management positions (which includes the three executive officer positions) is held by a woman.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Set forth below is a summary of securities issued and issuable under all of our equity compensation plans as at September 30, 2016.

Equity Compensation Plan Information

<u>Plan Category</u>	Number of securities to be issued upon exercise of outstanding options, warrants and rights <u>(a)</u>	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) – as at <u>September 30, 2016</u> ⁽¹⁾
Equity compensation plans approved by securityholders	20,471,666	\$0.11	7,713,266 ⁽²⁾
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	20,471,666	\$0.11	7,713,266 ⁽²⁾

⁽¹⁾ Our stock option plan permits a maximum number of common shares to be issued under the plan equal to 10% of the number of common shares outstanding from time to time. As at September 30, 2016, 281,849,328 common shares were issued and outstanding, resulting in a maximum of 28,184,932 common shares available for issuance under the stock option plan (including pursuant to the exercise of the outstanding options referenced in column (a)).

⁽²⁾ This number does not include common shares that may become available for issuance under the plan pursuant to its “reload” provision (as discussed below under the heading “Stock Option Plan”).

Stock Option Plan

We grant options under our stock option plan to eligible directors, officers and employees of, and consultants to, the company and our subsidiaries.

The number of common shares issuable pursuant to options granted under the stock option plan may not exceed 10% of the number of common shares outstanding from time to time. Notwithstanding such 10% limit, that number of common shares, if any, underlying options that have been cancelled or that have expired unexercised (whether in full or in part) will once again be issuable under the stock option plan. Furthermore, the stock option plan has a “reload” provision whereby the number of common shares that have been issued pursuant to the exercise of options granted under the plan will once again be available for issuance under the plan.

As at January 31, 2017, an aggregate of 28,552,432 common shares were issuable under the stock option plan (excluding shares available pursuant to the “reload” provision). As at that date, 3,282,960 common shares had been issued under the plan and 24,771,666 common shares were issuable pursuant to outstanding options granted thereunder, representing approximately 1.1% and 8.7%, respectively, of the 285,524,328 common shares outstanding. An additional 3,780,766 common shares remained issuable under future option grants under the stock option plan, representing approximately 1.3% of the common shares outstanding as at that date (assuming no “reload” of common shares issued under the plan).

The number of common shares that may be issuable, at any time, to insiders of the company under the stock option plan, together with any other share-based compensation arrangements of ours, may not exceed 10% of the number of common shares outstanding on the date of grant. The number of common shares that may be issued, within any one-year period, to insiders of the company under the stock option plan, together with any other share-based compensation arrangements of ours, may not exceed 10% of the number of our common shares issued and outstanding.

The exercise price of an option granted under our stock option plan is determined by the Board of Directors but may not be less than the closing price of our common shares on the Toronto Stock Exchange on the trading day immediately prior to the date of the option grant or, if the common shares do not trade on such date, then the exercise price may not be less than the average of the daily high and low board lot trading prices of the common shares on the Toronto Stock Exchange for the five trading days immediately preceding the date the option is granted.

The board of directors has the discretion to determine the term and vesting provisions (if any) of options granted under the stock option plan, provided that the term of an option may not exceed ten (10) years. If an optionee's employment with or service to us is terminated for any reason (other than as a result of the optionee's death or for cause), all options which have vested as at the date of resignation or notice of termination of employment or service, as the case may be, may be exercised until the earlier of the expiry date of the options and the date that is ninety (90) days from the date of resignation or notice of termination of employment or service, as the case may be. In the event of an optionee's death, all options which have vested as at the date of death may be exercised under the earlier of the expiry date of the options and the date that is twelve (12) months from the date of death. The board of directors has the discretion to determine an alternative expiry date in the event of the termination of an optionee's employment or service or the optionee's death. All unvested options held by an optionee on the date of resignation, notice of termination or death (unless the optionee is terminated for cause), as the case may be, will continue to vest until expiry.

Subject to the receipt of any applicable regulatory, the board of directors may amend the terms of the stock option plan, without the approval of shareholders, except any amendment to (i) change the maximum number of common shares that may be issued under the stock option plan, whether as a fixed number of common shares or as a percentage of the number of common shares outstanding from time to time (other than to reflect an adjustment otherwise permitted under the stock option plan), (ii) reduce the exercise price or extend the expiry period of any option, (iii) increase the limits on the number of common shares issuable to participants under the stock option plan who are insiders of the company, or (iv) expand the class of participants eligible to participate in the stock option plan, any of which amendments shall be subject to the approval of shareholders.

Amendments that can be made to the stock option plan by the board of directors which will not require the approval of shareholders include changing the vesting provisions of any option and changing the effect of the termination of an optionee's employment with or service to us on the optionee's outstanding options.

Options granted under the stock option plan may not be assigned or transferred, other than to certain permitted assigns, including a registered retirement savings plan or registered retirement income fund of the optionee.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

None of our directors or executive officers, none of the persons who have been our directors or executive officers since the commencement of our last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS TO THE CORPORATION

No director, executive officer or employee, former executive officer, director or employee, or proposed nominee for election as a director, or associate of any such director, officer or proposed nominee has been indebted to us since the beginning of our most recently completed financial year.

DIRECTORS AND OFFICERS INDEMNIFICATION

We maintain liability insurance for our directors and officers. The policy provides coverage of up to \$10,000,000, with a deductible of \$50,000. The annual insurance premium is \$17,500 (plus applicable taxes), no portion of which is payable by the individual directors and officers. No claims have been made or paid to date under this policy.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director, executive officer, significant shareholder, proposed nominee for election as a director, other informed person, or any associate or affiliate of any such person is, has or has had at any time since the beginning of our most recently completed financial year, any material interest, direct or indirect, in any transaction or in any proposed transaction which had materially affected or would materially affect us.

ADDITIONAL INFORMATION

Additional information concerning us is available on SEDAR at www.sedar.com. Financial information concerning us is provided in our comparative financial statements and management's discussion and analysis for the financial year ended September 30, 2016. Certain information pertaining to our audit committee and our external auditor is also provided in the section entitled "Audit Committee Disclosure" of our annual information form for the financial year ended September 30, 2016, which is also available on SEDAR at www.sedar.com.

Shareholders wishing to obtain a copy of our financial statements and management's discussion and analysis may contact us at 211 Yonge Street, Suite 502, Toronto, Ontario, Canada M5B 1M4 (416) 941-9600.

DIRECTORS' APPROVAL

The contents and sending of this circular have been approved by our directors.

DATED at Toronto, Ontario on this 8th day of February, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

"Richard Patricio"

Richard Patricio
President & Chief Executive Officer

SCHEDULE "A"
CHANGE OF AUDITOR REPORTING PACKAGE



CHANGE OF AUDITOR NOTICE

October 10, 2016

Ernst & Young LLP
MNP LLP

The securities regulatory authorities of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Northwest Territories, Yukon, and Nunavut

Dear Sirs/Mesdames:

RE: Change of Auditor Notice

Mega Uranium Ltd. (the "**Corporation**") hereby provides notice pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* of the following:

1. Ernst & Young LLP (the "**Former Auditor**") resigned as auditor of the Corporation effective October 7, 2016, at the request of the Corporation.
2. The Corporation's audit committee considered the resignation of the Former Auditor and recommended to the board of directors that MNP LLP (the "**Successor Auditor**") be appointed to fill the vacancy in the office of auditor until the next annual meeting of the Corporation's shareholders. The board of directors considered the Former Auditor's resignation and the recommendation of the audit committee and appointed the Successor Auditor as auditor of the Corporation effective October 8, 2016, to hold office until the next annual meeting of shareholders.
3. There were no reservations in the report of the Former Auditor on the Corporation's financial statements for the two most recently completed financial years ended September 30, 2015 or the period thereafter up to the date of resignation for which a report was issued.
4. There are no reportable events (as such term is defined in National Instrument 51-102) involving the Corporation and the Former Auditor.

Yours truly,

A handwritten signature in blue ink, appearing to read "C. Marrelli", is written over the "Yours truly," text.

Carmelo Marrelli
Chief Financial Officer



Ernst & Young LLP
Ernst & Young Tower
222 Bay Street, PO Box 251
Toronto, ON M5K 1J7

Tel: +1 416 864 1234
Fax: +1 416 864 1174
ey.com

October 13, 2016

Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
New Brunswick Securities Commission
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of Superintendent of Securities, Government of Newfoundland and Labrador
Office of the Superintendent of Securities, Government of the Northwest Territories
Superintendent of Securities, Government of Yukon
Superintendent of Securities, Government of Nunavut

Dear Sirs/Mesdames:

**Re: Mega Uranium Ltd.
Change of Auditor Notice dated October 10, 2016**

Pursuant to National Instrument 51-102 (Part 4.11), we have read the above-noted Change of Auditor Notice and confirm our agreement with the information contained in the Notice pertaining to our firm.

Yours sincerely,

Chartered Professional Accountants
Licensed Public Accountants

cc: The Board of Directors, **Mega Uranium Ltd.**

October 11, 2016

Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service Newfoundland and Labrador
The Office of the Superintendent of Securities (Prince Edward Island)
Government of Nunavut
Government of Northwest Territories
Government of Yukon

Dear Sirs/Mesdames

Re: Notice of Change of Auditor – Mega Uranium Inc.

We have read the Notice of Change of Auditor dated October 10, 2016 (the “Notice”) from Mega Uranium Inc. (the “Company”) delivered to us in accordance with National Instrument 51-102. Based on our knowledge of the information at this time, we agree with each statement contained in the Notice.

Yours truly,



Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario

