

Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Special Situation – October 2011 Update

www.mega uranium.com



Mega Uranium Ltd. (Cdn\$ 0.25)

TSX : MGA

H+L prices (12 months) : Cdn\$ 1.30 – 0.21

Net issued shares : 257.2 million

Fully diluted shares : 317.3 million

Market capitalization : Cdn\$ 64.3 million

Next price target: Cdn\$ 1.00

Company profile

Mega Uranium (“Mega”) is an international mineral resources company with quality uranium resources in Australia and interests in extensive uranium exploration properties in **Australia**, **Canada** and **Cameroon**. In **Australia**, Mega holds, or is earning an interest in, 6854 km² of ground in Queensland, South Australia, Northern Territory and Western Australia.

Mega began acquiring Australian uranium resources in January 2005 at a time when there was little interest from Canadian companies in Australian uranium due to the Labor Party policy ban on uranium mining. Since then, the Labor Party has changed its stance on uranium mining at the federal level - the Party dropped its anti-uranium mining policy in April 2007.

In Western Australia, the replacement of the Labor Party government in September 2008 by an alliance of the Liberal Party and National Party resulted in the removal of the ban on uranium mine development.

In Queensland, the State Labor Party Government, which bans uranium mine development, won the State election of March 2009. There have been indications, however, of a change in sentiment in favour of removing the ban. The next State election will be held in March 2012.

Lake Maitland, located in the Eastern Goldfields region of Western Australia, Mega’s most advanced project, has a NI 43-101 compliant Indicated resource of 23.8 million pounds U₃O₈ contained in 28.7 million tonnes grading 0.038% U₃O₈ and an NI 43-101 compliant Inferred resource of 2.2 million pounds U₃O₈ contained in 3.6 million tonnes grading 0.027% U₃O₈ (100 ppm cut-off grade).

In October 2009, the Western Australia Department of Mines granted Mega's subsidiary, Redport Exploration, a Mining Lease for Lake Maitland. The Mining Lease is the first to be granted for a uranium project in Western Australia since the newly elected State Government announced in November 2008 that it had removed the ban on uranium mine development in the State.

Ben Lomond, located in Queensland, has a NI 43-101 compliant resource of 10.7 million pounds U3O8 contained in an Indicated resource of 1.33 million tonnes grading 0.27% U3O8 and an Inferred resource of 0.6 million tonnes grading 0.21% U3O8.

The **Maureen Property**, located in Queensland, has a NI 43-101 compliant Indicated resource of 5.95 million pounds U3O8 contained in 3.12 million tonnes grading 0.09% U3O8 and, in addition, an Inferred resource of 0.38 million pounds U3O8 contained in 0.15 million tonnes grading 0.11% U3O8..

Other Georgetown Deposits, located close to the Maureen Property in Queensland, have a historical (non NI 43-101 compliant) Inferred resource of 6.4 million pounds U3O8 contained in 2.90 million tonnes grading 0.10% U3O8.

Mega's total NI 43-101 resources in Australia contain a total 43.0 million pounds of U3O8.

Under an agreement signed in June 2009, the Japan Australian Uranium Resources Development Company (**JAURD**) and **ITOCHU Corporation**, can acquire a 30% interest and 5% interest, respectively, in Mega's Lake Maitland uranium resource through staged payments totalling US\$ 49 million.

In August 2009 notification was received from the Foreign Investment Review Board of Australia that there were no objections to the investment by the Japanese consortium.

JAURD is a Japanese company with a mandate to acquire uranium resources in Australia on behalf of its shareholders, three utilities in the Kansai Electric Power Company (50%), Kyushu Electric Power (25%) and Shikoku Electric Power (15%), and ITOCHU (10%), the world's second largest uranium trading house.

As at June 30, 2011, Mega had mineral properties and related expenditures from its continuing exploration of Cdn\$ 265.9 million, as compared to Cdn\$ 250.4 million as at December 31, 2010. Investments in public companies amounted to Cdn\$ 9.6 million.

In the June quarter of 2011, the cash flow from financial and trading activities was Cdn\$ 5.6 million negative. During the nine months ended June 30, 2011, Mega spent Cdn\$ 18.9 million on its mineral properties, of which Cdn\$ 14.7 million was spent on the Lake Maitland properties.

The total net book value of Australian properties as at June 30, 2011 amounted to Cdn\$ 207.0 million (78% of total book value of the Company's assets), of which Lake Maitland has a net book value of Cdn\$ 135.2 million, Canadian properties Cdn\$ 44.3 million (17%) and Cameroon properties Cdn\$ 14.6 million (5%).

As at June 31, 2011, Mega had cash, cash equivalent and marketable securities totalling Cdn\$ 31.1 million.

In **Canada**, Mega has interests in uranium exploration properties in the country's premier areas, namely the Central Mineral Belt of Labrador (100%-owned properties and others in joint venture with Virginia Energy); the Wernecke Mountains in the Yukon (joint venture with Pitchblack Resources); the Athabasca Basin in Saskatchewan (joint venture with Forum Uranium) farming into a project held by Cameco/Areva; and in the Thelon Basin in Nunavut (joint venture with Titan Uranium).

In **Cameroon**, Mega currently has a 92% interest in 3 Projects, Kitongo (806 km²), Lolodorf (152 km²) and Teumbang (216 km²). In the Kitongo and Lolodorf Projects limited historical drilling intersected significant uranium mineralization. In 2007, Mega's detailed airborne magnetic-radiometric surveys identified other previously untested radiometric anomalies in the three Projects. Mega has since conducted drill testing in the Kitongo Project (Kitongo, Mayo Nielse and Salaki prospects) and on the Lolodorf Project. Significant uranium has been intersected in the Kitongo and Salaki prospects.

In April 2010, Mega closed the sale of its South American assets to **U3O8 Corp.** (UWE – TSX.V). Under the terms of the transaction, the Company transferred all of its South American properties and Cdn\$ 4.0 million in cash to U3O8 Corp. in exchange for 30.56 million common shares of U3O8 Corp. valued at Cdn\$ 13.9 million. As part of the terms of the sale, Mega declared a dividend-in-kind on its common shares in the form of a pro rata distribution to holders of Mega shares.

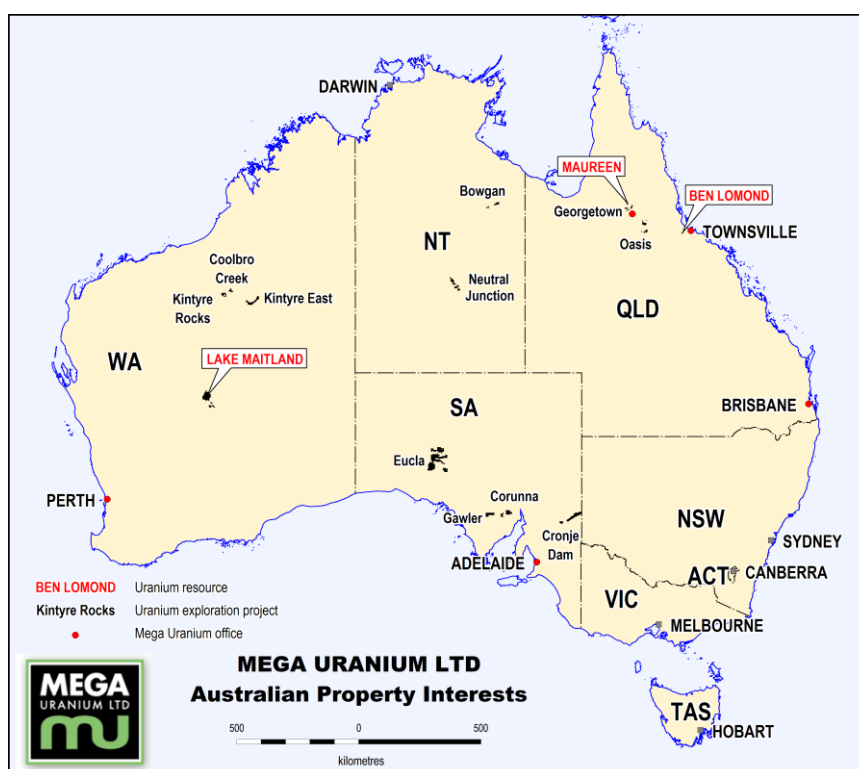
The divesting of Mega's South American assets and the associated dividend represent the first step of the Company's initiative to unlock shareholder value attributable to its non-core exploration properties.

As Mega continues to focus on bringing its Lake Maitland Property to production, it is currently evaluating its remaining portfolio of exploration properties outside of Australia, and, in particular its Canadian properties, with a view to identifying opportunities to maximize the properties' potential and enhance shareholder value. Such opportunities could include a sale or spin-off of the properties.

In Cameroon, the Company is also reviewing strategic alternatives for its projects which could include, but are not limited to, outright sale in whole or in part, joint venturing the projects or spinning off the assets into a new Africa-focused uranium exploration company.

Overview of projects

AUSTRALIA



➤ Lake Maitland Project – Western Australia

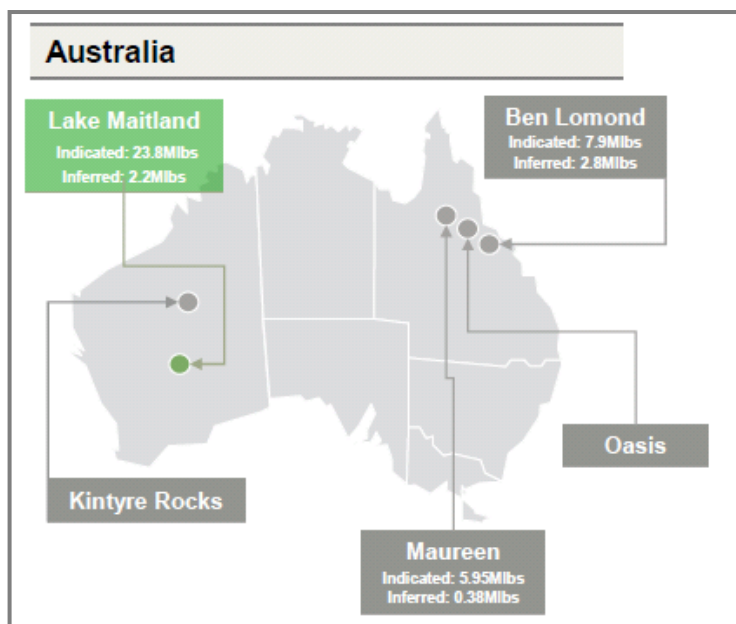
In 2007, Mega added significantly to its resources and exploration properties with the acquisition of Redport Ltd., whose principal assets include the Lake Maitland Project, located in the Eastern Goldfields area of Western Australia, which contains, at a 100 ppm U₃O₈ cut-off, a NI 43-101 compliant Indicated Mineral Resource of 23.8 million pounds of U₃O₈ and an Inferred Mineral Resource of 2.2 million pounds of U₃O₈.

The Lake Maitland resource is amenable to low cost open-pit mining as it occurs in a single, 1.7 metres thick, coherent, flat lying layer, only 1 to 2 metres below the surface.

Feasibility studies are advanced with the focus on environmental studies, metallurgical and process test work and investigations into various mining options.

In October 2008, Mega announced the results of a Scoping Study confirming robust economics over a 10 year mine life with processing by alkaline leaching. The results of that study are currently being updated and refined in the ongoing Definitive Feasibility Study.

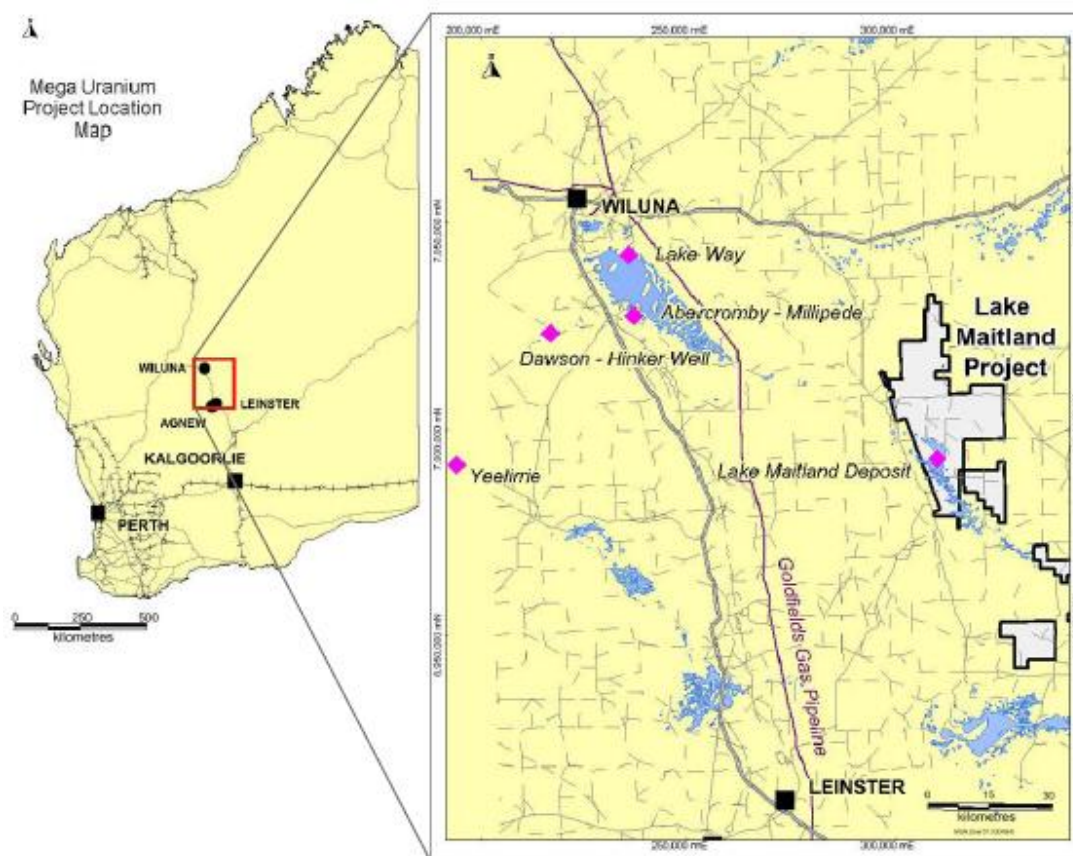
In April 2010, Mega announced that the Western Australian Government had finalized the level of environmental assessment and the environmental approvals process.



The Project will be assessed as an Environmental Review and Management Programme (“ERMP”), which is the highest level of assessment in Western Australia. In accordance with the established environmental approvals process, Mega submitted the Environmental Scoping Document (“ESD”) to the Environmental Protection Authority (“EPA”). In late June 2010, The ESD was released for public review.

In the last three months of 2010, Mega advanced its feasibility studies of the Lake Maitland Project. The Company received approval for the Environmental Scoping Document from the Environmental Protection Authority of Western Australia.

In February 2011, Mega announced that it had recently completed a Test Pit Program, concluding a key component in the preparation of the Definitive Feasibility Study and Environmental Review and Management Program (ERMP) currently underway for the Project.



On June 21, 2011, Mega announced that it had undertaken a study of the level of disequilibrium and density determinations in the Lake Maitland Deposit, which have the potential to significantly increase the tonnage estimate for the Lake Maitland resource.

Mega is encouraged by these results and plans to undertake a diamond drill program at Lake Maitland with the aim of increasing the resource tonnes, grade and contained uranium.

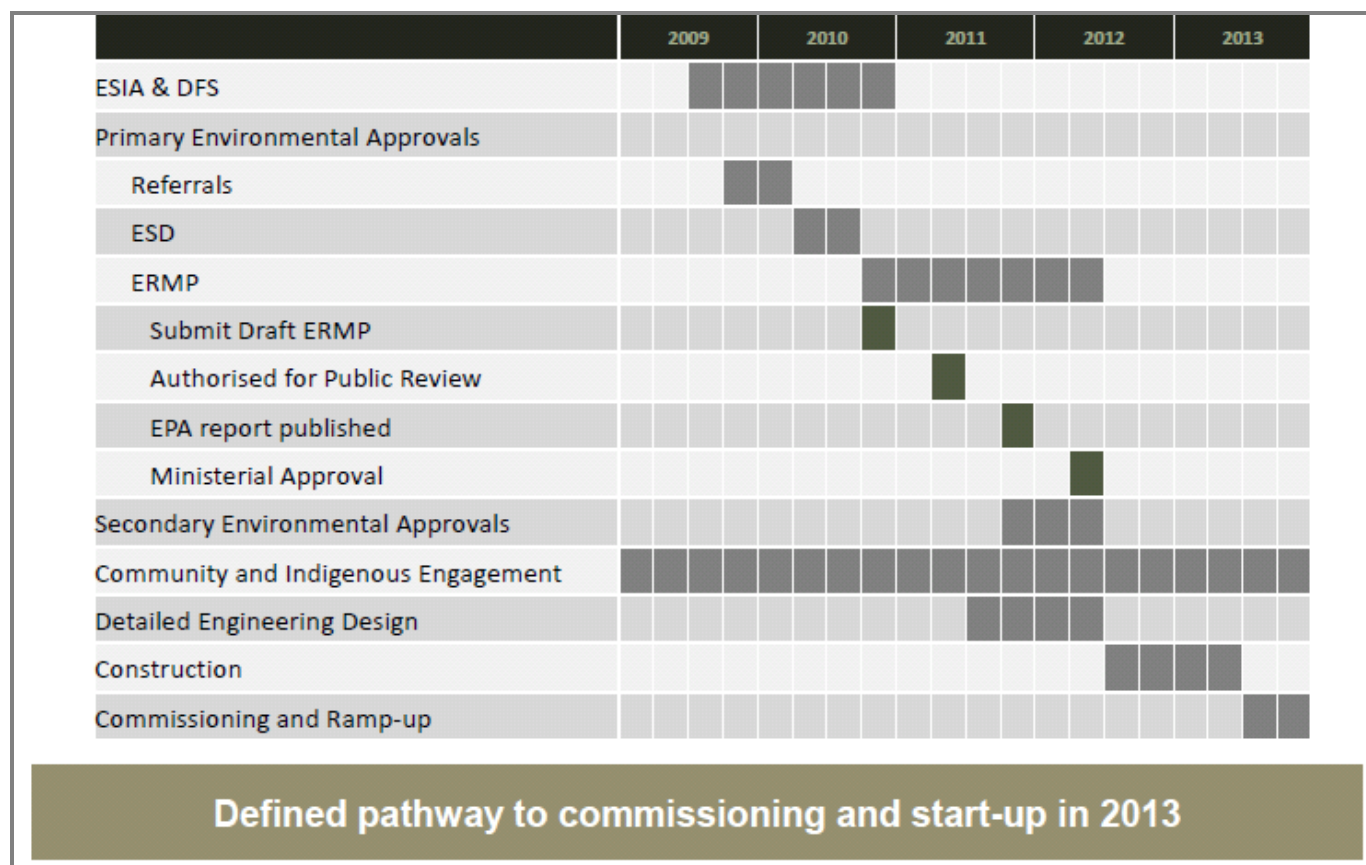
As a result of the proposed diamond drill program Mega has postponed completion of the Project Feasibility Study. The environmental studies contributing to the ERMP are nearing completion. Mega intends to complete these studies and submit a draft ERMP to the Western Australian Environmental Protection Authority at an appropriate time.

Lake Maitland Resources – 20.7 Mlbs of Indicated eU₃O₈ (200 ppm cut-off)

Cut Off (ppm)	NI43-101 Indicated			NI43-101 Inferred		
	Million Tonnes	Grade (ppm eU ₃ O ₈)	Contained eU ₃ O ₈ (Mlb)	Million Tonnes	Grade (ppm eU ₃ O ₈)	Contained eU ₃ O ₈ (Mlb)
100	28.8	376	23.8	3.6	274	2.2
200	18.9	497	20.7	1.9	374	1.6
500	6.1	882	11.8	0.3	759	0.6

Mineral resource estimate prepared by independent consultants SRK Consulting

- Resource sufficient to support management targeted annual production of 1.65 Mlbs over anticipated 10-year mine life ⁽¹⁾

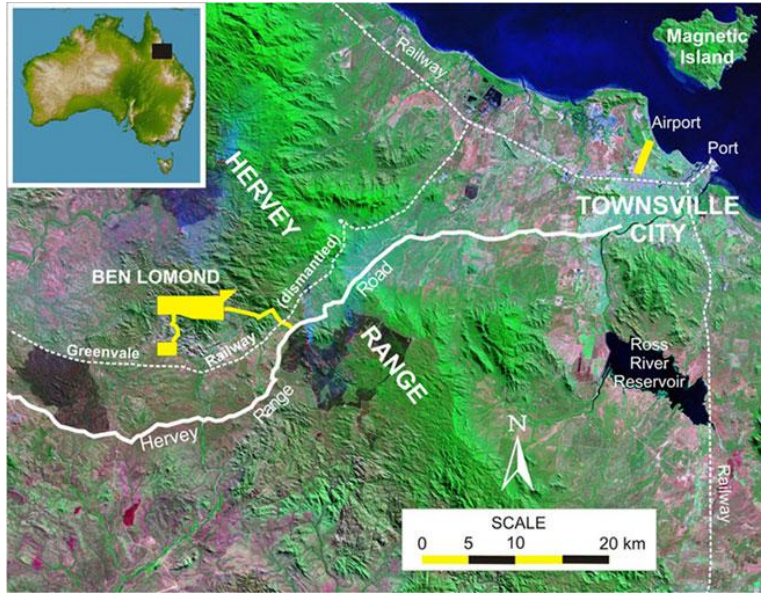


➤ **Ben Lomond Project - Queensland**

Mega is undertaking a pre-feasibility study on its Ben Lomond Project, located 60 kilometres west-southwest of the Port of Townsville in Queensland, which contains a NI 43-101 compliant resource of 10.7 million pounds U₃O₈, comprising an Indicated resource of 7.9 million pounds of U₃O₈ at an average grade of 0.27% U₃O₈ and an Inferred resource of 2.8 million pounds at an average grade of 0.21% of U₃O₈.

Around 70% of this resource is mineable by open-pit at a 5:1 stripping ratio. The remainder is conducive to extraction by underground workings from the pit.

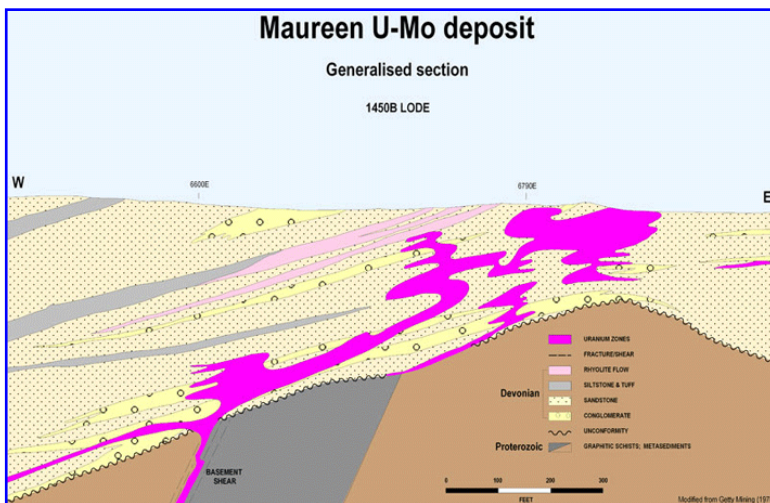
A Project Concept Study by Golder Associates and GRD Minroc has recently been completed .



Project	NI43-101 Indicated			NI43-101 Inferred		
	Million Tonnes	Grade U ₃ O ₈	Contained U ₃ O ₈ (Mlb)	Million Tonnes	Grade U ₃ O ₈	Contained U ₃ O ₈ (Mlb)
Ben Lomond	1.33	0.27%	7.9	0.60	0.21%	2.8
Maureen	3.12	0.09%	5.9	0.15	0.11%	0.4

In 2011 Mega planned to drill test possible extensions of the mineralization to the west of the deposit and potential repetitions to the north of the east/west trending mineralization, but these drilling programmes have been deferred until 2012 due to budgetary constraints.

➤ **Maureen Uranium-Molybdenum Deposit, Queensland**



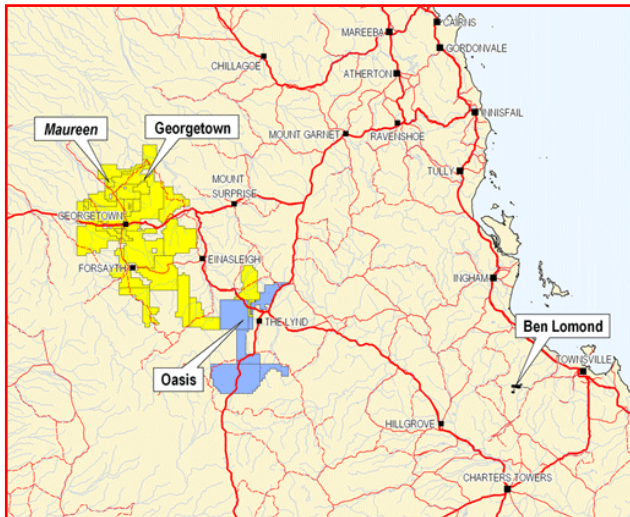
In July 2008, Mega reported that it had received a revised NI 43-101 compliant resource estimate for the Maureen Deposit from Mining Associates of Brisbane. At a 0.02% U₃O₈ cut-off and with no grade capping, the deposit is reported to contain an Indicated resource of 5.95 million pounds U₃O₈ and an Inferred resource of 0.38 million pounds U₃O₈.

The resource is based on 997 historical percussion and diamond core holes drilled by Australian company, Central Coast Exploration, and Getty in 1972-1979 and 94 RC/diamond drill holes drilled by Mega in 2006 and 2007.

Exploration programs Australia

In addition to developing its Australian uranium resources, Mega has major exploration programs underway in tenements covering a total of about 11,600 km² in Western Australia, Queensland and South Australia, and Northern Territory. The principal projects in these areas are as follows:

➤ Georgetown Uranium Project – Queensland



In its 176 km² Georgetown Project, which includes the Maureen Uranium Resource, Mega identified numerous uranium targets in extensive airborne magnetic-radiometric surveys flown in 2006 and 2007. Ground follow up of these targets is ongoing.

In 2008, 1,000 metres of reverse Circulation (“RC”) drilling evaluated known uranium occurrences in the Georgetown Project in the vicinity of the Maureen Resource. Historical resources have been evaluated some 20 kilometres south and southeast of Maureen by means of 2,000 metres of diamond drilling and 3,000 metres of RC drilling of which 2,000 metres to investigate airborne radiometric anomalies identified in 2007.

On the east-west trending Lineament Fault Zone, some 25 kilometres south-southwest of Maureen, a 1,400 metre drilling program was completed on the 300 metre strike length of known mineralization in the Central 50 Prospect, to test extensions of the mineralization to 200 metres depth.

The historical resource at Central 50, as reported by Esso Exploration and Production Australia in 1981, comprises 1.3 million pounds of U₃O₈ at a grade of 0.16% U₃O₈, based on a 0.045% U₃O₈ cut-off (non NI 43-101 compliant)..

Activities in the 2010 field season focused on drilling two prospects south of the Maureen resource. At the Shear Zone prospect, hole 9313 intersected 4 metres @ 0.87% U₃O₈ and 0.42% molybdenum (Mo) at 73-77 m hole depth, but three additional holes intersected nothing of importance.

However, Mega plans to conduct further drilling of this prospect in, as 80 m southwest of hole 9313, a percussion hole by a previous explored is reported to have intersected 9 m @ 0.097% eU₃O₈ based on down hole gamma logging.

➤ Cronje Dam Project – South Australia

Mega has obtained encouraging results in reconnaissance drilling of palaeochannels in its Cronje Dam Project. Results included 3 metres grading 507 ppm U₃O₈ at 105 metres depth in the Kinloch Tank area, 4 metres grading 236 ppm U₃O₈ at 98 metres depth in the Olary Creek area and 2 metres grading 400 ppm U₃O₈ at 140 metres depth in the Gairloch Dam area.

➤ Kintyre Rocks Project – Western Australia

In Western Australia, Mega’s principal exploration project, Kintyre Rocks, is adjacent to the lease containing the 79 million pounds U₃O₈ Kintyre resource, which is held by Cameco/Mitsubishi. A Mega RC drilling program in 2008, testing targets under cover SE of the Kintyre Deposit, intersected lithologies equivalent to the Kintyre Deposit host rocks, but there was no significant radioactivity.

In this Project, Mega has forged long-term relationships with the Native Title Holders, the Martu people, through a Land Access and Mineral Exploration Agreement.

In November 2010, Mega announced that it had completed a 1,831 metre 8-hole diamond core drilling at **Kintyre Rocks**. The drilling, which followed up on the Company’s two precious reconnaissance drilling programs on the tenement which contributed to the identification of three buried uranium targets, has enhanced the potential of the Project by intersecting Kintyre host rocks stratigraphy under cover.

Further diamond drilling is planned on the Area 1, Southern Cross, Wyoming Valley and other prospects in 2012.



CANADIAN PROPERTIES

Mega has entered into an option agreement with Cameco, whereby Mega/Forum (FDC – TSX.V) can jointly earn a 60% interest in the Property by incurring expenditures totalling Cdn\$ 4 million over 4 years.

The 98 square kilometre North West Athabasca Uranium Property is located on the northwestern margin of the Athabasca Basin, Saskatchewan and hosts a non NI 43-101 compliant historical resource (drilled to a depth of 50 metres) of 1.5 million pounds uranium grading 0.6% U₃O₈ in the Maurice Bay Deposit. The Deposit was discovered in 1977 by Uranerz Exploration and Mining along with several other unconformity hosted showings. A showing in the northwest part of the Property (Zone 2A) is basement hosted with grades of up to 5.68% U₃O₈ over 8.5 metres and requires further exploration.

Mega/Forum plan to test and expand the potential of the known mineralization and to locate new deposits using the latest exploration techniques on a project that has seen most of its work in the late 70s and early 80s. Initial work by Mega/Forum includes the completion of a gravity survey which has led to the identification of eleven high priority targets. Gravity surveys of this type are designed to identify zones of lower density hydrothermal alteration, which are typically in spatial association with uranium deposits in the Athabasca Basin. The recently identified gravity anomalies will be drill tested either late in 2011 or early in 2012.

Mega has terminated its option to acquire a 55% interest in Forum's Maurice Point Property.

On the Mustang Lake Property in Labrador (Mega 66.69% - Virginia Energy Resources 33.31%), a winter drilling program was completed in early 2011. The target area consists of a structural zone containing Aillik Group volcanic stratigraphy interpreted to trend from Paladin's Michelin uranium deposit (located 8 km to the southwest) through the Mustang Lake property. The Project is part of a joint venture with Virginia Energy Resources (Mega 66.69%: Virginia 33.31%). A total of 888.5 metres of diamond drilling was completed in four holes on the Property. In hole ML-11-02, a 46 m long zone of discontinuous anomalous radioactivity was intersected from 141 to 187 m depth. Analysis of samples from this zone yielded best results of 1 m of 0.08% U₃O₈ at 163 m and 1 m of 0.06% U₃O₈ at 187 metres.

Though the analytical results were low, the presence of Aillik Group volcanic stratigraphy, with Fe-oxide alteration and uranium mineralization in ML-11-02 validated the exploration model and prospectively of the Mustang Lake Property.

On the Bruce River Property, also part of the joint venture with Virginia Energy Resources, a diamond drill program of 600 metres in 5 holes commenced in July. Drilling is designed to test the Noseman showing where a mineralised zone exposed intermittently over an area of approximately 20 metres long by 75 metres wide occurs within a hydrothermal alteration zone exposed intermittently over 300 metres long by 100 metres wide.

Four channel samples were taken with a test result of 0.092% U₃O₈ over 2 metres.

On the 100% Greenwich Lake Property Mega completed a diamond drill program consisting of 963 m in six holes, aimed to test two targets defined by sinuous magnetic highs coincident with weak EM anomalies. None of the holes intersected Ni, Cu, PGM mineralization. Mega considers that the Property still has merit through additional drilling and is looking at strategic alternatives for the future of the Project.

On Mega's wholly-owned Byron Bay REE Property in eastern Labrador, prospecting and ground-radiometric surveying in 2010 resulted in the discovery of an additional REE mineralization, in an area that was originally explored for uranium. A replicate sample from the 2009 discovery outcrop, announced in January 2010, yielded a sample containing 8.85%. Total Rare Earth Element Oxide (TREO), including 1.83% LazO₃, 4.02% CeO₂O₃, 0.48% Pr₂O₃, 1.74% NdO₃, 0.29% Sm₂O₂ and 0.20% Y₂O₃.



AFRICAN PROPERTIES – Republic of Cameroon

Mega made its first inroads into uranium exploration in Africa in August 2007 with the acquisition of Nu Energy Corporation for Mega shares representing a value of Cdn\$ 83.1 million. Nu Energy's principal assets are a 92% interest in three project areas in Cameroon, encompassing a total area of 1174 km² in the Kitongo, Lolodorf and Teubang uranium properties.



In 2010, in the Salaki prospect of the Kitongo Project a program of 15 diamond drill holes were drilled within the 600 m strike length investigated in 2009, and also along the projected trend of the mineralised zone extending 300 m to the northwest of the previous drilled areas. Of the 15 holes drilled, 12 intersected greater than 200 ppm U₃O₈ over minimum widths of one metre, the best intersections being 3.7 m @ 0.13% U₃O₈, 3.2 m @ 0.11% U₃O₈ and 2.0 m @ 0.11% U₃O₈.

In the **Kitongo prospect**, some 22 km east-north-east of Salaki, the main intention of the 2010 drilling program was to investigate the strike projections to the northeast and southwest of the known mineralization. A total of 2,000 metres was planned on 12 holes, but after 3 barren holes had been drilled over a 300 m portion of the mineralised trend to the northeast, the decision was taken to terminate the program.

In the **Lolodorf Project**, nothing of economic significance was intersected in 15 diamond drill holes testing a 550 m long portion of a prominent and easily accessible radiometric anomaly in the Ngombas sector. Only 5 of the holes intersected greater than 200 ppm U₃O₈ over a minimum width of one metre, the best intersection being 1 metre @ 0.12% U₃O₈. It should be noted, however, that the 2010 drilling tested only a small portion of the 70 km long prospective uraniferous belt as delineated by the airborne radiometric data.

Ground radiometric surveys and prospecting activities are ongoing over several large radiometric anomalies in other portions of the belt in order to identify drilling targets.

Management

Sheldon Inwentash, Chairman and CEO, is responsible for the overall strategic vision and direction for the Company. He and his management team have built Mega Uranium into one of the fastest growing junior mining companies globally, by identifying and acquiring quality uranium properties. Mr. Inwentash brings more than 20 years of experience in the investment industry and a deep understanding of progressive investment and financial management strategies. He was an Ontario finalist for the 2007 Ernst & Young Entrepreneur Of The Year Award. A Chartered Accountant, Mr. Inwentash is also the Chairman and CEO of Pinetree Capital, a Canadian investment company with a portfolio of investments primarily in the resource and energy sectors.

Stewart Taylor, President, joined Mega Uranium in February 2005, as VP – International Exploration, through Mega's acquisition of the Ben Lomond uranium deposit in Australia. In October 2005, he was promoted to the role of President, where he is responsible for the generation, acquisition and exploration of the Company's uranium projects worldwide and has been instrumental in building Mega Uranium's worldwide presence. Mr. Taylor, a geologist, holds a B.Sc. (Hons. Geology) from the University of Glasgow, Scotland, and has over 35 years of mining and exploration experience in Australia, Asia, Africa, Europe and North and South America. Prior to joining Mega Uranium, he held senior management positions with several major and junior groups including, Anglo American Corporation, Mogul of Ireland, Electrolytic Zinc Company of Australia, Mount Isa Mines and Southwestern Gold. From 1998 until June 2010 Mr. Taylor was Principal of Taylor Wall & Associates, a Brisbane-based consulting firm specializing in mineral project generation and evaluation and providing geoscientific consulting services, worldwide.

Richard Patricio, Executive Vice President Corporate & Legal Affairs and Secretary, is responsible for merger and acquisition activity, corporate transactions and the overall administration of Mega Uranium. Prior to joining the Company, Mr. Patricio practiced law at a top tier law firm in Toronto and worked as in-house General Counsel for a senior TSX listed company. Mr. Patricio is a lawyer qualified to practice in the Province of Ontario.

Richard Homsany, Executive Vice President-Australia, who joined Mega in April 2010, is responsible for directing Mega's Australian corporate operations and leading the team that is advancing the Lake Maitland Project towards production. He brings to the role a detailed knowledge of the Project, as he was the Chairman of the then ASX-listed Redport Ltd, which owned the Project prior to its acquisition by Mega in 2006. He has a wealth of experience in the resources industry, including working for North Ltd, which was acquired by Rio Tinto in 2001. He also has considerable Board experience with publicly listed resource companies in Australia. In his recent role as a corporate partner at the international law firm, DLA Phillips Fox, he focused on the Energy and Resources sector including advising clients on capital raisings, mergers and acquisitions, finance, joint ventures, divestment and corporate governance. Mr Homsany was an integral part of Mega's successful negotiations With JAURD and ITOCHU regarding the sale of the 35% interest in the Lake Maitland Project.

Dr. Michael Downes, Vice President, North America, is a geologist with extensive experience in mineral exploration. He joined Mega through the acquisition of Monster Copper, where he served as President. Prior to joining Mega Uranium, he worked with Kidd Creek Mines, (1980 to 1986) where he led the team that discovered the Hoyle Pond Gold deposit in Ontario. From 1989 to 1997, he held positions of increasing responsibility with WMC International (WMC of Australia) including Chief Geologist Americas and Manager of Province Assessment. Dr. Downes was also Vice-President Exploration for Brasilca Mining Corporation, a TSXV listed company with exploration success in IOCG style copper-gold, in the Carajas area of Brazil.

Wendy Warhaft, General Counsel, joined Mega Uranium in February 2007, as General Counsel. In this role, she provides, among other things, advice and assistance to management in respect of Mega's corporate finance and M&A activities and its continuous disclosure and corporate governance matters. Ms. Warhaft brings extensive experience in corporate and securities law and was a partner in a top Canadian law firm prior to joining Mega. She holds a Bachelor of Law Degree from the University of Ottawa (Magna cum laude) and a Bachelor of Commerce Degree in Finance and International Business from McGill University (With Distinction) and is a member of the Ontario Bar.

Finance

In March 2011, Mega closed a non-brokered flow-through private placement for gross proceeds of Cdn\$ 6.6 million from the sale of 6.0 million flow-through units at a price of Cdn\$ 1.10 per unit. Each unit was comprised of one flow-through common share and one half of one non-flow through common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase one non-flow-through common share of Mega at a price of Cdn\$ 1.30 until expiry on March 14, 2013.

The proceeds of the funding attributable to the flow-through shares will be used for its Canadian exploration expenditures.

Investment recommendation:

As one of the world's major uranium exploration and development companies, Mega has interests in extensive uranium exploration properties in three continents (after the sale of its South American properties), comprising projects in Australia, Canada, and Cameroon.

Lake Maitland, located in **Western Australia**, the Company's largest uranium deposit, has a NI 43-101 compliant Indicated resource of 23.8 million pounds and an Inferred resource of 2.2 million pounds; Ben Lomond has 10.7 million pounds U3O8 in Indicated + Inferred resources; the Maureen Deposit has a NI 43-101 compliant Indicated resource of 5.95 million pounds U3O8 and an Inferred resource of 0.38 million pounds U3O8; and other Georgetown deposits have a historical Inferred resource of 6.4 million pounds.

At the end of February 2009, Mega announced that it had entered into an agreement to sell a 35% interest in the Lake Maitland Project to JAURD and ITOCHU of Japan for an aggregate amount of US\$ 49 million. This valued the total Project at US\$ 140 million, compared with an in-the-ground value of more than US\$ 1.0 billion.

In **Canada**, Mega has interests in uranium exploration properties in the country's premier areas, valued at Cdn\$ 46.3 million, namely the Central Mineral Belt of Labrador (100%-owned properties and others in joint venture with Virginia Energy), the Wernecke Mountains in the Yukon (joint venture with Pitchblack Resources) and the Thelon Basin in Nunavut (joint venture with Titan Uranium).

Mega and Forum Uranium entered into an option agreement with Cameco to jointly earn a 60% interest in the North West Athabasca Uranium projects, including the Maurice Bay Deposit, which hosts a non NI 43-101 compliant historical resource of 1.5 million pounds uranium grading 0.6% U3O8.

In **Cameroon**, Mega has extensive ground holdings over the most significant uranium occurrences known in the country, valued at Cdn\$ 14.6 million.

The divestment of Mega's **South American** assets and the associated dividend represent the first step of the Company's initiative to unlock shareholder value attributable to its non-core exploration properties.

As Mega continues to focus on bringing its Lake Maitland Property to production, it is currently evaluating its remaining portfolio of exploration properties outside of Australia, with a view to identifying opportunities to maximize the properties' potential and enhance shareholder value. Such opportunities could include a sale or spin-off of the properties.

Based on the book value of the Company's Australian properties of Cdn\$ 207 million alone, with Lake Maitland valued at US\$ 135 million, and no value at all given to its prospective Canadian assets, Mega, at a currently depressed market capitalization of Cdn\$ 64.3 million, having temporarily been hurt by the over expressed impact of the Japanese nuclear crisis, in our view, is strongly undervalued as one of Australia's and the world's new generation of uranium producers.

Our next price objective is Cdn\$ 1.00.