

MinterEllison

L A W Y E R S

2 March 2006

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The Company Announcements Office
Australian Stock Exchange Ltd
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Off-market Bid by acn 118 331 650 ('Mega') to acquire all the ordinary shares and options in Hindmarsh Resources Limited (ACN 106 444 857) ('Hindmarsh')

We act for Mega.

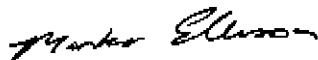
We refer to Mega's Bidder's Statement lodged with ASIC and the ASX and served on Hindmarsh on Tuesday, 28 February 2006.

On behalf of our client, and in accordance with s647 of the *Corporations Act 2001* (Cth) and ASIC Class Order 00/344, we attach the following:

1. Mega's Supplementary Bidder's Statement;
2. Mega's replacement Bidder's Statement, marked up to effect the changes made to the original Bidder's Statement; and
3. Mega's replacement Bidder's Statement in final form (with all changes accepted).

These documents have been lodged with ASIC today and sent to Hindmarsh.

Yours faithfully

MINTER ELLISON

Contact: Suzanne Sheridan Direct phone: +61 7 3119 6365 Direct fax: +61 7 3119 1365
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Partner responsible: Bruce Cowley Direct phone: +61 7 3119 6213
Our reference: SCS BCC 40-5103190

MINTER ELLISON GROUP AND ASSOCIATED OFFICES

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ACN 118 331 650 PTY LTD (ACN 118 331 650)

First Supplementary Bidder's Statement

This is the first supplementary bidder's statement issued by ACN 118 331 650 Pty Ltd ('Mega') (a wholly owned subsidiary of Mega Uranium Ltd ('MGA')) under section 643 of the *Corporations Act 2001* (Cth) ('Statement').

This Statement relates to and supplements Mega's Bidder's Statement dated 28 February 2006 (**Original Bidder's Statement**) in relation to an off-market takeover scrip bid for all the issued ordinary shares of Hindmarsh Resources Limited (ACN 106 444 857) ('Hindmarsh') and should be read together with that document.

Terms defined in the Original Bidder's Statement have the same meaning when used in this document.

Supplementary Information

The Original Bidder's Statement has been amended as follows:

1. **Letter from the chairman and CEO of Mega Uranium Ltd (p.8)**
 - (a) The reference to "volume weighted average share price of MGA shares" in the first dot point of the letter has been changed to "simple average closing share price of MGA shares"; and
 - (b) All references to "volume weighted average Hindmarsh share price" in the second dot point contained in the letter have been changed to "simple average Hindmarsh closing share price".
2. **References to "[11 April] 2006"**

The references to "[11 April] 2006" on pages 10, 11, 13 and 16 have been changed to "11 April 2006".
3. **Clause 1.1 of Part 1 - Offer Dates (p.13)**

The statement that "The Offers are dated 10 March 2006" has been changed to "The Offers are dated 8 March 2006".
4. **Clause 2.6 of Part 2 - Mt Kakoulima Project (Ni, Cu, Co and PGM), Guinea, West Africa (pp.41-43)**

The reference to "blebby sulphides" in the fourth and fifth lines of the second paragraph of part (c) of this clause has been changed to "sulphide blebs".
5. **Clause 3.1 of Part 2 - Present capitalisation of MGA (p.50)**
 - (a) The phrase "At the date of this Bidder's Statement" in the first paragraph of this clause has been changed to "As at the close of trading on 23 February 2006";
 - (b) The statement "44,592,913 fully paid common shares" in the first paragraph of this clause has been changed to "44,195,404 fully paid common shares"; and
 - (c) The statement "There are 2,874,700 MGA Options issued under Stock Options Plans (see clause 10.6 of Part 2)" in the second paragraph of this clause has been changed to "As at 23 February 2006, there are 3,272,210 MGA Options issued under Stock Option Plans (see clause 11.6 of Part 2)".
6. **Clause 4.3 of Part 2 - Post acquisition capital structure (p.55)**
 - (a) The number "44,592,913" contained in the second column of the second row (counting from the top and including the title row) of the table has been changed to "44,195,404"; and

- (b) The number "48,228,269" contained in the second column of the fourth row (counting from the top and including the title row) of the table has been changed to "47,830,760".
7. **Clause 6.3 of Part 2 – Pro-forma adjustment (pp.55-56)**
- (a) The references to "Mega" and "Mega's" in the first paragraph of this clause have been changed to "MGA" and "MGAs";
- (b) The reference to "Mega's" in the first line of the second paragraph of this clause has been changed to read "MGAs";
- (c) The references to "Mega Uranium Ltd" and "Mega" in the pro forma balance sheet contained in part (a) of this clause have been changed to "MGA"
- (d) The references to "Mega" in section (i) of part (b) of this clause have been changed to "MGA"
- (e) The reference to "Mega's" in the second dot point contained in section (ii) of part (b) of this clause has been changed to "MGAs"; and
- (f) The references to "Mega's" and "Mega" in section (ii) of part (c) of this clause have been changed to "MGAs" and "MGA".
8. **Clause 11.8 of Part 2 – Stock Option Plan (p.68-69)**
- The statement "On 20 February 2006 MGA granted 1,000,000 options to a director, an officer and a consultant at \$5.89 per share for a term of 5 years" has been added as a sixth dot point under part (c) of this clause.

Approval

This Statement is dated 1 March 2006. A copy of this Statement was lodged with the Australian Securities and Investments Commission ("ASIC") on 2 March 2006. ASIC takes no responsibility for the content of this Statement.

Signed on behalf of ACN 118 331 650 Pty Ltd, according to a resolution of the directors of ACN 118 331 650 Pty Ltd dated 1 March 2006.

Dated: 1 March 2006

.....
Director
ACN 118 331 650 Pty Ltd (ACN 118 331 650)

OFFER DOCUMENT AND BIDDER'S STATEMENT

OFFERS

BY

ACN 118 331 650 PTY LTD (MEGA)

(ACN 118 331 650)

A WHOLLY OWNED SUBSIDIARY OF MEGA URANIUM LTD (MGA)

to acquire all your ordinary shares and options in

HINDMARSH RESOURCES LIMITED ('HINDMARSH')

(ACN 106 444 857)

Mega is offering 100 common shares in MGA for every 694 ordinary shares in Hindmarsh and 100 common shares in MGA for varying quantities of options in Hindmarsh.

The Offers are dated {108 March 2006} and will expire at 5.00 pm, Brisbane time on {11 April 2006}, unless withdrawn or extended.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to how to deal with this document or the Offers contained in it please consult your financial or other professional adviser.

If you have any questions about the Offer or this document call Computershare Investor Services on 1300 738 933.

Corporate information

ACN 118 331 650 Pty Ltd

Directors

Sheldon Inwentash

Stewart Taylor

Company Secretary

Stewart Taylor

Registered Office

Taylor Wall & Associates

Ground Level

67 St Paul's Terrace

Spring Hill Qld 4000

Mega Uranium Ltd

Directors

Arni Johansson

Douglas Reeson

Michael Sweatman

Anthony J Grey

Sheldon Inwentash

Registered Office

The Exchange Tower

Suite 2810

130 King Street West

Toronto ON M5X 1A5

Auditors:

Feldman & Associates LLP,

Chartered Accountants

Maitland House

37 Maitland House

Toronto ON M4Y1C8

Legal adviser to the Offer

Minter Ellison Lawyers

Level 22, Waterfront Place

1 Eagle Street

Brisbane Qld 4000

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Important dates

Original Bidder's Statement lodged with ASIC 28 February 2006

Replacement Bidder's Statement lodged with ASIC 2 March 2006

Date of Original Bidder's Statement ~~{ 28 February 2006 }~~

Date of Replacement Bidder's Statement 2 March 2006

Record Date ~~{~~ 27 February 2006 ~~}~~

Date of Offers ~~{~~ 8 March 2006 ~~}~~

Offer expires, unless extended 5.00 pm Brisbane time on ~~{ 11 April 2006 }~~

Defined terms

Various defined terms are used in this document. The definitions are set out in Part 3 of this document.

Investment decisions

This document does not take into account the individual investment objectives, financial situation or particular needs of each Hindmarsh shareholder or any other person.

Hindmarsh shareholders may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offers.

Disclosure about forward-looking statements

This Bidder's Statement may include certain forward-looking statements which have been based on current expectations about future events. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such forward looking statements. These factors include, among other things, those risks identified in clause 7 of Part 2 of this Bidder's Statement.

Foreign or overseas shareholders

The distribution of this document and the making of these Offers may, in certain jurisdictions, be restricted by law. The Offers are not being made, directly or indirectly, in or into, and will not be capable of acceptance from within, any jurisdiction in which the making of the Offers or the acceptance thereof would not be in compliance with the laws of that jurisdiction. Persons who come into possession of this document should inform themselves of and observe any of these restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any of these

jurisdictions. Mega does not assume any responsibility for any violation by any person of any of these restrictions.

Bidder's sStatement

~~This is a Bidder's Statement given by Mega under Part 6.5 of Chapter 6 of the Corporations Act, and in compliance with sections 636 and 637 of the Corporations Act in relation to the Offers.~~

~~The~~A copy of the original Bidder's Statement is dated 27~~was lodged with ASIC on 28 February 2006.~~
This replacement Bidder's Statement replaces the original Bidder's Statement. The Bidder's Statement includes Offers dated ~~{~~18~~March 2006}~~.

A copy of this ~~replacement~~ Bidder's Statement was lodged with the Australian Securities and Investments Commission on ~~[February 2006]. The Australian Securities and Investments Commission~~ASIC on 2, March 2006. ASIC takes no responsibility for the contents of the Bidder's Statement.

Letter from the chairman and CEO of Mega Uranium Ltd and director of ACN 118 331 650 Pty Ltd

**Mega Uranium Ltd
ACN 118 331 650 Pty Ltd**

~~27 February~~ 1 March 2006

Dear Hindmarsh Shareholder/Optionholder

Offers for your Hindmarsh Shares and Options

Enclosed with this letter are Offers from Mega Uranium Ltd (**MGA**) through its wholly owned subsidiary, ACN 118 331 650 Pty Ltd (**Mega**), to acquire **all** of your shares and options in Hindmarsh Resources Limited (**Hindmarsh**). The Bidder's Statement sets out the detailed terms of the Offers, including the conditions.

WHY ACCEPT THE OFFERS

The directors believe that you should accept the Offers for the following reasons:

- Based on the ~~volume-weighted~~ simple average closing share price of MGA Shares on the TSXV in the one month up to and including 23 February 2006 of \$5.28 and the prevailing A\$/C\$ exchange rate (A\$1.181/C\$1.00), the equivalent value of the MGA scrip consideration is as follows:

Share/Option	Equivalent MGA common shares	Value of Scrip
Hindmarsh ordinary shares	100 MGA common shares for 694 ordinary shares	A\$0.90 per ordinary share
20 cent unlisted options	100 MGA common shares for 902 unlisted options	A\$0.69 per 20 cent unlisted option
22 cent unlisted options	100 MGA common shares for 933 unlisted options	A\$0.67 per 22 cent unlisted option
25 cent unlisted options	100 MGA common shares for 984 unlisted options	A\$0.63 per 25 cent unlisted option
25 cent listed options	100 MGA common shares for 984 listed options	A\$0.63 per 25 cent listed option

- The Share Offer provides attractive premiums to the levels at which the Hindmarsh Shares have been trading, namely:
 - a 78.9% premium to the 10 day ~~volume-weighted~~ simple average Hindmarsh closing share price prior to the January 11, 2006 announcement of the Offers,
 - a 89.1% premium to the 30 day ~~volume-weighted~~ simple average Hindmarsh closing share price prior to the January 11, 2006 announcement of the Offers, and
 - a 96.2% premium to the 3 month ~~volume-weighted~~ simple average Hindmarsh closing share price prior to the January 11, 2006 announcement of the Offers.

The last sale price of MGA Shares on the TSXV on 23 February 2006 was C\$5.70 (or A\$6.73).

- The Offers have the support of Hindmarsh's board of directors;
- Hindmarsh Shareholders and Optionholders will receive a shareholding in a larger, more widely held company, MGA, giving them the opportunity to participate in the growth of an international uranium company with access to Canadian financial markets;
- There will be a number of strategic benefits from combining Hindmarsh's assets with MGA's uranium asset portfolio. If Mega is able to acquire 100% of Hindmarsh Shares and Options, it will be able to develop opportunities and exploration and operational synergies and create a strong platform for future growth;
- Should the Offers become unconditional and Mega receives Acceptances from at least 90% of the Hindmarsh Shareholders and 90% of each class of Optionholder, then Hindmarsh Shareholders who are Australian residents for tax purposes may, depending on their individual circumstances, be eligible to choose capital gains tax rollover relief in relation to the share component received under the Offers. Further details in respect of the general income tax implications of accepting the Offers are set out in clause 7 of Part 2 of this Bidder's Statement. We recommend that you consult your independent tax advisor regarding the income tax implications of accepting the Offers; and
- By accepting the Offers, Hindmarsh Shareholders and Optionholders will not have to pay the brokerage costs usually incurred when selling on the market.

HOW TO ACCEPT THE OFFER

To accept an Offer, please follow the instructions set out in the Offers and on the back of the Acceptance Forms.

If you have any questions on how to accept the Offers please contact Computershare Investor Services on 1300 738 933 or contact your broker or financial adviser.

The Offers are currently due to close on 11 April 2006.

I look forward to receiving your acceptance and to welcoming you as a shareholder in Mega.

Yours sincerely

Sheldon Inwentash

Chairman and CEO, Mega Uranium Ltd
Director, ACN 118 331 650 Pty Ltd

Summary of the Offers and how to accept

This summary provides an overview of the Offers. You should read this document (including, in particular, the Bidder's Statement) in full before making any decision whether or not to accept the Offers.

The Offers

Mega is a wholly owned subsidiary of MGA.

Mega is offering to acquire all of your Hindmarsh Shares and Options as at the Record Date.

The offer for Hindmarsh Shares also extends to any Hindmarsh Shares issued as a result of the exercise of Hindmarsh Options during the Offer Period.

Price

100 MGA Shares for every 694 Hindmarsh Shares and 100 MGA Shares for:

- every 902 Unlisted Hindmarsh Options with an exercise price of A\$0.20;
- every 933 Unlisted Hindmarsh Options with an exercise price of A\$0.22;
- every 984 Listed and Unlisted Hindmarsh Options with an exercise price of A\$.025;

with part Shares or Options rounded up (refer Section 2.1 of Part 1).

Conditions of the Offer

The Offers are subject to the conditions set out in clause 7 of Part 1 of this document, including the following:

- Mega and its associates have relevant interests in 90% or more of all Hindmarsh Shares;
- Mega and its associates have received acceptances in respect of 90% of each class of Hindmarsh Options;
- no Prescribed Occurrence occurs;
- approval of TSXV;
- no material adverse change in Hindmarsh's business, financial or trading position; or
- other conditions set out in clause 7.1 of Part 1 of the Bidder's Statement.

Mega may choose to waive any of these conditions in accordance with the Offers.

Closing Date

Unless extended or withdrawn in accordance with the Corporations Act, the Offers remain open for acceptance from the Offer Date until 5.00 pm Brisbane time on {11 April} 2006.

When you will receive your MGA Shares

If you accept (and return any document required with your acceptance) and the Offers become or are declared unconditional, you will receive your common shares in MGA before the later of:

- one month after the date you accept the Offers; and
- one month after the date the Offers become or are declared

	<p>unconditional,</p> <p>and in any event (assuming the Offers become or are declared unconditional) you will receive your common shares in MGA no later than 21 days after the end of the Offer Period.</p>
Sale of MGA Shares	<p>If you wish to sell the MGA Shares you receive as consideration for accepting the Offers, you should contact your stockbroker to discuss how to arrange the sale or who to contact to arrange for the sale of the MGA Shares through a Canadian stockbroker.</p> <p>Alternatively, subject to meeting any regulatory requirements, Canaccord Adams has advised Mega that it is prepared to provide trading services to holders of MGA Shares. Contact details for Canaccord Adams are as follows:</p> <p>Canaccord Adams Mr. Robert Anderson P.O. Box 10337, #2200 - 609 Granville Street Vancouver B.C. V7Y 1H2 Main Number: (604) 643-7300 Fax: (604) 643-7606 Toll Free Number: 1-800-663-1899 (CAN) 1-800-663-8061 (USA) robert.anderson@canaccordadams.com</p>
No brokerage and stamp duty	You will not pay brokerage or stamp duty if you accept the Offers.
How to Accept	<p>Your acceptance must be received before the end of the Offer Period (5.00 pm, Brisbane time on {11 April} 2006, unless the Offer Period is extended). To accept any one of the Offers:</p> <ul style="list-style-type: none"> • if your Hindmarsh Shares or Options are in a CHES Holding (see <i>Note</i>), instruct your Controlling Participant to initiate acceptance of the Share Offer on your behalf or complete and sign the Acceptance Form in accordance with the instructions set out in the Acceptance Form; • if your Hindmarsh Shares or Options are in an Issuer Sponsored Holding (see <i>Note</i>): <ul style="list-style-type: none"> * complete and sign the Acceptance Form in accordance with the instructions set out on that form; * send it, together with any documents required by the instructions on the Acceptance Form in the enclosed reply paid envelope so that they are received no later than the end of the Offer Period. <p><i>Note:</i> Your Hindmarsh Shares or Options are in a CHES Holding if they are sponsored by a broker or other CHES Participant or if you yourself are a broker or non-broker participant. Your Hindmarsh Shares or Options are in an Issuer Sponsored Holding if they are sponsored directly by Hindmarsh as issuer.</p>
Further Information	<p>For questions on how to accept, or in relation to, the Offers generally, please contact Computershare Investor Services on 1300 738 933 (or +61 3 9415 4017 for international callers). Hindmarsh Shareholders and Optionholders should note that pursuant to the</p>

Corporations Act, Mega is required to record all conversations with Hindmarsh Shareholders or Optionholders which discuss the Offer by Mega, other than conversations with Hindmarsh Shareholders or Optionholders who are 'wholesale holders' or professional investors as defined by the Corporations Act. All recordings will be indexed and stored as required by the Corporations Act.

Part 1 - Terms of the Offers

1. Offers

1.1 Offer Dates

The Offers are dated {10~~8~~ March 2006}, being the date on which the first of the Offers was sent to the persons referred to in clause 1.3 of Part 1 (**Offer Date**).

1.2 Offers

Mega offers to acquire on the terms and conditions of the Offers:

- (a) all Hindmarsh Shares of which you are the registered holder on the Record Date;
- (b) all Hindmarsh Shares (if any) issued to you during the period from the Record Date to the end of the Offer Period as a result of the exercise of Hindmarsh Options;
- (c) all 20 cents Unlisted Hindmarsh Options of which you are the registered holder on the Record Date;
- (d) all 22 cents Unlisted Hindmarsh Options of which you are the registered holder on the Record Date;
- (e) all 25 cents Unlisted Hindmarsh Options of which you are the registered holder on the Record Date; and
- (f) all 25 cents Listed Hindmarsh Options of which you are the registered holder on the Record Date.

1.3 Persons to whom Offers are made

Share Offers in this form and bearing the same date are being made to and will be sent to each holder of Hindmarsh Shares registered in the Hindmarsh Share Register at 5.00pm Brisbane time on the Record Date.

Option Offers in a similar form and bearing the same date are also being made to and will be sent to every holder of Hindmarsh Options registered in the Hindmarsh Options Register at 5.00pm Brisbane time on the Record Date comprising both Listed and Unlisted Options.

1.4 Offer Period

The Offers will remain open during the period:

- (a) starting on the Offer Date; and
- (b) ending at 5.00 pm Brisbane time on the day that is one month after the Offer Date, which is {11 April 2006},

unless this period is extended or the Offers are withdrawn in accordance with the Corporations Act.

1.5 Conditions

Each Offer is subject to the conditions set out in clause 7 of Part 1.

1.6 If you have sold any of your Hindmarsh Shares

If you have sold some or all of your Hindmarsh Shares when the Share Offer is made to you or during the Offer Period, please refer to clause 4.1 of Part 1.

1.7 If you are a trustee or nominee

If you are a trustee or nominee of some or all of your Hindmarsh Shares or Options, please refer to clause 4.2 of Part 1.

2. Consideration

2.1 Consideration payable

The offer by Mega to holders of Hindmarsh Shares is 100 MGA Shares for every 694 of your Hindmarsh Shares.

If as a result of the number of Hindmarsh Shares held, a Hindmarsh Shareholder is due to receive part of an MGA Share then the Hindmarsh Shareholder will receive the whole of the MGA Share.

The offer by Mega to holders of Hindmarsh Options is as follows:

Option Exercise Price	MGA common shares
Unlisted Options	
20 cents	100 MGA Shares per 902 Hindmarsh Options
22 cents	100 MGA Shares per 933 Hindmarsh Options
25 cents	100 MGA Shares per 984 Hindmarsh Options
Listed Options	
25 cents	100 MGA Shares per 984 Hindmarsh Option

If a Hindmarsh Optionholder is due to receive part of an MGA Share then the Hindmarsh Optionholder will receive the whole of the MGA Share.

2.2 Time of issue of MGA Shares

- (a) If the Acceptance Form does not require you to give another document for your acceptance, Mega will cause you to be issued with MGA Shares as consideration for your Hindmarsh Shares or Options on or before the earlier of:
 - (i) 21 days after the Offer Period; or
 - (ii) one month after the later of:
 - (A) the date the Share Offer, the Options Offers and/or the Listed Option Offer is accepted by you; or
 - (B) if the Offers are subject to a defeating condition the date the takeover contract resulting from your acceptance of the Offer or Offers becomes unconditional.
- (b) If the Acceptance Form requires another document to be given for your acceptance (like a power of attorney):
 - (i) if the document is given with your acceptance, Mega will cause you to be issued with MGA Shares in accordance with clause 2.2(a) of Part 1;
 - (ii) if the document is given after your acceptance and before the end of the Offer Period and the Offers are subject to a defeating condition at the time Mega is

given the document, Mega will cause you to be issued with MGA Shares on or before the earlier of:

- (A) one month after the takeover contract becomes unconditional; or
- (B) 21 days after the end of the Offer Period;
- (iii) if the document is given after your acceptance and before the end of the Offer Period and the Offers are unconditional at the time Mega is given the document, Mega will cause you to be issued with MGA Shares within one month after Mega is given the document; or
- (iv) if the document is given after your acceptance and after the end of the Offer Period Mega will cause you to be issued with MGA Shares on or before 21 days after Mega is given the document.

2.3 Contract avoided

Mega may, at its election, avoid any contract created between Mega and you if Mega has not been given the necessary transfer documents within one month after the end of the Offer Period.

2.4 Official quotation of MGA Shares

- (a) The consideration offered by Mega under the Offers are MGA Shares. The MGA Shares offered as consideration will be issued by MGA and will rank equally with MGA Shares currently on issue.
- (b) MGA Shares are listed on the TSXV in Toronto, Canada. For details of TSXV please refer to Section 1.2 of Part 2. Shares of the same class as those to be issued as consideration have been granted official quotation by the TSXV.
- (c) An application will be made to the TSXV within 7 days of the start of the Offer Period for the granting of official quotation of the MGA Shares to be issued.

2.5 Obligation to allot Shares

The obligation of Mega to cause the issue and allotment of any MGA Shares, to which you are entitled, will be satisfied by MGA.

- (a) entering your name on the register of members of MGA; and
- (b) no later than seven Business Days after your name is entered on the register of members of MGA, despatching or procuring the despatch to you, by pre-paid post to your address recorded in Hindmarsh's register of members at 9:00am Brisbane time on the Record Date an uncertificated statement in your name. If your Hindmarsh Shares are held in a joint name, an uncertificated holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in Hindmarsh's register of members on the Record Date.

3. How to accept

3.1 Full acceptance required

Subject to clause 4.2 of Part 1, you may only accept the Offers in respect of all your Hindmarsh Shares and Options.

You may also accept the Share Offer in relation to the Hindmarsh Shares which become registered in your name in the Hindmarsh Share Register in the period from 5.00pm Brisbane time on the Record Date until the end of the Offer Period by virtue of the issue to you of Hindmarsh Shares due to the exercise of Hindmarsh Options.

3.2 Method of acceptance

The method by which you accept the Offers will depend on whether your Hindmarsh Shares or Options are in an Issuer Sponsored Holding or a CHESS Holding. Your Hindmarsh Shares or Options are in an Issuer Sponsored Holding if they are sponsored directly by Hindmarsh as an issuer. Your Hindmarsh Shares are in a CHESS Holding if they are sponsored by a broker or other CHESS Participant or if you yourself are a Broker or Non-Broker Participant.

3.3 CHESS Holdings

If your Hindmarsh Shares or Options are in a CHESS Holding, you may only accept the Offers in accordance with the SCH Business Rules. To accept the Offers for your Hindmarsh Shares or Options which are in a CHESS Holding please:

- (a) if you are a Broker or a Non Broker Participant, initiate acceptance of the Offers in accordance with Rule 16.3 of the SCH Business Rules before the end of the Offer Period (5.00 pm Brisbane time on {11 April 2006} unless the Offer Period is extended);
- (b) if you are not a Broker or a Non Broker Participant:
 - (i) before the end of the Offer Period (5.00 pm Brisbane time on {11 April 2006} unless the Offer Period is extended) complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it in which case you will be deemed under clause 5(e) of Part 1 to have authorised and directed Mega (by its directors, servants or agents) to accept the Offer on your behalf and Mega will, during the Offer Period, effect that acceptance in accordance with the SCH Business Rules or the Corporations Act; or
 - (ii) instruct your Controlling Participant to initiate acceptance of the Offer in accordance with Rule 16.3 of the SCH Business Rules before the end of the Offer Period (5pm Brisbane time on {11 April 2006} unless the Offer Period is extended).

3.4 Issuer Sponsored Holdings and Certificated Holdings

If you hold Hindmarsh Shares or Options which are not in a CHESS Holding, to accept the Offer you must:

- (a) complete and sign the Acceptance Form in accordance with the instructions on it; and
- (b) send it, and all other documents required by the instructions on the Acceptance Form, so that they are received no later than the end of the Offer Period at:
 - postal address: Computershare Investor Services Pty Ltd Limited, Reply Paid 523, Brisbane Qld 4001;
 - delivery address: Computershare Investor Services Pty Ltd Limited, Level 2719, 34507 Queen Street, Brisbane Qld 4000.

A reply paid return addressed envelope is enclosed for your use.

3.5 Nominee holdings

If your shares or options in Hindmarsh are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offers.

3.6 Mega's discretion regarding Incomplete acceptance

Mega may in its absolute discretion waive at any time before the end of the Offer Period all or any of the requirements set out in the Acceptance Form, but you will not be issued with your MGA Shares until:

- (a) any irregularity has been resolved; and
- (b) any documents required to enable Mega to be registered as the holder of your Hindmarsh Shares or Options, have been lodged with Mega.

4. Application of the Offers

4.1 If another person is entitled to your Hindmarsh Shares

If, when the Offers are made to you, or at any time during the Offer Period, another person is entitled to be registered as the holder of some or all of your Hindmarsh Shares or Options (Transferred Shares or Options), then Mega will be deemed to have:

- (a) made to the other person a corresponding offer relating to the Transferred Shares or Options;
- (b) made to you a corresponding offer relating to your Hindmarsh Shares or Options other than the Transferred Shares or Options; and
- (c) withdrawn this Share Offer or Options Offers to you.

4.2 If you are a trustee or nominee

If at any time during the Offer Period you are a trustee for or nominee of two or more persons or your Hindmarsh Shares or Options for some other reason consist of two or more parcels within the meaning of section 653B of the Corporations Act, then:

- (a) separate Offers will be deemed to have been made to you in relation to each of the parcels of your Hindmarsh Shares or Options; and
- (b) an acceptance by you of the Offer for any parcels of your Hindmarsh Shares or Options will be ineffective unless:
 - (i) you have given Mega a notice, delivered in accordance with clause 4.3, stating that your Hindmarsh Shares or Options consist of one or more parcels; and
 - (ii) your acceptance specifies the number of Hindmarsh Shares or Options in the parcel or parcels to which the acceptance relates.

4.3 Notice of parcels

A notice in accordance with clause 4.2(b) must:

- (a) if it relates to Hindmarsh Shares or Options held in issuer or certificated form, be in writing; or
- (b) if it relates to Hindmarsh Shares in a CHESS Holding, be in an electronic form approved by the SCH Business Rules.

5. Effect of acceptance

By completing, or initiating acceptance of the Offers through CHESS in accordance with clause 3.3 of Part 1, or signing and returning an Acceptance Form in accordance with clause 3.4 of Part 1 you will have:

- (a) accepted the Offers (and each variation of the Offers (if any) permitted by Part 6.6 of the Corporations Act) for all your Hindmarsh Shares and/or Options;
- (b) subject to the Offers being declared free from the conditions set out in clause 7.1 of Part 1 (or those conditions being satisfied), agreed to transfer your Hindmarsh Shares and/or Options to Mega;
- (c) represented and warranted to Mega that:
 - (i) your Hindmarsh Shares and/or Options are and will on registration be fully paid up and free from all mortgages, charges, liens and other encumbrances and restrictions on transfer of any kind; and
 - (ii) you have full power and capacity to sell and transfer those securities;
- (d) irrevocably authorised Mega (by its servants or agents) to complete the Acceptance Form or Forms on your behalf, correct details of your Hindmarsh Shares and/or Options, fill in any blanks remaining on the Acceptance Form or Forms and rectify any error in or omission from the Acceptance Form or Forms that is necessary to make the Acceptance Form or Forms effective acceptance of the Offer or Offers;
- (e) if any of your Hindmarsh Shares or Options are held in a CHESS sub-register but you have signed an Acceptance Form for them, irrevocably authorised Mega (by its servants or agents) to:
 - (i) instruct your Controlling Participant to initiate acceptance of the Offers for all your Hindmarsh Shares and/or Options in accordance with the SCH Business Rules; and
 - (ii) give any other instructions in relation to your Hindmarsh Shares and/or Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant, as determined by Mega acting in its own interests as a beneficial owner and intended registered holder of your Hindmarsh Shares or Options;
- (f) irrevocably appointed Mega and its directors, secretaries and officers jointly and each of them severally as your true and lawful attorney, with effect from the earlier of either:
 - (i) the date Mega declares the Offers or any contract resulting from acceptance of the Offers to be free from all of the conditions in clause 7.1 except the Prescribed Occurrence conditions in clause 7.1(c); or
 - (ii) the date that either the Offers or any contract resulting from the acceptance of the Offers are declared free from all its conditions or those conditions are satisfied,with power to exercise all powers and rights which you could lawfully exercise as the registered holder of your Hindmarsh Shares and/or Options including:
 - (iii) attending and voting at any meeting of Hindmarsh;
 - (iv) demanding a poll for any vote taken at or proposing or seconding any resolutions to be considered at any meeting of Hindmarsh;
 - (v) requisitioning any meeting of Hindmarsh;
 - (vi) signing any forms, notices or instruments relating to your Hindmarsh Shares and/or Options; and
 - (vii) doing all things incidental and ancillary to any of the foregoing,

and you acknowledge and agree that in exercising those powers the attorney may act in the interests of Mega as the intended registered holder of your Hindmarsh Shares and/or Options;

- (g) irrevocably authorised and directed Hindmarsh to pay to Mega or to account to Mega for all Rights, subject to any of those Rights received by Mega being accounted for by Mega to you in the event that the Offers are withdrawn or the contract resulting from your acceptance of the Offers are rescinded under clause 7.3 of Part 1 or rendered void under clauses 2.3 or 7.6 of Part 1;
- (h) except where Rights have been paid or accounted for under clause 5(g), irrevocably authorised Mega to deduct from the consideration payable for your Hindmarsh Shares and/or Options, the amount or value of all Rights under clauses 6.1 and 6.2 of Part 1; and
- (i) agreed to accept the MGA Shares to which you have become entitled by acceptance of the Offers subject to the constitution of Mega, and irrevocably authorised Mega and its agents to place your name on the register of members in respect of those MGA Shares.

6. Dividends and other entitlements

6.1 Cash Rights

If any cash Rights are declared, paid, made, arise or accrue to you as the holder of your Hindmarsh Shares or Options, Mega will be entitled to reduce the consideration specified in clause 2.1 of Part 1 by the amount of the Rights, unless the benefit of the Rights is passed to Mega under clause 5(g) of Part 1.

6.2 Non-cash Rights

If any non-cash Rights are issued, made, arise or accrue to you as the holder of your Hindmarsh Shares or Options, Mega will be entitled to reduce the consideration specified in clause 2.1 of Part 1 by the value (as reasonably determined by Mega) of the non-cash Rights, unless the benefit of the Rights is passed on to Mega under clause 5(g) of Part 1.

7. Conditions of the Offers

7.1 Conditions Subsequent

Subject to clause 7.2 of Part 1, the Offers and the contracts resulting from your acceptance of the Offers are subject to the following conditions.

(a) **Minimum acceptance condition – Hindmarsh Shares**

Before the end of the Offer Period, Mega and its associates have relevant interests in at least 90% (by number) of all issued Hindmarsh Shares;

(b) **Minimum acceptance conditions – Hindmarsh Options**

Before the end of the Offer Period, Mega and its associates have received acceptances under the Options Offers in respect of 90% of each of the Options Offers;

(c) **Prescribed Occurrences**

That between 11 January 2006 and the end of the Offer Period, none of the following occurrences happens:

- (i) Hindmarsh converts all or any of its shares into a larger or smaller number of shares in accordance with section 245H of the Corporations Act;

- (ii) Hindmarsh or a subsidiary of Hindmarsh resolves to reduce its share capital in any way;
- (iii) Hindmarsh or a subsidiary of Hindmarsh enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
- (iv) Hindmarsh or a subsidiary of Hindmarsh issues shares, or grants an option over its shares, or agrees to issue shares or grant an option over its shares;
- (v) Hindmarsh or a subsidiary of Hindmarsh issues, or agrees to issue, convertible notes;
- (vi) Hindmarsh or a subsidiary of Hindmarsh disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Hindmarsh or a subsidiary of Hindmarsh charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) Hindmarsh or a subsidiary of Hindmarsh resolves to be wound up;
- (ix) a liquidator or provisional liquidator of Hindmarsh or a subsidiary of Hindmarsh is appointed;
- (x) a court makes an order for the winding up of Hindmarsh or of a subsidiary of Hindmarsh;
- (xi) an administrator of Hindmarsh, or of a subsidiary of Hindmarsh, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Hindmarsh or a subsidiary of Hindmarsh executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Hindmarsh or of a subsidiary of Hindmarsh;

(d) **Material adverse change**

That between 11 January 2006 and the end of the Offer Period, there not having occurred, been announced or become known to Mega (whether or not becoming public) any event, change or condition that has had a material adverse effect on the business, financial or trading position, assets or liabilities, profitability or prospects of Hindmarsh or any of its subsidiaries, taken as a whole, since 30 June 2005, including where it becomes known to Mega that information publicly filed by Hindmarsh or any of its subsidiaries is incomplete, incorrect or untrue or misleading, except for any event, change or condition that may arise as a consequence of the announcement of consummation of the Bid;

(e) **ASIC Relief**

Mega being granted any ASIC relief necessary for the Bid to proceed in the form anticipated;

(f) **Other regulatory approvals**

Before the end of the Offer Period, all regulatory approvals or consents that are required by law, or by any public authority, as are necessary to permit:

- (i) the Offers to be lawfully made to and accepted by holders of Hindmarsh Shares and Options; and
- (ii) the transaction contemplated by this Bidder's Statement, including full, lawful and effectual implementation of the intentions set out in this Bidder's Statement, to be

completed, including that TSXV accept that the MGA Shares to be issued as consideration for the Offers issued and listed on the TSXV,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the approvals or consents;

(g) No Regulatory Action

During the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by any government, governmental agency, court or public authority;
- (ii) no action or investigation is announced, commenced or threatened by any government, governmental agency, court or public authority; and
- (iii) no application is made to any government, governmental agency, court or public authority (other than by Mega or any associate of Mega),

in consequence of or in connection with the Offers (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or otherwise materially adversely impacts upon the making of the Offers or the completion of any transaction contemplated by the Offers and this Bidder's Statement (whether subject to conditions or not and including full, lawful and effectual implementation of the intentions set out in this Bidder's Statement) or the rights of Mega in respect of Hindmarsh or the Hindmarsh Shares or Options to be acquired, or requires the divestiture by Mega of any Hindmarsh Shares or Options, or the divestiture of any assets of Hindmarsh or of Mega or any associate of Mega or otherwise;

(h) No break fees

- (i) Subject to clause 7.1(h)(ii) of Part 1, during the Offer Period, none of Hindmarsh and any body corporate which is or becomes a subsidiary of Hindmarsh, agrees (whether conditionally or contingent) to pay or provide any benefit to any person, or to forego or otherwise reduce any payment or benefit to which it would otherwise be entitled, in connection with any person (other than Mega) making or agreeing to participate in, or enter negotiations concerning:
 - a takeover offer of Hindmarsh; or
 - any other proposal to acquire any interest (whether equitable, legal, beneficial or economic) in shares in, or assets of, either or both of Hindmarsh or its subsidiaries, or to operate either or both of Hindmarsh or its subsidiaries as a single economic entity with another body corporate.
- (ii) Clause 7.1(h)(i) of Part 1 does not apply to a payment:
 - for providing professional advisory services to Hindmarsh;
 - which is approved in writing by Mega;
 - lawfully made to any Hindmarsh directors or officers; or
 - which is approved by resolution passed at a general meeting of Hindmarsh;

(i) **Non-existence of certain rights**

That no person has any right (whether subject to conditions or not) as a result of Mega acquiring any Hindmarsh Shares or Options to:

- (i) acquire, or require Hindmarsh or a subsidiary of Hindmarsh to dispose of, or offer to dispose of, any material asset of Hindmarsh or a subsidiary of Hindmarsh; or
- (ii) terminate or vary any material agreement with Hindmarsh or a subsidiary of Hindmarsh;

(j) **No material failings in filings**

During the Offer Period, Mega does not become aware that any document filed by or on behalf of Hindmarsh with ASX or ASIC contains a statement which is incorrect or misleading in any material respect or from which there is a material omission; and

(k) **Renewal of Mineral Tenements**

All mineral tenements of the Hindmarsh group expiring during the Offer Period (if any) being successfully renewed without material adverse conditions being imposed.

7.2 Declaration of Offers being free from Conditions

- (a) Mega may, subject to the Corporations Act, declare the Offers and all contracts resulting from the acceptance of the Offers to be free from the conditions (or any one or more or any part of them) set out in clause 7.1 of Part 1.
- (b) Subject to sections 630 and 650F of the Corporations Act, any declaration made under this clause 7.2 must be made by Mega by notice in writing to Hindmarsh:
 - (i) in the case of conditions relating to the happening of a Prescribed Occurrence, not later than three Business Days after the end of the Offer Period; and
 - (ii) in any other case, not less than seven days before the end of the Offer Period.

7.3 Breach of Conditions

Each of the conditions in clause 7.1 of Part 1 is a condition subsequent and so:

- (a) does not prevent a contract to sell your Hindmarsh Shares or Options resulting from an acceptance of the Offers; and
- (b) any breach or non-fulfilment of any of them entitles Mega by notice in writing to you to rescind that contract as if that contract had not been formed.

7.4 Benefit of Conditions

Subject to the provisions of the Corporations Act:

- (a) Mega alone has the benefit of the conditions set out in clause 7.1 of Part 1; and
- (b) any breach or non-fulfilment of any of those conditions may be relied on only by Mega; and
- (c) Mega may, at its sole discretion, waive the breach or non-fulfilment of all or any of those conditions.

7.5 Status Notice

The date for giving the notice referred to in section 630(1) of the Corporations Act relating to the status of the conditions in clause 7.1 of Part 1 is ~~23~~ 21 March 2006, subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended.

7.6 Void Contracts

If at the end of the Offer Period:

- (a) Mega has not declared the Offers and all contracts resulting from the acceptance of the Offers to be free from the conditions set out in clause 7.1 of Part 1; or
- (b) the conditions set out in clause 7.1 of Part 1 have not been fulfilled,

then all contracts resulting from the acceptance of the Offers and all Offers that have been accepted and from whose acceptance binding contracts have not yet resulted will be automatically void. In that event Mega will, if you have accepted the Offers, return at your risk the Acceptance Form or Forms together with all documents forwarded by you with the Acceptance Form or Forms to your address shown in the Acceptance Form or Forms.

7.7 Statutory condition

The Offers and any contracts that result from your acceptance of the Offers are subject to a condition that:

- (a) an application is made to TSXV within seven days after 28 February 2006, being the date on which this document was given to Hindmarsh, for admission to official quotation by TSXV of the MGA Shares to be issued pursuant to the Offers; and
- (b) permission for admission to official quotation by TSXV of the MGA Shares to be issued pursuant to the Offers which are accepted is granted no later than 7 days after the end of the Offer Period.

If this condition is not fulfilled, all contracts resulting from the acceptance of the Offers will be automatically void.

8. Withdrawal

Mega may withdraw the Offers at any time with the written consent of ASIC which consent may be given subject to any conditions that are specified in the consent.

9. Variation

9.1 Mega's entitlement

Mega may at any time vary the Offers in accordance with the Corporations Act:

- (a) by extending the Offer Period;
- (b) by increasing the consideration payable under the Offers; and
- (c) with the written consent of ASIC, and subject to any conditions specified by ASIC in that consent, in the manner that ASIC permits.

9.2 Extension of Offers

If Mega extends the Offer Period you will receive notice of the extension, unless, at the date of the extension, you have already accepted the Offers and the Offers have become free from the conditions in clause 7.1 of Part 1 or those conditions have been satisfied.

10. Overseas shareholders

10.1 Payment to Foreign Shareholders

- (a) At the time referred to in clause 2.2, if you are a Foreign Shareholder and accept the Offers (subject to clause 10.2 of Part 1) Mega will:
- (i) arrange for the allotment to a nominee approved by ASIC of the number of new MGA Shares to be issued in accordance with the Offers to which you and all other Foreign Shareholders would have been entitled but for this clause (**Nominee Shares**);
 - (ii) cause the Nominee Shares so allotted to be offered for sale in such manner, at such price and on such other terms and conditions as are determined by the nominee;
 - (iii) cause the nominee to pay to you the amount ascertained in accordance with the formula:

$$\frac{\text{net proceeds of sale} \times \text{NS}}{\text{TS}}$$

where:

net proceeds of sale is the amount remaining after deducting from the proceeds of sale of all Nominee Shares, the expenses of the sale;

NS is the number of new MGA Shares which Mega would otherwise be required to cause to be issued to you; and

TS is the total number of new MGA Shares issued to the nominee under this clause.

Payment will be made, as soon as practicable after completion of the sale of all new MGA Shares by the nominee, in Australian dollars, or if this is unlawful, the currency of the country of residence of the Foreign Shareholder (as shown in Hindmarsh's register of members).

10.2 Restrictions on receipt of consideration

If at the time you accept the Offers you are:

- (a) resident in, or a resident of, a place outside Australia to which the *Banking (Foreign Exchange) Regulations (Regulations)* apply (currently Iraq and Libya);
- (b) an authority or agency associated with the Taliban (Islamic Emirate of Afghanistan), UNITA (National Union for the Total Independence of Angola) or the Al-Qaida Organisation, or a known supporter of the former Milosevic regime;
- (c) a person or entity named in the annex to the instruments of 3 October 2001 and 17 October 2001 issued under the Regulations; or
- (d) a person or entity whose assets have been frozen under the *Charter of United Nations (Anti-terrorism Measures) Regulations 2001*,

you will not be entitled to receive any cash payment under the Offers until all requisite authorities and clearances of the Reserve Bank of Australia or the Minister for Foreign Affairs (as applicable) have been obtained by Mega.

10.3 New Zealand Shareholders of Hindmarsh

If you are a New Zealand holder of Hindmarsh Shares, you are able to accept the Offers and receive MGA Shares. MGA Shares will be offered in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This notice exempts MGA from the investment statement and prospectus requirements of the *Securities Act 1978* and the *Securities Regulations 1983*.

11. Costs and stamp duty

All costs and expenses of the preparation of this document and any stamp duty or other taxes of a similar nature payable on the transfer of Hindmarsh Shares or Options for which the Offers are accepted, will be paid by Mega.

12. Notices

12.1 Service on Hindmarsh

Any notices to be given by Mega to Hindmarsh under the Bid may be given to Hindmarsh by leaving them at, or sending them by prepaid ordinary post to, the registered office of Hindmarsh.

12.2 Service on Mega

Any notices to be given to Mega by you or by Hindmarsh under the Bid may be given to Mega by leaving them at or sending them by prepaid ordinary post to Mega at the address set out in the Acceptance Form.

12.3 Service on you

Any notices to be given by Mega to you under the Bid may be given to you by leaving them at or sending them by prepaid ordinary post or, if your address is outside Australia, by airmail, to your address given to Mega by Hindmarsh under section 641 of the Corporations Act.

Part 2 - Information

1. Introduction to Mega and MGA

1.1 MGA's business

MGA was incorporated as Maple Minerals Corp. on January 24, 1990 as a gold and base metal exploration company with interests in several Canadian properties. In late 2004, MGA made a strategic decision to acquire uranium and uranium-prospective properties based on the rising price of uranium and supply/demand forecasts which suggested further price increases could be expected. On October 7, 2005 MGA changed its name to Mega Uranium Ltd.

MGA is a publicly held company listed on the TSXV in Toronto, Canada. Through its wholly-owned subsidiaries, it has interests in the various properties and mineral and exploration rights described below including uranium properties in Australia, Argentina and Mongolia and other non-uranium properties in Africa and Canada.

1.2 TSXV

The TSXV is a public venture capital market, specializing in financing for emerging companies and preparing them for graduation to senior markets. TSXV is part of TSX Group, which includes the Toronto Stock Exchange. It provides emerging companies with access to capital while offering investors a market for making venture investments by maintaining standards of disclosure, fairness and integrity.

TSXV listed companies are active primarily in the mining, oil and gas, manufacturing, technology and financial services sectors. Companies listed on TSXV are classified into distinct tiers; each with minimum listing requirements based on financial performance, stage of development and financial resources at the time of listing. Tier 1 is for senior companies with the most significant resources. Tier 1 issuers have fewer filing requirements. Tier 2 is for early-stage companies. This is a rapidly growing segment of the venture market in all industry sectors. Most TSXV-listed companies are tier 2 companies. Mega is a tier 2 company.

The TSXV has information databases and issues various publications to assist investors, including the specialised Mining Sector Sheet, and the TSXV quarterly newsletters, which has regular features on volume, value and trading, deal flows, graduate reports and an index performance tracker.

The TSXV has offices in Vancouver, Calgary, Winnipeg, Toronto and Montreal. For further information on the TSXV, go to <http://www.tsx.com/en/aboutUs/cdn/index.html>

To trade on TSXV, Mega shareholders may utilise the services of Mr Robert Anderson of Canaccord Adams. Contact details for Canaccord Adams are:

P.O. Box 10337, #2200 - 609 Granville Street
Vancouver B.C. V7Y 1H2

Main Number: (604) 643-7300 Fax: (604) 643-7606

Toll Free Number: 1-800-663-1899 (CAN) 1-800-663-8061 (USA)

robert.anderson@canaccordadams.com

Alternatively, investors may engage another broker in Canada to assist them.

1.3 Directors of MGA

The directors of MGA are:

Arni Johansson

Mr. Johansson is an independent businessman and consultant who presently serves as the Chairman of Titan Uranium Incorporated, a Canadian uranium company. His past experiences include several public and private ventures in mining and other industries.

Douglas Reeson, M.B.A.

Mr. Reeson is an independent financial consultant with experience as an officer and director of a number of junior public companies. He is presently the CEO and Chairman of Gossan Resources Limited. He has held a number of positions in the investment industry including the Executive Director of Listings for the Toronto Stock Exchange, Vice-President and Director of Davidson Partners, Midland Doherty & Yorkton Securities and, earlier, as an Investment Analyst at Burns-Fry. Mr. Reeson resides in Toronto and holds undergraduate and graduate degrees from York University. He was elected to the Board in 2001 and became Chairman in 2003 and CEO in 2004.

Michael Sweatman, C.A.

Mr. Sweatman is the principal of MDS Management Ltd., a Vancouver based management consulting company. He has been involved as a director in several junior mining companies.

Anthony J Grey

Mr. Grey was formerly the Managing Director of Pancontinental Mining Ltd, the Australian company that discovered the giant Jabiluka uranium deposit in Northern Territory in 1971. Mr. Grey is Chairman of International Ferro Metals Limited, a ferrochrome and mining company since 2002 and Chairman of Polartechnics Ltd. since 1992, an Australian biotechnical company. Mr. Grey has written extensively and is widely recognized as an authority on the Australian uranium industry.

Sheldon Inwentash, C.A.

As well as being the Chairman and CEO of MGA, Mr. Inwentash is the CEO and Chairman of Pinetree Capital Ltd., a Toronto-based venture capital firm. Mr. Inwentash has more than twenty years of experience in the investment industry, and he serves as director and strategic advisor for many of the high growth companies and junior mining and exploration companies.

1.4 Directors of Mega:

The directors of Mega are:

Sheldon Inwentash

Mr Inwentash's profile is contained in clause 1.3 above.

Stewart Taylor

Mr. Taylor is presently the President of Mega. Mr. Taylor is a geologist, holds a B.Sc. (Honours Geology) from the University of Glasgow and has over 35 years of mining and exploration experience, including senior management roles, in Africa, Europe, Australia, Asia and North and South America. He is a Fellow of the Australasian Institute of Mining and Metallurgy and is currently a partner at Taylor Wall & Associates, a Brisbane-based consulting firm specializing in mineral project generation and evaluation, and providing geoscientific consultancy services to mineral companies and institutions including the Queensland Department of Mines & Energy.

1.5 MGA's objectives and strategies

MGA's primary objective is to achieve continued growth through a combination of strategic acquisitions, exploration success and the identification and development of exploration and acquisition targets with the potential to become uranium mining operations.

MGA's directors believe that its access to Canadian capital markets will enable MGA to raise necessary capital to fund the acquisition, exploration and development of international uranium projects, including, if the Bid is successful, Hindmarsh's properties.

If MGA's Bid is successful, MGA's primary objective will be the continued exploration and development of the Hindmarsh uranium tenements together with identification and development of other exploration and acquisition targets.

1.6 Further Information

For further information on MGA, please refer to www.sedar.com for MGA's continuous disclosure record and filings, which include a complete record MGA's quarterly and annual reports.

2. Principal Assets and Interests of MGA

MGA has, or is earning, interests in uranium properties in Australia, Mongolia, Argentina and Canada. In addition, MGA has a copper-nickel-PGM project in Guinea, West Africa, and gold, base metal and PGM exploration projects in Canada. Key features of the properties are summarised below.

Primary Uranium Projects

2.1 Ben Lomond Uranium Project, north Queensland, Australia

In January 2005, MGA entered into an agreement to acquire 100% of the outstanding common shares of Uranium Minerals Ventures Inc. ("UMVI"). UMVI's principal asset is a 100% interest in the Ben Lomond uranium-molybdenum deposit located in north Queensland, Australia. UMVI acquired this interest from Afmeco Mining and Exploration Pty Ltd (a COGEMA subsidiary) for AUD\$1 million subject to a royalty and payment of AUD\$0.50 per pound of U₃O₈ recovered up to the date that is 30 days after a mill operates at 90% planned capacity, and a 1% net smelter return thereafter. On 17 February 2006, following the receipt of approvals from the relevant regulatory bodies in Queensland, the acquisition of UMVI was finalised.

The Ben Lomond property is held under two MLs as follows:

- ML 1399, of 128 hectares, originally granted as ML 821 in April 1980, which was renewed for a further period of ten years commencing December 2004. Within ML 1399 are the Ben Lomond uranium-molybdenum deposit, the underground workings and the associated waste dump; and
- ML 1419, of 2035 hectares, originally granted as ML 893 in November 1983 which was renewed for a further period of 10 years on 1 December 2004. Contained within ML 1419 are the bulk ore stockpile, the sample preparation building and the drill core storage sheds.

The Ben Lomond deposit was discovered in 1975 by the French company Pechiney, then explored and evaluated in detail in 1976-1982 by the associated companies Total Mining and Minatome. Following the completion of a Bankable Feasibility Study in 1982, an Environmental Impact Study was accepted by the relevant Federal and State authorities in 1984, but in 1985 the planned development was halted by the imposition of the "Three Uranium Mines Policy" by the then Federal Australian Labor Party Government.

The Ben Lomond uranium-molybdenum deposit occurs in a fault-bounded block of Carboniferous aged calc-alkaline volcanics within the St James Volcanics, part of the Glenrock Group. These overlie Keelbottom Group sediments of Late Devonian to Early Carboniferous age, and older basement rocks comprising the Lower Proterozoic Argentine Metamorphics sediments and volcanics. Unconformably overlying the St James Volcanics is the Early Carboniferous Watershed North Rhyolite, a crystal-rich to lithic-rich rhyolitic ignimbrite at least 400m thick, which is thought to have been deposited in a cauldron subsidence event. In the immediate vicinity of the deposit, the youngest non-intrusive rocks exposed are carbonaceous/pyritic shales and sandstones of the Late Carboniferous Insolvency Gully Formation, which unconformably overlies the St James Volcanics and Watershed North Rhyolite. Intruding the Insolvency Gully Formation is the Speed Creek Granite of Late Carboniferous to Early Permian age. Three distinct volcanic episodes were identified at the Ben Lomond uranium-molybdenum deposit by the geological staff of Total Mining Australia Pty Ltd, viz

- (a) the St James Volcanics (Glenrock Group) sequence, predominantly of rhyolitic tuffs and lavas;
- (b) unconformably overlying andesitic and basaltic lavas and pyroclastics of the Upper Andesite Member; and
- (c) unconformably overlying rhyolitic ignimbrites and tuff of the Cattle Creek Volcanics, a unit recently renamed the Watershed North Rhyolite.

The Ben Lomond uranium-molybdenum mineralization occurs within a strongly sheared east-west zone subparallel to the axial plane of a shallow plunging syncline. The mineralized zone outcrops on the northern flank of Ben Lomond East Ridge and plunges gradually eastwards under the unconformably overlying Watershed North Rhyolite. The mineralized zone dips at 75°S, has a maximum width of 150m and tops at a few metres below the St James Volcanics/Watershed North Rhyolite unconformity. Overall, the down dip extent is some 90m, but the best mineralization is developed in the zone 10-50m below the unconformity. Within the overall mineralized zone a resource has been delineated by closely spaced drill holes over a 750m strike length at local grid 787.5-1537.5E. To the east of the delineated resource, under 100-400m of Watershed North Rhyolite cover, widely spaced drill holes have intersected uranium-molybdenum mineralization, and/or the characteristic alteration of the mineralized zone, over an additional 1km of strike length to 2600E.

The uranium-molybdenum mineralization occurs both within the veins and as disseminations in the adjacent wallrock, but the strongest mineralization is found within the subvertical veins. The hypogene mineralization consists of a simple assemblage of pitchblende ($\text{U}_2\text{O}_5 \cdot \text{UO}_3$), coffinite (hydrated uranium silicate, $\text{U}(\text{SiO}_4)1-x(\text{OH})4x$), molybdenite (molybdenum sulphide, MoS_2), and jordisite (amorphous MoS_2). Accompanying sulphides are minor pyrite and arsenopyrite with trace marcasite, galena, sphalerite and chalcopyrite. The main gangue minerals in the veins are fine-grained quartz with subordinate sericite, chlorite and tourmaline, all of which also occur as disseminations in the wallrock.

The mineralized zone is characterised by strong silicic and haematitic wallrock alteration and is associated with peripheral zones of chloritization and pervasive dolomitization.

In the western part of the mineralized zone, where there is no capping of Watershed North Rhyolite, the depth of weathering ranges from a few metres to 30m or more, but is generally 15-20m. The base of oxidation is typically subparallel to the topography and is a gradational rather than a sharp contact with the underlying hypogene zone. The most common uranium minerals seen in the oxidized zone are umohite [$(\text{UO}_2)(\text{MoO}_4) \cdot 4\text{H}_2\text{O}$] and iriginite [$\text{UO}_2(\text{MoO}_4)$]. In the eastern portion of the mineralized zone, where it is overlain by the Watershed North Rhyolite, there is no oxidation of the uranium-molybdenum mineralization.

In 1976-1982 a total of over 65000 metres of surface drilling was undertaken on the property in testing and evaluating the Ben Lomond deposit and surrounding prospects. In addition, the deposit was investigated in detail in underground work, comprising an adit, decline, haulageway, drilling at 25m centres along strike and bulk sampling.

The evaluation work culminated in the delineation of a 43-101 compliant and JORC compliant resource by the Australian Atomic Energy Commission of 7.9 million pounds contained U_3O_8 in the Indicated Resource category and 2.8 million pounds contained U_3O_8 in the Inferred Resource categories as follows:

Category	Tonnes	% U_3O_8	Tonnes U_3O_8	Million lbs U_3O_8
Indicated	1,328,466	0.27	3587	7.9
Inferred	602,585	0.21	1265	2.8

The above resource also contains a significant molybdenum credit at an average grade of 0.15% Mo. On the basis of its relatively high average grade of 0.25% U_3O_8 and its substantial molybdenum credit, Ben Lomond is one of the highest value per tonne uranium resources in the world outside the Athabaska Basin in Canada.

The Ben Lomond Uranium Project properties are the subject of an independent report prepared for MGA by Mining Associates Economic Geologists. In their report, reference is made to a 1982 Feasibility Study where it was concluded that 70% of the above resource was economically extractable by open cut at a 5:1 stripping ratio and that the remainder was conducive to extraction by underground workings from the pit.

The deposit has significant upside potential as it is open to the east, where there is scope to discover additional uranium resources over at least a 1.05km strike length. In this area, which lies under a 100-400m thickness of volcanic cover, limited widely spaced surface drilling has intersected encouraging intervals of uranium mineralization and rock alteration.

Other potential exists to add value to the project in the form of molybdenum mineralization outside the uranium resource, which has not been investigated in any detail, other uranium prospects in the MLs, and possible gold and platinoid credits in the uranium-molybdenum resource.

The Ben Lomond deposit occurs at low elevation in remote, sparsely populated hill country at an easily accessible site, some 50km by sealed road from the major port city of Townsville, and is very favourably located with respect to future mine development as it is close to power, water and essential services.

In the 2006 calendar year, MGA will maintain the environmental monitoring of drainage to meet the Queensland Environmental Protection Agency (EPA) requirements and will seek approval from the EPA for exploration activities scheduled to commence in 2007. MGA's ownership 2006 calendar year budget for Ben Lomond is C\$100,000.

For further information on the Ben Lomond property, please refer to the Ben Lomond Report, dated July 16, 2005, available at www.sedar.com.

2.2 Georgetown Uranium Project (Queensland, Australia)

Under a November 2005 Agreement with two private Australian companies, Georgetown Mining Ltd. (GML) and O'Rourke Geological Contractors Pty. Ltd. (OGC), an MGA wholly owned

subsidiary acquired the exclusive right to explore for uranium-molybdenum-fluorite mineralization in 15 EPMs (including the Maureen deposit uranium-molybdenum-fluorite deposit, which contains a historical resource of 6.5 Mlbs contained U_3O_8), two MLs and 10 MLAs currently held by GML in the Georgetown area of north Queensland. The MGA subsidiary also acquired ownership of exploration data in relation to the Maureen deposit from OGC and access to exploration data in relation to all the properties held by GML.

The tenements the subject of the agreement are located some 300km northwest of the Ben Lomond uranium-molybdenum resource, and cover a total area of 1580 km². Under the agreement, MGA acquired its interests in the properties through payments to GML and OGC comprising a total of A\$1.1 million in cash, 2.1 million MGA shares and a 0.75% royalty on uranium-molybdenum production. GML retains title to the properties and rights to all commodities other than uranium, molybdenum and fluorite, and will remain responsible for meeting the statutory requirements of the titles. The parties to this agreement will now conduct cooperative exploration. In the event that Queensland Government policy allows approval of mining for uranium, MGA's subsidiary will have the exclusive right to mine uranium-molybdenum-fluorite on the tenements.

The EPMs and MLs in which MGA has secured rights to the uranium-molybdenum-fluorite mineralisation are as follows:

Title	Status	Expiry Date
ML 3548	Granted	30.11.2006
ML 30203	Granted	30.4.2025
MLA 30192	Application	
MLA 30193	Application	
MLA 30194	Application	
MLA 30195	Application	
MLA 30196	Application	
MLA 30197	Application	
MLA 30198	Application	
MLA 30200	Application	
MLA 30201	Application	
MLA 30202	Application	
EPM 8411	Granted	6.10.2005*
EPM 8452	Granted	7.11.2005*
EPM 8545	Granted	2.06.2006
EPM 9158	Granted	21.12.05*
EPM 9896	Granted	31.12.05*
EPM 13796	Granted	5.03.2005*
EPM 14151	Granted	25.8.2006
EPM 14152	Granted	25.8.2006
EPM 14190	Granted	25.8.2006
EPM 14511	Granted	27.2.2007
EPM 14513	Granted	24.1.2007
EPM 14521	Granted	12.5.2007
EPM 14540	Granted	27.2.2007
EPM 14924	Granted	30.10.2007
EPM 14926	Granted	29.10.2007

* renewal lodged

The Georgetown Uranium Project properties are the subject of an independent report prepared for GML by Veronica Webster Pty Limited. The report refers to the Maureen uranium deposit having been detected in 1971 in an airborne magnetic-radiometric survey conducted by the Australian company Central Coast Exploration NL. As stated in the report, drill testing commenced in 1972, then in 1974 Getty Mining Pty. Ltd., the Australian mineral exploration arm of Getty Oil, farmed-in to the property. Over a five year period, Getty evaluated the deposit with a detailed drilling programme, culminating in a 1979 resource estimate of 2.38 million tonnes @ 0.12% U_3O_8 and 0.07% molybdenum, based on a cut-off grade of 0.035% U_3O_8 . The delineated resource occurs from surface to 140m depth and is conducive to open cut extraction at a favourable stripping ratio. Total drilling of the deposit and its immediate surrounds, from 1972 to 1980, comprised 881 percussion holes (total 78550m) and 137 diamond core holes (total 8368m).

The 1979 Maureen Indicated Resource estimate was competently conducted according to the standards of the day, and as such is regarded relevant by Mega as a reasonable reflection of the magnitude and grade of the mineralisation. However, as it was conducted prior to the introduction of the JORC regulations in Australia, it must therefore be reported as unreliable at this time according to the 43-101 guidelines. At this time there are no more recent estimates or data available to Mega. Mega intends to engage an independent qualified person to establish a resource that is 43-101 compliant.

The Maureen deposit is located along an E-W trending fracture zone, within Upper Devonian/Lower Carboniferous sandstones and shales, straddling their unconformable contact with the underlying Proterozoic basement of metasediments and granitoids. The primary uranium-molybdenum mineralization occurs in the form of both discordant and stratabound zones, and consists predominantly of uraninite and molybdenite, accompanied by abundant fluorite and pyrite.

In the vicinity of Maureen, and elsewhere on the properties, are radiometric anomalies, uranium occurrences and favourable geological settings for uranium, within both the Proterozoic basement and overlying Palaeozoic sediments/volcanics, which were either untested or inadequately examined by previous explorers.

In the 2006 calendar year MGA intends to focus initially on confirming and extending the Maureen resource and conducting an airborne magnetic/radiometric survey of the whole ground package to highlight other targets. The proposed budget for this work is C\$500,000, which is substantially more than the minimum expenditure requirement for the titles.

2.3 Mongolia Uranium Project

MGA's strategy for Mongolia was to fast-track its entry into quality uranium projects by seeking an association with a company with a track record in the country and with promising uranium properties. This has been achieved through an alliance agreement with the TSXV-listed group UGL Enterprises Ltd (UGL), which has established a foundation for exploration success in Mongolia in its knowledge of the country's geology and mineralisation, its operating skills and its network of local contacts. Through this association with UGL, MGA has obtained entry into a large holding of prospective uranium ground and can now move quickly, in association with UGL, to acquire other uranium projects.

Under the June 2005 agreement, MGA can earn a 50% interest in UGL's current portfolio of uranium exploration properties through the expenditure of US\$1.5 million over a three year period, including a commitment to expend a minimum of US\$350,000 within the first year. Once MGA has acquired a 50% interest, it will have the option of increasing its interest to 60% through additional expenditures of US\$2 million over a further three year period. Should MGA choose not to exercise this option, a joint venture will proceed on a 50/50 funding and equity basis.

The Mongolia Uranium Project Properties are the subject of an independent report prepared for the UGL-MGA alliance by Dubchak, Griesbach, Kislyutchenko, Samovich, February 2006 (Dubchak Report).

The agreement covers UGL's uranium exploration properties comprising 17 Exploration Licences totalling 3390km² as detailed in the Dubchak Report as follows:

Item number	Property Name (Licence name)	Province	Exploration Licence Number	Area (Hectares)	Next Anniversary date
1	Adag Usnii Khudag	Sukhbaatar	9994X	2,202	13.06.06
2	Baganurat	Dornogovi	9312X	13,441	17.02.06*
3	Dov	Dundgovi	9742X	9,022	05.05.06
4	Elgen	Tuv	9741X	3,298	05.04.06
5	Emeelt	Dornogovi	9618X	6,082	14.04.06
6	Ganga	Dornogovi	9310X	72,707	17.02.06*
7	Jargalan	Arkhangai	9667X	16,795	25.04.06
8	Kharaal	Dundgovi	9190X	2,157	24.01.06*
9	Khashaat [Ovoot Khukh]	Dundgovi	919X	8,430	24.01.06*
10	Maikhan Tolgoi	Khenti	8962X	2,794	15.04.06
11	Modot Del	Khenti	9849X	22,865	20.05.06
12	Murun (aka Murun)	Khenti	9157X	10,686	19.01.06*
13	Naidal	Tuv	9617X	1,004	14.04.06
14	Nergui [Atsiin Dava]	Bulgan	9494X	96,554	25.03.06
15	Nergui [Hartsain Davaa]	Bulgan	9493X	37,008	24.03.06
16	Shorvog Gol	Sukhbaatar	9995X	3,406	13.06.06
17	Naidal Extension [Kholboo Uul]	Tuv	10589X	4,238	Dec 2006

**Applications for renewal have been lodged and are currently being processed.*

The properties, which are at the early to medium exploration stage, cover various uranium occurrences, radiometric anomalies and favourable geological settings for uranium, which were detected during Russian/Mongolian exploration programmes in the 1966-1990 period. In addition, MGA and UGL are cooperating throughout the term of the agreement in the identification and acquisition of other uranium projects in Mongolia.

In the 2005 summer field season Mongolian field crews supervised by UGL's geologist conducted reconnaissance exploration work on several properties to ground check various radiometric anomalies and to investigate reported uranium occurrences. The results of these programmes are being evaluated.

In addition, senior UGL geological staff travelled to Russia to meet several Russian geologists who managed the original uranium exploration programmes on a number of UGL's priority uranium properties during the 1980s and 1990s. As a result of this initiative, considerable original data was obtained on several prospects and valuable insights and advice were obtained on the resource potential and possible drilling targets within UGL's properties. In addition, the Russian geologists recommended other areas of uranium potential deemed worthy of acquisition.

UGL is currently assimilating all this newly acquired data with a view to advancing certain areas of interest on their properties to the drilling stage in 2006, and acquiring other uranium properties.

In Mongolia there are no minimum annual expenditure requirements for exploration titles. MGA's proposed 2006 expenditure in Mongolia totals C\$800,000.

Priority exploration targets in the 2006 calendar year are:

(a) Jargalan

Located in the Arkhangai Aimag within the prospective North-Arkhangai uranium mineral field, this area covers the northwestern part of the Sumin Gol depression and the Alairyn Gol palaeovalley, which is about 7.5 km long and varies from 0.2 to 1.0 km wide. The Alairyn Gol palaeovalley is filled with terrigenous sediments of Lower to Middle Quaternary age consisting of gritstones, pebbles, sands and clays. The sediments are typically grey in colour, contain ubiquitous carbon, are locally bleached and limonitized, and, where exposed, contain uranium grades of 4 to 7 ppm. The sediments are overlain in places by Upper-Middle Quaternary basalts ranging from 60 to 150 meters thick. At the margins of the palaeovalley are relatively highly radioactive granites of Triassic- Jurassic Age.

The 1985 ground exploration program outlined uranium dissemination halos at 10-25 ppm U and local radiometric anomalies at 60-400 to 800 mkR/h. An exploration pit on the area of Anomaly #1420 exposed a mineralized body containing 0.032% U_3O_8 over a 1.4 m thickness. Immediately to the east, outside the limits of the UGL-licensed area, the Bayan and Suul prospects (0.01-0.14% U_3O_8) occur on the north bank of the Chuluut River in a similar geological setting.

The uranium potential of the Jargalan area is believed to have been inadequately investigated in the Russian exploration programmes. In view of the size of the area, the thickness of the sediments, and the average uranium grade of nearby prospects, it is anticipated that a small to intermediate size deposit containing somewhere between 5,000 – 8,000 tonnes of uranium exists.

The following investigations are planned in the Jargalan area in the late spring and summer of 2006.

- (i) Detailed geological and radiometric surveys of known radiometric anomalies in the Alairyn palaeovalley;

- (ii) A magnetic survey, on lines situated 1200-1600 m apart, to provide structural information;
- (iii) Vertical electric sounding on lines 1200 -1600 m apart, in order to delineate palaeovalleys below the basalts and to determine the depth to the granite basement.

Drill testing of areas of interest is scheduled for the summer or autumn of 2006

(b) Baganurat

The Baganurat area, including the Baganurat depression and its northern margin, is located in the Dornogovi (East Gobi) Aimag in the East Gobi uranium district.

On the northern flank of the area, Upper Mesozoic volcanogenic-sedimentary deposits are separated from exposed basement rocks, consisting of Riphean limestones and Lower Proterozoic gneisses, by the NE-trending Prebortovoy ('Marginal') Fault. The central part of the area is composed of Upper Jurassic-Lower Cretaceous basalts and dacites, which are overlain by Lower Cretaceous gritstones, sandstones and conglomerates. This sedimentary sequence (or the basalts immediately adjacent) is overlain by alternating loose gravel, sandy loam, sands, clays, and gravel/ pebble-sandy deposits of Upper Cretaceous-Neogene age. Much of the region is obscured by Upper Quaternary and modern deposits of loam, sands and clay.

As detailed in the Dubchak Report, in 1987, the Mongolian Geological Surveying Expedition in the southern part of the area outlined the Baganurat uranium occurrence within weakly lithified alluvial-lake deposits of Upper Cretaceous-Neogene age. The mineralization is confined to horizons of grey and green sediments with significantly higher phosphorus content than the adjacent horizons.

Nine trenches excavated on the occurrence exposed horizons of black/dark grey clays and loam containing 0.014-0.065% U_3O_8 . In addition, in the western part of the occurrence, the trenches contained uranium mineralization grading 0.029% U_3O_8 over 0.6 m within weakly lithified conglomerates, and up to 0.021% U_3O_8 in sandy loam and loam. Overall, the mineral potential of the prospect was estimated to be around 10,000 tonnes U_3O_8 at an average grade of 0.041% U_3O_8 .

According to the Russian exploration reports, the mineralization is controlled by zones of ground and surface oxidation and is regarded as very similar to the known Kharaat uranium deposit, which is located 50 km to the north in the Choiren Depression. As the Baganurat prospect has not been drilled, the depth of oxidation is unknown. Based on the characteristics of the Kharaat deposit, it is quite likely that the Baganurat trenches have exposed only the hanging wall of the mineralized strata and that additional mineralisation exists within deeper horizons of permeable sandstone/conglomerate units.

In summary, the uranium potential of the Baganurat prospect is indicated by:

- (i) The occurrence of significant uranium anomalies detected by airborne and automobile gamma-spectrometry surveys;
- (ii) Radioactivity reaching 30-60 mkr/h in modern silt-clayish sediments;
- (iii) A large radiogeochemical anomaly over the protrusion of crystalline basement in the northern part of the area. The basement's protrusion is composed of Proterozoic limestone and gneiss and shows a noticeable higher radioactivity background for these rocks (16- 18 mkr/h);
- (iv) In the central and southern parts of the area, basalts have 3- 5 times higher uranium abundance over background.

Priority sites for the 2006 calendar year exploration programme are as follows:

- (i) The area of the Baganurat U occurrence and its margins;
- (ii) The northern part of the area containing the large radiogeochemical anomaly located in the Prebortovoy ('Marginal') fault zone;
- (iii) The intersection of major NW- and NE-trending faults in the middle of the property.

After initial reconnaissance, the following work is proposed for the most-prospective parts of the Baganurat property:

- (i) Geological-radiometric surveys at 1:25,000 scale;
- (ii) Ground gamma-spectrometry on selected lines;
- (iii) Magnetic survey at 1:25,000 scale; and
- (iv) Vertical electrical sounding on lines.

Selected sites will then be investigated by 30-50m drill holes.

(c) Maikhan Tolgoi

The Maikhan Tolgoi area straddles the boundary of two Provinces, Dornod Aimag and Khentii Aimag. The area is situated within the Berkhin (or 'Barkin') uranium district and includes the Tumen Khan U-F-Mo occurrence within felsic subvolcanic rocks of the Uldzei- Saikhanuul ring structure.

As detailed in the Dubcheck Report, 1986-1987, the Mongolian Geological Surveying Expedition completed a geological-geophysical programme on the property, comprising trenching, shallow auger drilling and deeper diamond drilling. This resulted in the delineation of the main mineralized tectonic ('crush zone') structure, which has a northwest strike complicated by minor sub-northerly faults. Both fault systems host steeply dipping mineralized bodies with grades of the order of 0.018-0.766% U_3O_8 , surrounded by hydrothermal alteration represented principally by argillite, fluorite and hematite. The northwestern structure that controls the mineralization was investigated by trenches over a 2.5 km strike length and evaluated by two lines of diamond drill holes to 143-278.6 m depth. Several holes intersected narrow mineralized intervals with up to 0.06% U_3O_8 .

Priority target areas for the 2006 calendar year are:

- (i) Intersections of faults of different strikes that show signs of mineralization;
- (ii) Shallow-dipping tectonic zones that complicate the former;
- (iii) Neck and extrusive igneous bodies that complicate the area's geological and structural setting.

The proposed 2006 calendar year exploration programme comprises:

- (iv) Geological-radiometric traverses;
- (v) Grid-based gamma-spectrometry surveys over areas of interest in order to detect blind mineralization. The preliminary selected sites for this work are:
 - (A) the NW part of the area;
 - (B) the intersection of structures of different trends; and
 - (C) the SW flank of the area;

- (vi) A radon emanation survey (α -trace technique *using Alpha Cards*), on lines with 25-50 m station spacing, across the strike of main structures in order to detect blind mineralized bodies;
- (vii) Vertical electric sounding on a 400 x 200 m grid;
- (viii) A magnetic survey on a 100 x 20 m grid to delineate structure;
- (ix) Thin section petrological work on selected rock samples from a 400x10-100 m grid in order to map aureoles of argillic alteration; and
- (x) Diamond drilling of newly outlined targets.

(d) Shorvog Gol and Adag Usnii Khudag

Both areas are located in the western part of Sukhbaatar Province within the limits of the uranium-mineralized Uldzujin Depression. The areas are composed of Lower Cretaceous sedimentary deposits with coal seams, overlain by Upper Cretaceous-Tertiary weakly lithified sediments, and a Quaternary sediment cover. Located in the northern part of the area is the Buyantin crystalline basement protrusion, which is composed of Early Palaeozoic gneissic granites.

Russian uranium exploration work in 1952-55, 1960, 1975 and 1980, comprising geological prospecting, an automobile gamma-ray survey and airborne gamma-spectrometry survey, discovered the Khaldzan Obo (also known as Khaldzan Ovoo) uranium-coal occurrence and zones of surficial, and deeper stratabound, oxidation in weakly lithified sediments of the Uldzujin Depression. The Khaldzan Obo uranium-coal occurrence occurs along a 14 km portion of the western side of a valley. Uranium mineralization is confined to 0.25-1.0 m thick seams of carbon-bearing siltstone and coal with grades of the order of 0.012-0.118% U_3O_8 . The UGL licence area includes the northern portion of the Khaldzan Obo occurrence and associated Anomalies #160 and #162, but this is not regarded as a priority target in view of the narrow width of the uraniferous horizons. Better potential occurs in the form of epigenetic uranium concentrations in permeable sediments containing organic carbon.

The Dubcheck Report refers to the Russian investigations in 1975 which confirmed ground oxidation to 15-20 m depth and stratabound oxidation to 100m depth as far as 2-6 km from the northwest edge of the depression. Unfortunately, the eastern boundary of the licence area is located 4-10 km west of the delineated oxidation front, apart from the southern part, where the oxidation front has a bow shape near the Khaldzan-Obo occurrence and approaches the eastern boundary of the licensed area.

The 2006 calendar year exploration programme is proposed as follows:

- (i) Reconnaissance geological-radiometric traverses over the whole area;
- (ii) Detailed mapping and sampling of the known uranium occurrences and radiometric anomalies;
- (iii) Detailed mapping of epigenetic alteration in sediments of the Uldzujin depression, with emphasis on the sediment colour, alteration types and alteration intensity;
- (iv) Detailed mapping of the northern edge of the depression to determine the nature of the marginal fault, the intensity and character of epigenetic alteration, and the radiometric characteristics of the area;
- (v) Vertical electric sounding, magneto-telluric sounding, and magnetic surveys to determine the structure of the area and the depth to prospective horizons; and

(vi) Drill testing (30-50m holes) of areas of interest defined by the above.

(e) Ganga

The Ganga Area is located within the northwest part of the Saiin-Shandin uranium district. It covers the Dolodyn- Gobi Trough, which is limited by the Dzunbain Fault in the southeast and by the Bayanmunkh Fault in the northwest, and includes the Bayanmunkh and the Modongin local horsts. The area is composed of weakly lithified Lower and Upper Cretaceous sedimentary deposits, Lower Paleozoic terrigenous sediments and outcropping protrusions of Middle Carboniferous basement granites. The central part of the depression is covered by loose Quaternary deposits. In the northern part of the tenement is an occurrence of uranium mineralization. Immediately south of the licence area is the large Durbuldzhin uranium prospect.

The tenement is situated on the northeastern flank of the Saiin-Shandin Artesian Basin, on the flanks of which there is potential for uranium deposits controlled by stratabound oxidation zones. As referred to in the Dubchak Report, according to the Russian geologists who studied that particular area, the most favorable units for the localization of uranium mineralization are the permeable sediments of the Dzunbain suite of Lower Cretaceous age (Aptian, Albian and Cenomanian stages), and some horizons of the Bainshiren Suite of the Upper Cretaceous. These sediments contain carbon plant detritus and fine disseminated pyrite, and are separated by impermeable horizons of grey coloured siltstones.

Priority target areas in the tenement are:

- (i) The southeast side of the area, in the vicinity of the Modongii Uplift, where previous explorers identified a stratiform oxidation zone within a 60m thick sequence of sediments of the Dzunbain suite overlying basalts of the Tsagantsav Suite.;
- (ii) The western part of the area in the vicinity of the Bayanmunkh Uplift, which contains outcrops of Palaeozoic granites and basalts of the Tsagantsav Suite (near the Bayanmunkh Fault). The overlying sediments of the Bainshiren suite of Upper Cretaceous Age are possible hosts of uranium mineralization based on the following:
 - (A) The granite environment of the depression margins;
 - (B) Two major fault systems crossing the crystalline basement and the sediments;
 - (C) The zone of hydrothermal alteration along those systems;
 - (D) The location of the site on the northwest flank of an artesian basin; and
 - (E) The presence of uranium showings in grey units of Upper Cretaceous sediments.

In the 2006 calendar year it is planned to undertake vertical electrical sounding and magnetics surveys, followed by drill testing of areas of interest.

2.4 Argentina Uranium Projects

In Argentina, MGA has acquired the largest holding of prospective ground in the two areas acknowledged by the National Atomic Energy Commission of Argentina (CNEA) as having the country's best uranium discovery potential – the San Jorge Gulf Basin of Chubut Province in Paragonia and the Sierra Pintada Uranium District in Mendoza Province. These two areas contain the two largest uranium deposits in Argentina, the 10.3Mlb U_3O_8 Cerro Solo resource in Chubut Province and the 30Mlb U_3O_8 Sierra Pintada resource in Mendoza Province, both of

which are owned by the CNEA. In both areas, MGA has acquired exploration ground in the vicinity of these resources, covering uranium occurrences, favourable geological settings for uranium, and radiometric anomalies detected by the CNEA in airborne surveys conducted in the 1960s and 1970s.

MGA's Argentinean projects are as follows:

(a) Patagonia Uranium Project, Chubut Province

From May 2005 to July 2005, MGA acquired 20 EPMs ("cateos"), totaling 1,827 km², over ground with uranium discovery potential in the central part of Chubut Province in southern Argentina (the "Patagonia Uranium Project"). The EPMs cover numerous radiometric anomalies detected in airborne surveys conducted in the 1970s in the Mesozoic San Jorge Gulf Basin by the Commission Nacional de Energia Atomica de Argentina (CNEA: the National Atomic Energy Commission of Argentina).

The bulk of the radiometric anomalies detected in the CNEA surveys occur within sediments and volcanics at three separate stratigraphic levels in the Cretaceous Chubut Group, respectively in the Los Adobes Formation (fluvial sandstones and conglomerates with abundant organic material), Cerro Barcino Formation (tuffs) and Puesto Manuel Arce Formation (fluvial sandstones). Additional anomalies have been detected over caliche occurrences in Tertiary sediments in the eastern part of the basin. The EPMs acquired by MGA contain radiometric anomalies at all three uraniumiferous stratigraphic levels within the Cretaceous Chubut Group and also within overlying Tertiary and Quaternary sediments, especially in the eastern side of the basin. Potential exists for the discovery of sandstone/conglomerate-hosted uranium deposits in Cretaceous sediments and also for caliche/calcrete-style uranium in the Tertiary and Quaternary.

Due to funding constraints and other issues, the CNEA has undertaken only limited follow-up of the radiometric anomalies in the San Jorge Gulf Basin. In 1979, drilling of the Los Adobes Formation in the vicinity of the Los Adobes and Cerro Condor deposits resulted in the discovery of the Cerro Solo deposit and the subsequent delineation of a uranium resource based on 410 drill holes. A prefeasibility study of Cerro Solo was undertaken by Nuclear Assurance Corporation International on behalf of the CNEA in 1997. The study concluded that an open cut/underground mining operation would be economically viable, based on mineable reserves at an average grade of 0.3% U₃O₈, containing a recoverable uranium content of 4670 tonnes (10.3Mlbs) U₃O₈. In addition, the study reported that the deposit contains an average grade of 0.3% molybdenum. Two of MGA's EPMs, located adjacent to, and immediately east of, CNEA claims over the deposit, contain untested radiometric anomalies on the eastwards projection of the trend of the host rocks to the Cerro Solo mineralization, and offer potential for the discovery of economic uranium mineralization in both the Cretaceous Cerro Barcino and Los Adobes Formations. MGA has commenced exploration work on this ground with a view to prioritising drilling targets for testing in early 2006.

Access to the project area is obtained by sealed road from the coastal town and provincial capital of Rawson (population 30000) located 330 km to the east. The EPMs are very favourably located for exploration activities as they are situated in easily accessible, flat-lying, sparsely vegetated ground at low elevation (~600m asl.). Climatic conditions permit exploration work throughout the year apart from the winter months of June and July when there can be heavy snowfalls.

MGA's proposed exploration program in the 2006 calendar year comprises a resistivity survey then drill testing of the mineralised trend east of the Cerro Solo deposit, reconnaissance ground radiometric and geochemical work throughout the tenements and

airborne radiometrics/magnetism over selected portions. The proposed budget for this work totals C\$650,000.

(b) **Sierra Pintada District Uranium Project**

In August 2005, MGA acquired 15 EPMs totalling 956km² in the Sierra Pintada Uranium district in Mendoza Province, Argentina, some 30km west of the city of San Rafael. The EPMs cover numerous radiometric anomalies detected in airborne surveys conducted in 1960 and 1968 by the CNEA, and contain uranium occurrences located by that organization during its sporadic exploration activities in the area in the 1956 to mid 1980s period.

The Sierra Pintada Uranium District contains widespread uranium mineralisation as relatively minor veins in Carrizalito Group volcanics and sediments of Triassic age and as more significant stratabound bodies within the Los Reyunos Formation of the Permian Cochico Group. The largest known stratabound deposit in the area is Sierra Pintada, comprising the Tigre 1 – La Terraza orebodies, which was discovered by the CNEA in 1968 by drill testing of the most prominent radiometric anomaly in the district.

The economic uranium mineralisation in the Sierra Pintada deposit occurs in the form of two shallow –dipping (generally 20-30°) peneconcordant lenses within feldspathic sandstones at two separate stratigraphic levels. At a 0.04% U₃O₈ cut-off, the upper orebody has an average thickness of 10m (maximum 30m) and average grade of 0.12% U₃O₈. The lower orebody, 10-20m below, averages 5m in thickness and 0.09% U₃O₈ in grade. Uranium mineralisation, consisting of pitchblende with subordinate brannerite and coffinite, occurs predominantly as disseminations and also as infillings of microfractures.

In 1968-1974, detailed drilling of the Sierra Pintada deposit delineated Argentina's largest known uranium resource of some 30 million lbs. contained U₃O₈ with an average ore grade of 0.12% U₃O₈. Over the 13 year period from 1974, a CNEA open pit/heap leach operation at Sierra Pintada produced some 1600 tonnes (3.5 million lbs.) of U₃O₈ from 2.2 million tonnes of ore at an average grade of 0.11% U₃O₈, but in 1997 activities were suspended due to the low uranium price. Currently the CNEA is preparing for the resumption of mining and processing at Sierra Pintada in 2006.

One of MGA's EPMs covers prospective stratigraphy with untested radiometric anomalies adjacent to, and north of, CNEA's claims over the Sierra Pintada resource. The other EPMs cover uranium targets selected by MGA on the basis of radiometric anomalies, uranium occurrences and prospective stratigraphy. As the bulk of CNEA's exploration of the district was focused on the Sierra Pintada deposit and its immediate environs, MGA's main targets were either untested or inadequately investigated in the CNEA programmes.

In the 2006 calendar year MGA intend to undertake a detailed airborne magnetic-radiometric survey of its entire ground holding in the Sierra Pintada District. The proposed budget is C\$250,000.

2.5 Greenwich Uranium Property, Ontario, Canada

In November 2004, the MGA (50%)-East West Resources Corporation (**East West**) (50%) Joint Venture (**MGA – East West**) obtained option agreements over two uranium properties in the Nipigon Basin of Ontario, comprising one property of 40 claims and the other of 4 claims.

The 40 claim property was optioned for an initial cash payment of C\$10,000, additional cash payments totaling C\$90,000 over five years, and the issue of a total of 200,000 East West shares in two stages – 100,000 upon receipt of TSXV regulatory approval and 100,000 one year later.

The vendors retain a 3% Net Smelter Return NET SMELTER RETURN, but MGA-East West can purchase 50% of this Net Smelter Return at any time for C\$1.5 million.

The 4 claim property was optioned for an initial C\$5,000 payment, the issue of 100,000 East West shares upon receiving TSXV regulatory approval, and additional payments totaling C\$45,000 over five years. The vendors retain a 2% Net Smelter Return, 50% of which may be purchased by MGA-East West for C\$1 million at any time.

The properties cover uranium occurrences, in Archean basement granitoids and pegmatites, which were reported by the Ontario Ministry of Natural Resources in 1983. These include 0.6cm wide, north-trending pitchblende veinlets in granitoids assaying up to 27% U_3O_8 , with intervening granitoid rocks containing up to 0.08% U_3O_8 . Trenches across these occurrences have returned average grades of 0.02-0.03% U_3O_8 over 11 metres. In addition to the optioned properties, the MGA-East West Joint Venture has acquired title to 276 claim units over a 6.5km airborne radiometric anomaly which one of the strongest anomalies detected in the area.

In the 2006 calendar year, MGA will undertake reconnaissance geochemical and radiometric surveys of priority areas of interest. The proposed budget is C\$150,000.

Other Projects

2.6 Mt. Kakoulima Project (Ni, Cu, Co and PGM), Guinea, West Africa

In February 2004, MGA (at that time Maple Minerals) entered into an agreement with the TSX-listed FNX Mining to earn 50% of the Mt Kakoulima Cu-Ni-Co-PGM Property in Guinea, West Africa. Under the agreement, MGA could earn the interest for sole-funding expenditure of \$US2.4 million over a five year period, then, together with FNX, completing a feasibility study or sharing expenditure of a further \$US 2 million on the property. Following this additional expenditure, the MGA-FNX Joint Venture would hold 100% of the property subject to a 3% Net Smelter Return to the original vendor.

The Mount Kakoulima project area is located approximately 35-50 km NE of the seaport and Guinean capital city of Conakry. It is within close proximity to, and transected by, railroad lines used for transportation of bauxite to the seaport from inland mining operations and is accessible by road.

The Mount Kakoulima project area (298 km² of mining rights) is contained within the prefectures of Dubreka, Coyah and Conakry. The License Block (consolidated from three previous contiguous properties) was granted on April 26, 2004 by virtue of Arrête No. A 2004/931/MMGE/SGG for a two-year period. According to article 30 of the Guinean Mining Code (1995), the semi-industrial prospecting permit can be renewed once for one year, in conjunction with a reduction in and of the area by one half.

The most prominent geological feature of the property is the Kaloum ultramafic intrusion (KIC), which forms an elongate NE-trending mass, with an estimated length of 53 km and a maximum width of 8 km. The intrusion is interpreted to be Mesozoic in age, and contains gabbroic, pyroxenitic and dunitic rocks which bisect host Achaeon migmatitic gneisses. It was intruded during the Liberian Orogeny and is part of a group of mafic intrusions of similar age on the West African plate.

The KIC is exposed as layered, leucocratic to melanocratic gabbroic rocks at Mount Kakoulima in the northeast part of the intrusion. There is no exposure of the KIC for a distance of 30 km from Mount Kakoulima southwest to the capital city of Conakry. In this area, the intrusion is covered with a thick lateritic weathering profile, including a hard and reddish surface ferricrete or duricrust (5 to 10 m thick), and underlying saprolite, which is locally more than 60 m thick. The

western extension of the dyke-like feature of the KIC forms the Kaloum Peninsula on which the city of Conakry is situated.

Three main lithological units of the KIC are exposed in the North and South grid areas of the property - peridotite, pyroxenite, and gabbro (varying from leucocratic to olivine-bearing melagabbro). Peridotite and pyroxenite, which represent the basal units of the KIC, are composed of variable amounts of olivine, pyroxene and minor feldspar. Limonitic laterite is typically well developed over the ultramafic rocks, and is commonly capped with iron oxide duricrust. Saprolitic parts of the weathering profile were observed locally over pyroxenite on the South grid.

Footwall rocks on the western and southeastern boundaries of the property are composed of Archean gneiss, migmatite and granite of approximately 2860-2870 Ma. The Archean Basement is formed predominantly of granitic gneisses, which are well-laminated and contain granodiorite xenoliths, complicated folding and pegmatitic phases. These granitic gneisses are intruded by Pan African Orogeny-aged (530-628 Ma) granitoids of varying compositions including biotite granite, diorite, monzogranite and monzonite.

Shallowly-dipping quartzose meta-sandstone of Ordovician age is well exposed on the upper elevations of the two mountains bounding the project area (Mount Balan and Mount Dixxin) and along the northeastern extension of Mount Kakoulima. Contact relationships between the sandstone and mafic-ultramafic rocks of the KIC were not observed. However, apparent chill margins within gabbro in the vicinity of the sandstone contact and thermally metamorphosed sandstone enclaves in the KIC are indications that it intruded the sandstone unit.

In 1996 to 2001, previous explorers Semafo/Afcan and Rio Tinto intersected several narrow high grade Ni-Cu-Co-PGM sulphide intervals within a gabbro-pyroxenite unit in the upper part of the KIC, and delineated a 0.8m thick massive sulphide horizon over a 100m x 100m area with average grades of 2.78% Ni and 0.86% Cu.

As world class Ni-Cu-PGM orebodies typically occur at the base of mafic/ultramafic complexes, the FNX-MGA partnership has focused instead on the previously unexplored basal contact of the KIC. The initial work programmes were based on FNX's conceptual model that the KIC contact zone dips inwardly at ~ 45° and therefore has potential for massive sulphides similar to the Jinchuan deposit in China (~ 500 million tonnes @ 2.21% Ni 1.71% Cu).

The initial drilling, conducted in late 2004, proved FNX's conceptual model to be correct, as it showed the north and south contacts to be inwardly-dipping at a shallow to moderate angle, and also intersected disseminated Cu-Ni sulphides along both contact zones. In 2005, drilling continued to intersect sulphide disseminations and blebs in the immediate vicinity of the basal contact within pyroxenite/gabbro plus transitional and brecciated lithologies. To date there has been a total of 9303.5m drilled on 23 diamond core holes in three phases of exploration, comprising 16 on the northern contact zone and 7 in the southern area. Drilling results have included 14.7m @ 0.35% Ni, 0.39% Cu, 0.17 g/t Pt and 0.79 g/t Pd, and maximum values over one metre intervals of 0.45% Ni and 0.47% Cu.

Details of the three phases of exploration conducted to date are as follows:

(a) Phase 1

The objectives of the Phase 1 programme in 2004 were to (i) establish a functional base camp; (ii) establish three focused exploration grids at the basal contact of the igneous complex where there are favourable geological settings and/or anomalous airborne conductivity, and (iii) start the drill programme on priority parts of the grids. The objectives, except for the drilling, were completed by early May 2004, and included detailed mapping and moving loop EM surveys on one grid south of Mount Kakoulima (South Grid) and two other grids, one north and one west of Mount Kakoulima (North and West Grids). Significant EM anomalies were located in the North and West grids in

the vicinity of the interpreted basement-intrusive contact. Regional mapping was completed to place grids in a geological context and to explore for possible feeder dykes and splays, of which none were observed. Due to the onset of the rainy season, Phase 2 was postponed in May 2004 until the return of the dry season in September 2004.

(b) Phase 2

The objective of the Phase 2 programme in 2004 was to complete up to 5000 m drilling on the unexplored basal contact of the KIC in order to build the case for establishing the presence of an economic sulphide deposit. This included evaluating the degree to which the mineralizing process had occurred in the basal contact environment, determining the nature of the basal contact, investigating the areas of anomalous conductivity, determining the character of the basal KIC rocks and investigating the subsurface conductivity of the contact environment intersected by drilling and downhole geophysics.

The Phase 2 diamond drill programme comprised 4827 m of drilling, consisting of 13 holes on the North/West grids and 2 holes on the South Grid. In addition, 170 samples were sent for assay. Interpretation of diamond drill results suggested that the KIC was a funnel-shaped intrusion with moderately-dipping KIC/basement contacts. Disseminated to ~~blebby-sulphides~~ ~~sulphide blebs~~ occurred within pyroxenite/gabbro and brecciated units within the immediate vicinity of the KIC/basement contact in the North and South Grids. Mafic, felsic and brecciated dykes, vari-textured gabbro and inclusions of large blocks of granitic gneiss were also observed in the KIC. No strongly anomalous borehole EM responses were recorded during the Phase 2 work programme. Areas of anomalous conductivity on surface were interpreted to be a result of variably conductive laterite overburden.

(c) Phase 3

In 2005, the Phase 3 programme continued to focus on exploring the basal contact of the KIC with two objectives: first, to continue to define the geometry of the KIC basal contact with respect to possible sulphide traps and second, to attempt to intersect potentially economic concentrations of Ni-bearing sulphides. Drilling targeted irregularities along the KIC/basement contact in order to define possible large embayment structures and favourable host rocks (breccias, etc.) in both the North and South Grids.

The Phase 3 diamond drill programme consisted of 4476.5 m of drilling, comprising 5 holes on the South Grid and 3 holes on the North/West grids. In addition, 152 samples were sent for assay. The geometry of the KIC is confirmed to be a funnel-shaped intrusion with moderately-dipping KIC/basement contacts. Disseminated to ~~blebby-sulphides~~ ~~sulphide blebs~~ occur within gabbro and within transitional zones within the immediate vicinity of the KIC/basement contacts in the North and South grids. A large gneissic raft/block with spatially associated vari-textured gabbro and minor sulphides was intersected between the North and West grids. Irregularities within a large embayment along the KIC/basement contact were drilled in the South Grid and the dip was found to increase with depth from 20 to 40 degrees North. Possible embayments were tested at depth. No strongly anomalous borehole EM responses were recorded during the Phase 3 work programme.

Initial results from Phase 3 drilling contain anomalous assay values associated with sulphide mineralization (0.35% Ni, 0.39% Cu, 0.17 g/t Pt, 0.77 g/t Pd over 14.7 m including 0.45% Ni, 0.47% Cu, 0.17 g/t Pt, 0.79 g/t Pd over 1.0 m).

In this project, Mega stands to benefit from the expertise and operating skills of FNX's proven world class nickel exploration team and it is hoped, given the project's similarities with the giant Jinchuan deposit, there will be significant exploration success. Further drill testing of the KIC basal contact is planned for the 2006 calendar year.

2.7 Ontario

MGA, together with its 50/50 joint venture partner has interests in the Shebandowan Greenstone Belt in Ontario, which is prospective gold and base-metal ground. Details in relation to each particular tenement are as follows:

(a) Shebandowan Camp Group Of Properties Overview

Nine properties are held in a 50-50 joint venture between MGA and East West. A land package was assembled in January 2003 by staking the Burchell group and optioning Deaty Creek followed by an option purchasing the Hamlin, Shear, and Powell claims in February 2003. Additional staking of Clay and Obadinaw followed in 2003 and further staking was done in 2004 south of the Burchell north group. The Ardeen Gold Mine property was optioned in 2005. Helicopter borne time domain EM and magnetic surveys were done in 2003, 2004, and 2005 which assisted in mapping major shear zone structures related to gold deposits, and massive sulphide "VMS" copper-zinc targets. The geology of the Shebandowan Camp is similar to that of Timmins, Kirkland Lake, Noranda, and Val d'Or because Shebandowan is part of the Abitibi greenstone belt.

(i) Ardeen

The Ardeen property consists of 153 claim units along with 4 patent claims located north and northwest from Powell and Hamlin and southeast of Obadinaw and covers a large rhyolite pile which is part of the rhyolites in Hamlin. This property was optioned from Pele Mountain Gold, whereby East West and Maple MGA may earn up to a 60% interest by spending \$2.5 million in exploration over 5 years, completing a feasibility study and making payments to Pele Mountain Gold in the amount of 700,000 shares of East West and a \$140,000 in cash from MGA. East West and MGA hold an equal interest in the option and fund the project 50-50.

The property covers the Ardeen Mine, which was the first gold mine in Ontario (1870). A resource tonnage and grade of 94,000 tonnes of 0.15 oz gold/t is contained within the mine workings as reported in MNDM Ontario Government records. This is a historical resource calculated prior to NI 43-101 policy.

A complete helicopter time domain electro-magnetic survey of the Ardeen property was flown in July 2005 at a 100 m line spacing which located a number of highly conductive targets as well as the sulphide iron formation zones that are prospective gold zones. Drilling of 8 holes was completed in July to test specific conductor trends including 3 holes along the extension of the Junction Zone and 3 holes on the "Turn Off" zone where porphyry occurs near the volcanic-sedimentary contact. A gold showing in altered porphyry occurs on strike to the "turn-off" zone called the "Contact Zone" that assayed 23.0 g gold/tonne from a grab sample of silicified porphyry. Assays of 28.0 g gold/tonne were obtained from a 0.3m sample of drill core.

Two of the three holes northeast of the Junction Zone contained highly sericitized rhyolites with tourmaline zones. These rocks extend south westward into the Hamlin basemetal target area and represent the alteration found associated with certain base metal and gold deposits (Thomson Bousquet variety).

The Western and Waverly zones were drilled in August 2005 with holes PEL-05-2 and PEL-05-12, respectively. Wide spread gold mineralization occurs in both drill holes. The Western zone is a sulphide iron formation that extends for 1000m and the Waverly zone consists of disseminated pyrite in sheared-altered

intermediate to mafic volcanics cut by porphyry. Assays from these zones are tabulated below.

(ii) **Burchell**

(A) **North Burchell Group**

The 206 claim unit at the North Burchell property were staked in January 2003 and is held 50-50 by East West and MGA. Five drill holes have been completed to date on these claims to test electromagnetic conductors and hole BU-03-2 near the north end of the property intersected a narrow 0.3m zone of sulphides containing zinc mineralization adjacent to an altered rhyolite. The property covers a 9km strike length of rhyolite and basalt volcanics which extend southwest from the Vanguard copper-zinc massive sulphide VMS (Volcanogenic Massive Sulphide) deposits. Eight test survey lines were flown over the property in February 2003 with helicopter time domain EM and magnetometer which was followed by a 150m spaced detailed survey in 2004, over the entire property. Numerous airborne conductors remain to be tested.

This claim group is not subject to any underlying agreement.

(B) **South Burchell Group**

An additional 353 claims were purchased to the south of the North Burchell group which were included in the same agreement that purchased two claims north of Beardmore, Ontario called the Adair. The South group covers a massive pyrite-chalcopryrite showing in basalt that contained 1% copper/tonne from a grab sample. The claims surrounded the Hood Lake intrusion and possible extensions of the Deaty Creek property. A complete helicopter time domain EM and magnetic survey was flown in July 2005 at 150m line spacings and a number of discrete EM conductors were located. Two drill holes B-05-6 and B-05-7 were completed in October 2005, which located massive pyrite-pyrrhotite sulphides in volcanics.

The property is subject to a 2% net smelter royalty with the right to purchase back 1% for CDN\$1 million.

(iii) **Hamlin**

(A) This claim group covers both basemetal and gold settings in an extensive rhyolite volcanic pile. Gold showings along the north boundary adjacent to the Ardeen property known as Junction, Middle Zone, and Western yielded grab samples ranging from 1.0 gm gold/tonne to 27.0 gm gold/tonne. This zone is now considered to be a sheared iron formation setting that extends 1km across the northern part of the Hamlin claims.

(B) A sericite schist and potassium alteration zone on the west part of Hamlin yielded a 15 m wide section with continuous assays of 0.5 gm to 1.1 g gold/tonne (HAM- 04-3). This zone has been followed at 100 m intervals by holes HAM-05-18, 20, 21, 22, and 23 where narrow higher grade gold values of 3 g gold/tonne were obtained as well as anomalous Copper-Zinc in hole HAM-05-20. This shear is interpreted to continue 2 – 3 km to the south west in the vicinity of HAM-05-8 and HAM-05-26. Quartz eye porphyry and shearing-brecciation are associated with this trend. Parallel related structures occur on the Powell grid west of the Obadinaw River in basalt volcanics.

- (C) On the south side of the Hamlin claims, the volcanics immediately north of Hamlin Lake contain wide spread chlorite alteration, rusty zones chalcopyrite showings, malachite stain and ferrirete (iron oxide cement). IP surveys completed in July 2005 defined four zones in this area, two of which correlate with Max Min EM conductors and airborne EM trends. Grid lines and geological mapping cover the entire property. A gravity survey commenced in August 2005 to define areas of high density (sulphide concentrations).
- (D) A new copper discovery of 1.49% copper and 4.0 g gold/tonne was found in a disseminated sulphide zone in altered brecciated rhyolite. This zone has been traced for 800m in outcrop and parallels another copper bearing zone along the base line. The pink altered brecciated rhyolite now appears to be the brecciated margin of a younger alkali intrusion (syenite) which formed a 200-300m wide breccia roof pendant next to the unbrecciated Archean age felsic volcanics.
- (E) Copper mineralization occurs throughout the breccia as 0.5 – 1.0m random masses of chalcopyrite as well as disseminated chalcopyrite. Gold and silver values directly correlate with copper, however, molybdenite occurs in irregular patches on slip planes and in narrow quartz veins and has an indirect correlation with copper.
- (F) Chert exhalite units occur in the volcanics on Hamlin, which can be traced southwest from the Vanguard massive sulphide through the North Coldstream Mine (Cu-Ag-Au), and through Burchell to Deaty Creek and eventually to the Sungold.
- (G) Drilling on Hamlin resumed in September 2005 to test the extensive breccia system north of Hamlin Lake with the completion of holes HAM-05-29 to HAM-05-38 by December 2005. Drilling recommenced in January 2006 with five holes being completed in early February 2006.
- (H) The Hamlin claim group was optioned in February 2003 by issuing 100,000 shares of East West and by MGA making a series of cash option payments totalling CDN\$55,000 over 48 months. The claims are subject to a 2% Net Smelter where 1% may be purchased for CDN\$1 million at anytime. The Shear 14 claim unit property in Moss Township to the north of Hamlin were included in the Hamlin agreement but are not contiguous.

(iv) Deaty Creek

The 79 claim unit Deaty Creek property covers a 5.2km long section of mineralization and brecciated volcanics that extend northeast from the Hamlin property. The claims cover a section of the Knife Lake Fault, which is a prominent regional, deep-seated structure with associated ultramafic rocks. The faults full importance is unknown at this time but is adjacent to extensive breccia zones that carry copper-gold-silver and molybdenum mineralization. Mapping and initial drilling which is now in progress as of January 2006 shows gold associated with pyrite, magnetite, chlorite, epidote, and pink hematite alteration. Copper and molybdenum are associated with the gold mineralization.

An extensive grid has been line cut followed by an induced polarization and magnetic survey and detailed geological mapping in 2005. A large part of the property was re-flown with the time domain helicopter EM survey in 2005 using a larger 26 m diameter loop than was used in 2003 (18 m loop). A number of IP chargeability anomalies and breccia zones were located, indicating disseminated

sulphide zones in shears. One breccia zone had been previously identified to contain 0.85 g gold/tonne over 78 feet (23.8 m). Gold assays obtained in the first two drill holes ranged from 0.2 – 7.0 g gold/tonne.

(v) Powell

The 78 claim unit Powell property covers a 6.0 km strike length of volcanics rocks of Archean age that are the same vintage as the Abitibi greenstone belt which hosts the Timmins, Noranda, Kirkland Lake and Val d'Or gold-basemetal mining camps in the eastern part of the Abitibi belt. Shear zones, which are the controlling structures for gold in the Shebandowan camp extend southwest from the Ardeen Gold Mine and are mainly confined to a basalt volcanic unit that hosts the Ardeen Gold Mine. Six main shear trends have now been identified all of which contain gold values ranging from 0.5 to 17.2 g gold/tonne from surface grab samples.

An 86km grid at 100m spacing was cut in early 2005, mapped and surveyed with IP (Induced Polarization) and magnetometer. Trenching and prospecting was done from May to September 2005 and nine diamond drill holes were completed in July 2005. An extension grid to cover the north part of the property was done in the fall of 2005 as well as prospecting along a 1000m trend of quartz veining that contained copper, gold, silver, and anomalous tungsten values. IP surveys on this section were completed in December and a three hole diamond drill program commenced in January 2006 to test the quartz veins and shear structures as well as a rhyolite-basalt contact that extends from the Ardeen property.

The Powell project has now yielded numerous gold occurrences on all six IP trends with values in core ranging from 3.8 to 4.87 g gold/tonne over 0.2 to 1.0m. The best values occur in a shear along the margin of a porphyry intrusion and in a laminated "crack-seal" vein structure. All of these settings resemble those of other gold mines in the Abitibi belt.

The claims are held 50-50 by East West and MGA and were purchased in 2003 from two prospectors for 100,000 shares of East West and a series of cash payments totalling \$88,000 made by MGA. A 2% ~~NET SMELTER RETURN~~Net Smelter Return is held by the vendors subject to an option to purchase back 1% net smelter return for CDNS\$1 million at anytime.

(vi) Clay

The 112 claim unit Clay property was staked in 2003 and covers the 1.5km west extension of the Powell claims. The claims also cover the southwest extension of the Elephant copper-gold occurrence situated north of the Powell claims and the rhyolite volcanics along the south boundary of Powell and west extension from the Hamlin property. Mapping and prospecting has been carried out in 2005 as well as an airborne EM-Magnetic survey in 2004. These claims cover the projection of the shear zones from Powell and some anomalous gold occurrences. The Clay claims are not subject to any underlying agreement.

(vii) Shear

The Shear 14 claim unit property covers the north extension of controlling faults and shears associated with the Moss Lake gold deposit (65 million tonnes of 0.032 ounces gold). Geological mapping and prospecting was carried out in June and July to locate quartz veins containing up to 34 grams gold in grab samples. Geophysical surveys (Induced Polarization) were carried out in January 2006 to trace the structures prior to drilling. These claims are held 50-50 by East West

and MGA and are subject to a 2% net smelter return where 1% may be purchased for CDN\$1 million.

(viii) **Obadinaw**

This 289 claim unit property was acquired by staking and is not subject to any underlying agreements. Geological mapping and structural studies were carried out in July-September 2004, followed by a large 50km grid with 400m line spacings and IP (Induced Polarization) resistivity surveys. A number of quartz-eye porphyries were found which follow shear zones in the sediments. This setting is an extension of gold zones on the adjoining La Rose property held by Freewest, where surface samples yielded up to 10oz gold/tonne. Drilling of the IP trends was done with five drill holes in September-October 2005 and did not intersect any significant gold values.

In addition, a portion of the eastern part of the Obadinaw property was surveyed by a helicopter borne time domain EM in July 2005, which outlined important conductors that will also be drill tested in the future.

(b) **Nipigon Plate Properties**

(i) **Lac Des Iles River**

This 180 claim unit PGE (Platinum Group Element) property is held 50-50 by East West and MGA, and is still under option to Platinum Group Metals who may earn a 50% interest by spending \$1.0 million over 5 years. There has not been any recent exploration to report since 2004. Several palladium (Pd) showings have been located on the property in the gabbro-pyroxenite complex that is located 10 km south of the Lac des Iles Mine, which is presently in production (nickel-copper-gold, platinum and palladium). There are no underlying agreements on this property.

(ii) **Eva Kitto**

The Eva Kitto property located on the east shore of Lake Nipigon 135 km north east of Thunder Bay was expanded in 2003 to a total of 227 claim units as a result of a successful exploration program carried out by Kennecott Canada Exploration Inc. During the past 2 years an airborne EM (MGAtem) and magnetic survey was flown in two directions. Geological mapping and prospecting was done to follow-up an earlier discovery of PGE mineralization by an OGS (Ontario Geological Survey) mapping party. A small exposure of disseminated sulphide zone in the ultramafic olivine rich phase of a large 10 km diameter Proterozoic Intrusive had been located. Drilling by Kennecott in the vicinity of this zone intersected 28 m of disseminated magmatic sulphides with occasional blebs of zoned sulphides (pyrrhotite-chalcopyrite). The copper (Cu), nickel (Ni) and platinum group elements (PGE) were highly geochemically anomalous, however the highest values were 0.563 g/tonne PGE (Pt + Pd), 0.139% Cu, and 0.228% Ni. Given the similarity to the Seagull intrusion to the west in the Nipigon Plate, the property is considered highly prospective for layered PGE horizons.

The ultramafic host rocks have been derived from a deep mantle source and have been emplaced along a rift structure that has a link to the Mid-Continental Rift structure. The Nipigon Plate was formed millions of years ago when deep mantle faults introduced magma from the mantle. These rocks are rich in the mineral olivine. Metals such as nickel, copper and platinum group elements (PGE) precipitated out of the hot liquid magma when sulphur became available from the country rocks being intruded. The Eva Kitto area contains excellent sources of

sulphur in the form of iron formations and parallel graphitic sediments with sulphides.

The property is presently held 50-50 by East West and MGA and is subject to a 2% ~~NET SMELTER RETURN~~ Net Smelter Return where 1% may be purchased for CDN\$1 million. Kennecott dropped the option in 2004 in order to concentrate their efforts in Michigan.

Geological mapping and sampling was done in June 2005 to trace the PGE horizon that occurs on the southwest part of the property. Diamond drilling of one vertical hole to 810 feet (247m) was completed in December 2005, 3.5km north of the Kennecott hole. The hole did not reach basement rocks, but intersected disseminated sulphides in olivine-pyroxene rich ultramafic rocks similar in appearance to the units cut by the Kennecott hole. The thickening of the ultramafic intrusion suggests a new trough or valley occurs at the base of the intrusion.

(c) **Thunder Bay North Properties**

(i) **Adair**

A 28 claim unit property located northeast of Beardmore, Ontario and was optioned as part of a group of claims acquired south of Burchell, where a total of \$25,000 in option payments by MGA and 200,000 common shares of East West will be paid to purchase 100% of the property with the vendor retaining a 2% ~~NET SMELTER RETURN~~ Net Smelter Return, where 1% may be re-purchased for CDN\$1 million. Assays of 14.86 oz. gold/ton and 6.8 oz. silver/ton, 0.45% copper, 3.18% lead were obtained from grab samples taken by the Ontario Division of Mines (1974). A 33 ton bulk sample was taken by the Ontario Department of Mines in 1935 which assayed 0.44 oz./ton gold. Geophysical (Induced Polarization and magnetic) surveys were completed in October-November 2005 which traced the north-south trending controlling structure from the shaft area across a 2.8km distance.

(ii) **Knapp**

The 27 claim unit Knapp property adjoining the Adair claims was purchased from 2 prospectors for \$10,000 in October 2005 with future payments totalling \$40,000 to be made over 3 years. A 2% ~~NET SMELTER RETURN~~ Net Smelter Return is retained by the vendors where 1% may be purchased at anytime for \$1 million Canadian. These claims cover the Knapp gold prospect which is a parallel structure to the Adair.

(iii) **Lang Lake**

The 151 claim unit property is located on the west boundary of the Thunder Bay Mining Division. The property extends for 10km along a magnetic feature. This area is presently very active with numerous gold projects that are a spill over from the Red Lake Camp. Previous drilling by Hanna Mining in 1968 outlined a 23 million ton zone (classified as an Inferred Resource by CIMM definition because the drill spacings are 50 m apart) on the west end of the magnetic anomaly trend where intersections of 0.35% copper over 510 feet (153 m) had been obtained. A detailed compilation of the previous drill data and surface mapping has identified other interesting targets to the northeast and east of the main zone. Detailed airborne magnetic and EM surveys have been completed by the OGS at 200m line spacing over the property, which has helped identify the new target areas.

In 1968 the price of gold was \$35 per ounce and as a result only selected samples were analysed for gold. Assays obtained from the Ontario Government assessment files indicate that up to 4 gram gold assays have been obtained from chalcopyrite (copper) bearing samples. Systematic assaying for gold has not taken place, however, mapping and a ground magnetic-VLF survey were done in July-August 2004 as well as locating the old grid and drill casings. Drilling of the copper zone is planned for the 2006 calendar year.

The property was optioned in March 2003 where East West issued 200,000 shares in 4 stages of 50,000 over an 18 month period. Cash option payments totalling \$118,000 are to be made over 5 years by MGA. The vendors retain a 2% ~~NET-SMELTER RETURN~~ Net Smelter Return where 1% may be repurchased at anytime for CDN\$1 million.

(d) **Northeastern Ontario Properties**

(i) **West Porcupine**

The West Porcupine project consists of 128 claim nits located 50 km southwest of Timmins, Ontario and covers a 10 km long section of geology that contains identical volcanic suite and porphyry intrusions that are found in the Timmins Gold Camp, as well as the extension of the Destor Porcupine Fault. Exploration on the presently held 50% by Mega and 50% by Canadian Golden Dragon and a drilling program commenced in March 2003. Up to the time of transfer in 2002 a total of approximately \$2.3 million has been spent on the property to complete drilling, trenching, line cutting, induced polarization and magnetic surveys. The property is subject to a 2% NST to Newmont Canada Ltd. Induced polarization surveys were completed in 2005 which tested the plunge of original discoveries made in 1994 and data from this work is being compiled.

3. Capital structure of MGA

3.1 Present capitalisation of MGA

~~At the date of this Bidder's Statement, MGA has~~ As at the close of trading on 23 February 2006, MGA had 44,519,943,404 fully paid common shares on issue. There are no other classes of shares on issue. These shares are listed for quotation on the TSXV.

~~There are 2,874,700~~ As at 23 February 2006, there were 3,272,210 MGA Options issued under Stock Option Plans (see clause 10.1.6 of Part 2) and 1,128,600 MGA Warrants.

Mega is a wholly owned subsidiary of MGA.

3.2 MGA Share price

Set out below is a table showing the MGA Share price (in C\$) and trading volumes of MGA Shares on TSXV for the period from one month prior to the announcement date of 11 January 2006 ~~up to and including 23 February 2006:~~

23-Feb-06	5.7	125,400
22-Feb-06	5.9	81,700
21-Feb-06	5.9	174,500
20-Feb-06	5.95	99,400

18-Jan-06	4.287	995,336,700
17-Jan-06	4.2914	264,27,900
16-Jan-06	4.2	99,500
15-Jan-06	4.29	264,900

17-Feb-06	5.89	211,700
16-Feb-06	5.8	178,100
15-Feb-06	5.41	118,000
14-Feb-06	5.3	236,100
13-Feb-06	5.52	269,200
10-Feb-06	5.91	246,300
09-Feb-06	6.02	379,900
08-Feb-06	5.8	380,000
07-Feb-06	5.5	553,500
06-Feb-06	5.7	821,600
03-Feb-06	4.8	112,700
02-Feb-06	4.75	75,700
01-Feb-06	4.55	117,500
31-Jan-06	4.81	140,500
30-Jan-06	4.79	97,500
27-Jan-06	4.74	82,200
26-Jan-06	4.66	77,500
25-Jan-06	4.78	260,100
24-Jan-06	4.75	212,600
23-Jan-06	4.98	367,100
20-Jan-06	4.2	158,400
19-Jan-06	4.15	305,200
18-Jan-06	3.87	336,700
17-Jan-06	4.44	227,900

12-Jan-06	4.52	284,600
11-Jan-06	4.525	284,659,900
10-Jan-06	4.575	259,900
09-Jan-06	4.75	189,100
06-Jan-06	4.7668	189,3,000
05-Jan-06	4.687	189,50,200
04-Jan-06	4.76	511,02,700
03-Jan-06	4.67	1107,69,400
30-Dec-05	4.783	6949,300
29-Dec-05	4.839	49360,700
28-Dec-05	4.886	6154,0700
23-Dec-05	4.688	154883,900
22-Dec-05	4.8895	81739,400
21-Dec-05	4.8562	173460,200
20-Dec-05	4.6283	88,60240
19-Dec-05	4.8395	886140,300
16-Dec-05	4.955	14056,300
15-Dec-05	4.564	156380,100
14-Dec-05	4.427	1801225,400
13-Dec-05	4.2753	225424,900
12-Dec-05	4.953	14249,100
09-Dec-05	4.9502	19421,800
	5.02	184860

3.3 Major MGA shareholders

To MGA's knowledge there are no MGA shareholders which hold greater than 10% of the issued and outstanding shares of MGA.

3.4 Directors' interests

The relevant interests of MGA's and Mega's directors in securities of MGA as at the date of this document are set out below:

Arni Johannson	Nil	125,000
Douglas Reeson	50,000	125,000
Michael Sweatman	5,000	85,000
Anthony Grey	Nil	175,000
Sheldon Inwentash	1,718,300	1,825,000
Stewart Taylor	39,000	Nil

3.5 Summary of rights attaching to MGA Shares

If you accept the Offer, your new MGA Shares will be fully paid common shares in MGA. All of the new MGA Shares issued will rank equally with all other MGA Shares from the date of issue of the new MGA Shares.

Mega Shares are quoted on TSXV. As stated in clause 7.7 of Part 1, MGA will make an application to TSXV for quotation of the new MGA Shares issued pursuant to the Offer, and the grant of quotation for these shares is a condition of the Offer.

The rights attaching to ownership of the MGA Shares arise from a combination of MGA's constitution, statute and general law. The primary rights attaching to Mega Shares include the rights to receive notice of meetings, attend and vote at meetings, receive non-cumulative dividends which are declared and any surplus on winding up. Set out below is a brief summary of some of the more significant rights attaching to the MGA Shares, as set out in MGA's constitution. This summary does not purport to be exhaustive, or to constitute a definitive statement of the rights and liabilities of holders of MGA Shares.

A copy of MGA's constitution may be inspected during normal business hours at the registered office of Mega, or a copy can be forwarded to you on request.

(a) **Authorised Capital**

MGA's authorized share capital can be altered by a resolution of the holders of MGA Shares passed by a two-thirds majority of the votes cast at the relevant shareholders' meeting.

(b) **Voting**

The right to vote at all meetings of MGA shareholders (except meetings at which only holders of other classes of shares, of which there currently are none, are entitled to vote).

(c) **Meetings of shareholders**

Meetings of Shareholders ~~must be convened annually and~~ may be convened as and when needed provided notice is given to Shareholders not more than fifty and not less than twenty-one days before the scheduled meeting date.

(d) **Dividends**

The right to receive such dividends as MGA's directors may declare and pay from time to time. Those dividends may be satisfied in cash, through a distribution of assets in specie, or through an issue of further MGA Shares.

(e) **Issue of further MGA Shares**

Holders of MGA shares have no rights of pre-emption or first refusal in respect of new issues, and MGA's directors generally have the power to issue further MGA Shares within the company's authorized capital without the approval of shareholders. However, the TSXV may require MGA to obtain prior shareholder approval for an issue of MGA Shares (or other securities convertible into MGA Shares) if that issue would materially affect control of the company or the issue has not been negotiated at arm's length.

(f) **Transfer of MGA Shares**

MGA common shares are transferable by completing the transfer endorsement on the relevant share certificate, or by any other form of transfer approved by MGA's transfer agents.

(g) **Winding up**

The right to receive the remaining property upon dissolution of the company (subject to the prior rights of holders of any preference shares).

(h) **Insider trading**

The securities laws of Canada impose obligations to report dealings in MGA Shares by persons designated as "insiders". These include directors and senior officers of MGA and its subsidiaries, and persons with a direct or indirect beneficial interest in 10% or more of the MGA Shares on issue.

3.6 Dividend Policy

MGA does not currently pay a dividend.

3.7 Corporate Governance Practices of MGA

(a) **Board of Directors**

The Board of Directors of MGA facilitates its exercising of independent supervision over MGA's management through frequent meetings of the Board, both with and without members of MGA's management (including members of management that are also directors) being in attendance.

Douglas Reeson, Anthony Grey, Arni Johannson and Michael Sweatman are all "independent" directors in that they are independent and free from any interest, and any business or other relationship which could reasonably be perceived to materially interfere with the director's ability to act with the best interests of the Corporation, other than interests and relationships arising from shareholdings.

Sheldon Inwentash is a member of management and is therefore not independent.

The mandate of the Board, as prescribed by the *Business Corporations Act (Ontario)*, is to manage or supervise the management of the business and affairs of the Corporation and to act with a view to the best interests of the Corporation. In doing so, the Board oversees the management of the Corporation's affairs directly and through its committees.

(b) **Directorships**

Certain of the directors of MGA and Mega are presently also directors of one or more other listed entities, as follows:

Director	Other Listed Company Directorships
Sheldon Inwentash	Pinetree Capital Corp. Treat Systems Inc. Brownstone Ventures Inc. Enghouse Systems Ltd. Southern Star Resources Inc.
Arni Johannson	Auranga Discoveries Ltd. Titan Uranium Inc.
Douglas Reeson	Gossan Resources Limited Mengold Resources Inc. Unique Broadband Systems, Inc.

Michael Sweatman

~~Pan American Gold Corporation~~
~~Treat Systems Inc.~~
~~Brownstone Ventures Inc.~~

Anthony J Grey

~~International Ferro Metals Limited~~
~~Polartechnics Ltd~~

Stewart Taylor

~~Uranian Mineral Ventures Inc. (a wholly-owned subsidiary of MGA)~~
~~ACN 116 927 149 Pty Ltd (a wholly owned subsidiary of MGA)~~

<u>Director</u>	<u>Other Listed Company Directorships</u>
<u>Sheldon Inwentash</u>	<u>Pinetree Capital Corp.</u> <u>Treat Systems Inc.</u> <u>Brownstone Ventures Inc.</u> <u>Enghouse Systems Ltd.</u> <u>Southern Star Resources Inc.</u> <u>ACN 116 927 149 Pty (a wholly owned subsidiary of MGA)</u>
<u>Arni Johansson</u>	<u>Auriga Discoveries Ltd.</u> <u>Titan Uranium Inc.</u>
<u>Douglas Reeson</u>	<u>Gossan Resources Limited</u> <u>Mengold Resources Inc.</u> <u>Unique Broadband Systems, Inc.</u>
<u>Michael Sweatman</u>	<u>Pan American Gold Corporation</u> <u>Treat Systems Inc.</u> <u>Brownstone Ventures Inc.</u>
<u>Anthony J Grey</u>	<u>International Ferro Metals Limited</u> <u>Polartechnics Ltd</u>
<u>Stewart Taylor</u>	<u>Uranian Mineral Ventures Inc. (a wholly owned subsidiary of MGA)</u> <u>ACN 116 927 149 Pty Ltd (a wholly owned subsidiary of MGA)</u>

(c) Orientation and Continuing Education

Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of MGA's business will be necessary and relevant to each new director. MGA provides continuing education for its directors as such need arises and encourages open discussion at all meetings which format encourages learning by the directors.

(d) Ethical Business Conduct

The Board expects management to operate the business of MGA in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute MGA's business plan and to meet performance objectives and goals.

In addition, the Board must comply with conflict of interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in order to ensure

directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

The Board has also adopted a Timely Disclosure, Confidentiality and Insider Trading Policy to encourage and promote a culture of ethical business conduct.

(e) **Nomination of Directors**

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the Chief Executive Officer of MGA. The Board monitors but does not formally assess the performance of individual Board members or committee members on their contributions.

(f) **Compensation**

Compensation decisions are made by the Board as a whole and reached primarily by comparison of the remuneration paid by MGA with publicly available information on remuneration paid by other reporting issuers that the Board feels are similarly placed within the same business of MGA.

(g) **Other Board Committees**

Other than the Audit Committee, MGA does not have any other Board committees.

(h) **Assessments**

The Board will annually review its own performance and effectiveness as well as review annually the Audit Committee Charter and recommend revisions to the Board as necessary. Neither MGA nor the Board has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of each individual director is informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

4. Capital Structure of Hindmarsh and Combined Entity

4.1 Hindmarsh Shares

According to documents lodged by Hindmarsh with ASX, the total number of securities in each class in Hindmarsh as at close of trading on 23 February 2006 is:

Fully paid shares	20,948,403
Listed 25 cent options	1,951,525
Unlisted 20 cent options	333,333
Unlisted 22 cent options	1,000,000
Unlisted 25 cent options	2,700,000

4.2 Total number of Hindmarsh Shares

If all Hindmarsh options on issue on the date of this Bidder's Statement that are exercisable during the Offer Period were converted into Hindmarsh Shares, the total number of Hindmarsh Shares that would have been on issue as at close of trading on 23 February 2006 is 26,933,261.

4.3 Post acquisition capital structure

Assuming 100% acceptance of the Offers, the capital structure of MGA following the takeover will be as follows:

Existing MGA Shares on issue as at 23.2.06	44,519,259,13404
Number of new MGA Shares on issue	3,635,356*
Total MGA Shares on issue following takeover at 100% acceptance level	47,830,228,27690*

**This is an estimate only. The actual quantum will vary depending on the number of Hindmarsh security holders that will be entitled to an additional whole MGA share due to the rounding up factor referred to in Part 1 Clause 2.2 of Part 1.*

5. Effect of acquisition of Hindmarsh on Mega

5.1 General

Hindmarsh has tenements over large tracts of prospective uranium ground in South Australia and the Northern Territory. Through this acquisition, Mega will obtain those interests and will acquire Hindmarsh's geological team. Mega will also acquire Hindmarsh's cash reserves.

5.2 Outlook

The access to additional tracts of prospective ground with additional cash reserves will enable Mega to expand its exploration activities over the next two years, where the tracts of prospective ground are located within jurisdictions with more favourable policies regarding uranium exploration.

5.3 Pro-forma adjustment

Set out below is the pro-forma consolidated balance sheet of ~~Mega~~MGA and Hindmarsh which has been prepared on the assumptions specified below and extracted from Hindmarsh and ~~Mega~~MGA's audited financial statements in their respective annual reports for the 12 months ended 30 June 2005 and 30 September 2005 respectively.

The following pro-forma consolidated balance sheet presents ~~Mega~~MGA's consolidated balance sheet at 30 September 2005, as if Mega had acquired 100% of Hindmarsh at that date. All numbers are presented in Canadian GAAP.

(a) Pro forma Balance Sheet

MEGA URANIUM LTD MGA

Pro Forma Consolidated Balance Sheet

As at September 30, 2005

(unaudited)

	MegaMGA	Hindmarsh	Pro Forma Adjustments	Pro Forma Consolidated
	C\$	C\$	C\$	C\$
Assets				
Current				
Cash and cash equivalents	11,501,991	2,576,857		14,078,848
Restricted cash	332,500	-		332,500
Prepaid expenses and sundry receivables	455,662	14,744		470,406
Marketable securities	1	240,910		240,911
Sub-Total	12,290,154	2,832,511	-	15,122,665
Non current				
Mineral properties and related expenditures	4,725,662	9,568		4,735,230
Capital assets	-	1,748		1,748
Goodwill		1,024,780	13,225,421	14,250,201
Sub-Total	4,725,662	1,036,096	13,225,421	18,987,179
Add Current Assets Sub-Total	12,290,154	2,832,511		15,122,665
Total Assets	17,015,816	3,868,607	13,225,421	34,109,844
Liabilities and Shareholders' Equity				
Current				
Accounts payable and accrued liabilities	208,5980	99,028		307,608
Sub-Total	208,5980	99,028	-	\$307,608
Shareholders' equity				
Capital stock	27,733,904	4,169,175	12,825,825	44,728,904
Contributed surplus	799,136			799,136
Deficit	(11,725,804)	(399,596)	399,596	(11,725,804)
Sub-Total	16,807,236	3,769,579	13,225,421	33,802,236
Add Current Liabilities Sub-Total	208,5980	99,028		307,608
Total Liabilities and Shareholders' Equity	\$17,015,728 16	\$3,868,607	\$13,225,421	\$34,109,844

(b) **Assumptions for pro forma**

- (i) The consolidated balance sheet has been prepared by MegaMGA using the audited financial statements of MegaMGA as at 30 September 2005 and the audited financial statements of Hindmarsh as at 30 June 2005 converted to Canadian GAAP by Ernst & Young.
- (ii) In preparing the pro-forma balance sheet, the following assumptions were made:
- Completion of the 100% acquisition of Hindmarsh as at 30 September 2005;

- Mega will issue to Hindmarsh shareholders the number of common shares of MGA that is equal to \$16,875,000 at a weighted average closing share price for ~~MegaMGA~~'s common shares on the ~~TSX Venture Exchange~~ ~~TSXV~~ for the 5 trading days ending one trading day immediately preceding the Closing Date, assumed to be 3,630,109 shares;
- Total transaction and share issuance costs assumed to be \$120,000-;
- The allocation of the aggregate purchase price to Hindmarsh's net assets, in accordance with the purchase method of accounting;
- Excess of purchase price over assumed Hindmarsh fair value of net assets will be allocated to Goodwill; and
- No tax liability is incurred as a consequence of the acquisition.

(c) **Significant Events Post Balance Date**

- (i) Since the Hindmarsh audited financial statements date of 30 June 2005, the following significant events have occurred in relation to Hindmarsh:
- Share options having a fair value of \$512K were issued after 30 June 2005 which under Canadian GAAP will be expensed in full in the 6 month period to 31 December 2005;
 - The company sold investments receiving total cash proceeds of \$381K realising a gain on the sale of the investments of \$124K;
 - For the 6 month period to 31 December 2005, the company's cash burn from operations was \$553K including \$310K spent on exploration and evaluation.
- (ii) Since ~~MegaMGA~~'s audited financial statements date of 30 September 2005, the following significant events have occurred in relation to ~~MegaMGA~~:
- ~~MegaMGA~~ acquired a contractual interest in the Georgetown Uranium properties (detailed section 2.2) pursuant to an acquisition and joint operation agreement for C\$16.9M, being paid in cash and the issue of MGA shares; and
 - The company's cash reserves increased C\$7.2M, being C\$4.9 million from private placement financing and C\$2.3 million from the exercise of warrants and options.

(d) **Conversion of Hindmarsh Accounts to Canadian GAAP**

The conversion of the Hindmarsh Accounts to Canadian GAAP was performed by Ernst & Young. Ernst & Young has not audited or reviewed the Hindmarsh Accounts.

Ernst & Young has provided a report to the Directors of Mega summarizing the significant impacts for Hindmarsh in the conversion of its 30 June 2005 Australian GAAP financial statements to Canadian GAAP as:

- (i) Under Canadian GAAP if share options are issued to employees or to third parties for the provision of services, these options should be expensed in the Income Statement. Based on discussions with management, all options issued by Hindmarsh vest immediately on grant date and therefore all options issued prior to 30 June 2004 would have a nil impact on the 2005 Income Statement. Those options issued in the 2005 financial year relate to a capital raising activity and the expense is appropriately offset against the equity raised; and

- (ii) Under the Canadian GAAP, if the company does not own the rights to the property, the expenditure cannot be capitalized. Management identified that \$18K of the 30 June 2005 capitalized exploration costs was required to be written off and \$1,094K of exploration rights purchased was required to be reclassified to goodwill.

The following assumptions were utilised in the conversion of the financial information from Australian dollars to Canadian dollars:

- The spot exchange rate at 30 June 2005, being \$0.9363, was used for the translation of the balance sheet accounts, the equity balances and certain cash flow items;
- The average exchange rate for the year ending 30 June 2005, being \$0.9410, was used for the translation of the income statement;
- All exchange differences were booked to the 'translation reserve' in equity.

6. Intentions of Mega regarding Hindmarsh's business, assets and employees

6.1 Introduction

This section sets out Mega's intentions in relation to:

- (a) the continuation of the business of Hindmarsh;
- (b) any major changes to the business of Hindmarsh including the redeployment of the fixed assets of Hindmarsh; and
- (c) the future employment of the present employees of Hindmarsh,

on the basis of information concerning Hindmarsh and the circumstances affecting the business of Hindmarsh which are known to Mega at the date of this Bidder's Statement.

Final decisions on these matters will only be reached in the light of all material facts and circumstances at the relevant time.

6.2 Continuation of business of Hindmarsh

On the basis of information about Hindmarsh known to Mega, Mega intends to:

- (a) subject to clause 6.4 of Part 2, preserve and grow the existing business of Hindmarsh;
- (b) integrate the Australian uranium exploration businesses of Hindmarsh and Mega;
- (c) combine Hindmarsh's and MGA's technical and managerial skills for the benefit of their combined businesses;
- (d) achieve synergies by eliminating duplicated functions arising as a result of the acquisition of Hindmarsh;
- (e) make Kate Hobbs, managing director of Hindmarsh, redundant and pay out her statutory and contractual entitlements; and
- (f) subject to clauses 6.2(e) and 6.4, continue to employ Hindmarsh's present employees.

6.3 Hindmarsh's board of directors

If Hindmarsh becomes a wholly owned subsidiary of Mega, then Mega will replace the board of Hindmarsh with its own nominees. The nominees are not yet known.

6.4 Review of business activities

At the end of the Offer Period, Mega intends to review Hindmarsh's business to determine the ongoing integration of the combined businesses of Hindmarsh and Mega, and whether other strategies are desirable, in addition to those referred to in clause 6.2 of Part 1. The review will include:

- (a) an evaluation of the performance, profitability and prospects of Hindmarsh's business; and
- (b) identification of duplicated functions and overlapping activities.

The statements contained in this clause 6.4 are statements of current intention only and may vary as circumstances require depending, among other matters, on the outcome of the review and the outcome of the Offers.

6.5 Compulsory Acquisition

If at the end of the Offer Period Mega becomes entitled to compulsorily acquire all outstanding Hindmarsh Shares and Options Mega intends to:

- (a) acquire all Hindmarsh Shares that were issued or granted after the end of the Offer Period but before Mega issues a compulsory acquisition notice in accordance with the Corporations Act;
- (b) acquire securities that will become Hindmarsh Shares due to the conversion of or exercise of rights attached to the securities within six weeks after Mega gives a compulsory acquisition notice in accordance with the Corporations Act;
- (c) offer to acquire any Hindmarsh Shares or Options held by its associates;
- (d) delist Hindmarsh Shares and Options from quotation on ASX; and
- (e) carry out the other intentions set out in clauses 6.1 to 6.4 of Part 1 (inclusive).

If at the end of the Offer Period Mega does not become entitled to compulsorily acquire all outstanding Hindmarsh Shares and Options, it may be or become entitled to exercise general compulsory rights under Part 6A.2 of the Corporations Act. Mega intends to exercise those rights if they become available.

7. Investment considerations

7.1 Risk factors

- (a) Hindmarsh Shareholders and Optionholders who accept the Offers will receive new MGA Shares as consideration and will be exposed to the same risk factors and other investment considerations as existing MGA shareholders. As MGA and Hindmarsh are both listed mineral exploration companies, Hindmarsh Shareholders and Optionholders are already exposed to some of the risks set out in this clause 7.
- (b) Independent Geological reports have been obtained ~~only~~ in respect of only three of MGA's property groups, namely the Ben Lomond, Uranium Project, Georgetown Uranium Project properties and the Mongolia Uranium Project. These reports confirm the validity of the resources reported, the exploration potential of those properties, the tenure of the properties and MGA's rights to interests in the properties. For all the other

properties, which are at various stages of exploration from grass roots to drilling, no such reports are currently available.

- (c) The price at which MGA Shares trade on TSXV from time to time and the amount and timing of any dividends paid by MGA, will be influenced by a range of factors including those which are set out in clauses 7.2 and 7.3 below.
- (d) Hindmarsh Shareholders and Optionholders should consider carefully the risk factors set out below and other information contained in this document.

7.2 General risks

A number of factors affecting the performance of the stock market could also affect the price at which MGA shares trade on the TSXV. These factors include the Canadian and international economic outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and inflation, and movements in the general level of prices on local and international share markets. The A\$ value of the MGA Shares will be affected by exchange rate and currency fluctuations.

7.3 Specific risks

- (a) MGA, like Hindmarsh, is subject to the inherent risks which apply to some degree to all participants in the mining industry. These risks include the following:
 - (i) Reserves are estimates based upon drilling results, past experience with mining properties, experience of the person making the reserve estimates and many other factors. Reserve estimation is an interpretative process based upon available data. The actual quality and characteristics of ore deposits and metallurgical recovery rates cannot be known until mining takes place, and will almost certainly differ from the assumptions used to develop reserves. Further, reserves are valued based on future costs and future prices and consequently may be reduced with declines in, or sustained low, metal prices.
 - (ii) The business of exploration for minerals and mining both involve a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present there are no known bodies of commercial ore on the mineral properties in which MGA has or is negotiating to acquire an interest and the all proposed exploration programs are exploratory. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of Mining. MGA has limited experience in the development and operations of mines and has relied on and may continue to rely upon consultants and others for exploration and operating expertise. The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. Programs conducted on the MGA's mineral properties would be an exploratory search for ore. In the event a commercially productive mineral reserve is discovered, substantial expenditures are required to establish mineral reserves through drilling, to develop metallurgical processes for extraction and to develop or upgrade the mining and processing facilities and infrastructure at the production site. The marketability of any minerals discovered may be affected by numerous factors which are beyond MGA's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection.

Depending on the price of metals produced, MGA may determine that it is impractical to commence or continue commercial production.

- (iii) Certain of MGA's mining claims or concessions have not been surveyed and accordingly the precise location of the boundaries of the properties and ownership of mineral rights on specific tracts of land comprising the properties may be in doubt. As well, the properties may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.
- (iv) Resource exploration and development is a speculative business and involves a high degree of risk. The marketability of natural resources which may be acquired or discovered by MGA will be affected by numerous factors beyond the control of MGA. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but the combination of these factors may result in MGA not receiving an adequate return on invested capital.
- (v) Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations or other conditions are involved. MGA may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on MGA's financial position.
- (vi) If the Bid is successful, native title claims and Aboriginal heritage issues may affect the ability of MGA to pursue exploration, development and mining on Hindmarsh's and MGA's Australian properties. The resolution of native title and heritage issues is an integral part of exploration and mining operations and MGA is committed to managing the issues effectively. However, in view of the legal and factual uncertainties, no assurance can be given that material adverse consequences will not arise in connection with native title and Aboriginal heritage issues.
- (vii) The current or future operations of MGA, including mineral exploration or development activities and commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupation health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in mineral exploration or development or operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance, however, that all permits which MGA may require for mineral exploration or construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which MGA might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining

companies, or more stringent implementation thereof, could have a material adverse impact on MGA and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

- (viii) MGA is currently involved in exploration activities outside of Australia. Although the governments of the various countries have been stable recently, there is no assurance that political and economic conditions will remain stable. Political and economic instability may impede MGA's ability to continue its exploration activities in the manner currently contemplated.
- (b) MGA, like Hindmarsh, is subject to the specific risks associated with the strict regulation of uranium exploration, production and export in Australia. These include the following:
 - (i) The Commonwealth Government policy regarding mining and processing of uranium is to allow uranium to be mined in from Australia. However there are restrictions on the export of uranium from Australia. The Commonwealth Government's nuclear safeguards policy has been developed to implement Australia's obligations under the Nuclear Non Proliferation Treaty of 1970 (the NNPT) which was ratified by Australia in 1973. Parties to the NNPT agree to accept technical safeguards applied by the International Atomic Energy Agency. This safeguard system tracks uranium within the nuclear fuel cycle from production, through to use and storage and ultimately disposal, to ensure that Australian uranium is sold strictly for electrical power generation and cannot benefit the development of nuclear weapons or other military programs. The Commonwealth Government only allows the sale of Australian uranium to countries which are signatories to the NNPT and have a bilateral nuclear safeguards agreement with Australia.
 - (ii) State government policies currently prohibit any new grants of tenements to mine uranium (although mining of uranium in the Northern Territory is subject to Commonwealth Government laws which do not impose the same restrictions). It follows that in order for a ML to be granted to mine uranium in a state, that state government's policies on uranium mining would have to be reversed. Indications of the potential for a policy shift vary between states. The South Australian Government is supportive of uranium exploration (to the extent of providing subsidisation). However, the Queensland Government has consistently reiterated its prohibition on uranium mining. In all cases, the prospects for change in state government policies are linked to the Federal Australian Labor Party policy of no new uranium mining.
- (c) The success of MGA is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon MGA's business and prospects.
- (d) Financial risks include the following:
 - (i) MGA has not commenced commercial production on any mineral property and has no history of earnings;
 - (ii) the only present source of funds available to MGA is through the issue of its equity shares or through joint venturing or optioning of the MGA's mineral properties;
 - (iii) even if the results of exploration are encouraging, MGA may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While MGA may generate additional working capital through the operation, development, sale or possible

syndication of its properties, there is no assurance that any such funds will be available for operations;

- (iv) some of MGA's properties may, in future, be subject to joint venture agreements which may require the Company to contribute funds to joint venture operations;
 - (v) if MGA is unable to fund joint venture operations, MGA may suffer dilution to its interest or loss of its interest in those properties; and
 - (vi) in addition, if the Bid is successful, the combined business will be affected by exchange rate and currency fluctuations.
- (e) The resource industry is intensely competitive in all of its phases, and MGA competes with many companies possessing greater financial resources and technical facilities than itself. Competition could adversely affect MGA's ability to acquire suitable properties for exploration in the future.
- (f) MGA may, in the future, be unable to meet its share of costs incurred under option or joint venture agreements to which it is a party and MGA may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, MGA may be unable to finance the cost required to complete recommended programs.

8. Tax considerations

Australian Tax Considerations

8.1 Outline

- (a) The following is a general description of the main Australian income and capital gains tax consequences which will generally apply to Hindmarsh Shareholders or Optionholders who are resident in Australia who dispose of Hindmarsh Shares or Options under the Offer. The comments set out below are relevant to Hindmarsh Shareholders or Optionholders who hold their Hindmarsh Shares or Options as capital assets for the purpose of investment.
- (b) The outline does not take into account or anticipate changes in the law (by legislation or judicial decision). In addition, the outline does not cover all income tax considerations which could apply to particular Hindmarsh Shareholders or Optionholders, such as insurance companies, superannuation funds, financial institutions and those Hindmarsh Shareholders or Optionholders who are engaged in a business of trading in shares or options or who hold Hindmarsh Shares or Options as trading stock or acquired their Hindmarsh Shares or Options for the purpose of resale at a profit.
- (c) Hindmarsh Shareholders or Optionholders who are not resident in Australia for tax purposes should also take into account the tax consequences, under the laws of their country of residence as well as under Australian law, of acceptance of the Offer and of the acquisition, ownership and disposal of MGA Shares.
- (d) This outline does not consider the Australian income tax or capital gains tax consequences of those Hindmarsh Shareholders or Optionholders who acquired their Hindmarsh Shares or Options under an arrangement which qualifies as an employee share scheme for Australian taxation purposes.
- (e) In broad terms, the Australian income and capital gains tax consequences for Hindmarsh Shareholders who dispose of Hindmarsh Shares under the Offer will generally depend on whether or not 'scrip for scrip' capital gains tax rollover relief is available or elected. Scrip for scrip roll-over is not available in relation to the disposal of Options under the

Offer. This outline considers the general income and capital gains tax consequences for Hindmarsh Shareholders where:

- (i) 'scrip for scrip' capital gains tax rollover relief is not available or if available not elected; and
 - (ii) 'scrip for scrip' capital gains tax rollover relief is available and elected.
- (f) Given the complexity of the Australian taxation legislation and their different taxation circumstances, all Hindmarsh Shareholders and Optionholders should seek independent taxation advice regarding the income tax and capital gains tax consequences of disposing of Hindmarsh Shares or Options given the particular circumstances which apply to them.

8.2 Acceptance of the Offers and disposal of Hindmarsh Shares where 'scrip for scrip' CGT rollover relief is not available or if available not elected

- (a) Acceptance of the Offer will involve a disposal by a Hindmarsh Shareholder or Optionholder of their Hindmarsh Shares or Options and be a CGT event for capital gains tax (CGT) purposes.
- (b) An Australian resident Hindmarsh Shareholder or Optionholder may make a capital gain or capital loss, depending on whether their **capital proceeds** from the exchange are more than the **cost base** (or in some cases indexed cost base) of their Hindmarsh Shares or Options, or whether those capital proceeds are less than the reduced cost base of those shares.
- (c) Hindmarsh Shareholders or Optionholders who are not resident in Australia for income tax purposes are generally not subject to Australian CGT on the disposal of Hindmarsh Shares or Options if they, together with their associates, have not held 10% or more (by value) of the shares in Hindmarsh at any time in the five years preceding the disposal of Hindmarsh Shares. It is imperative that non-residents independently confirm their Australian tax position.
- (d) The **capital proceeds** that a Hindmarsh Shareholder or Optionholder will be taken to have received in respect of the disposal of their Hindmarsh Shares or Options should generally be the market value of the MGA Shares on the date a Hindmarsh Shareholder accepts the Offer, less any costs of disposal.
- (e) The **cost base** of Hindmarsh Shares or Options should generally be the cost at which they were acquired together with any incidental costs of that acquisition.
- (f) **Hindmarsh Shares with an Inherent Capital Gain**

If a Hindmarsh Shareholder or Optionholder does not elect for 'scrip for scrip' CGT rollover relief, or 'scrip for scrip' CGT rollover relief is not available, then partial tax relief may be available in the form of the **CGT discount** (see below).

Where Hindmarsh Shares or Options were acquired or are treated as acquired after 11.45am AEST on 21 September 1999 and the holder is not a company, the CGT discount should be available if the shares have been held for at least twelve months. Indexation of the cost base is not available.

Subject to the Hindmarsh Shareholder or Optionholder having any capital losses or net capital losses from previous income years, where the CGT discount is available, eligible Hindmarsh Shareholders or Optionholders which are individuals or trustees of trusts will

reduce the nominal capital gain arising on the disposal of Hindmarsh Shares or Options by one-half. For individuals, this reduced gain will be assessed at the shareholder's marginal tax rate. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

Subject to the Hindmarsh Shareholder or Optionholder having any capital losses or net capital losses from previous income years, where Hindmarsh Shares or Options are held by a complying superannuation entity and the CGT discount is available, the discount will reduce the nominal capital gain on the disposal of the shares by one-third.

The CGT discount is generally applied after taking into account any capital losses incurred in the income year in which the disposal of the Hindmarsh Shares or Options occurs or any net capital losses from previous income years. Hindmarsh Shareholders or Optionholders having any current year's capital losses or net capital losses from previous income years should seek independent advice in relation to the CGT discount.

(g) **Hindmarsh Shares with an Inherent Capital Loss**

Where the amount of **capital proceeds** received by a Hindmarsh Shareholder or Optionholder in respect of the disposal of their Hindmarsh Shares or Options (e.g., the market value of 100 MGA Shares acquired pursuant to the Offer for 694 Hindmarsh Shares) is less than the reduced cost base of those Hindmarsh Shares or Options, then the shareholder should realise a capital loss for Australian CGT purposes.

In calculating the amount of capital loss realised, no adjustment is made to the cost base of Hindmarsh Shares or Options for indexation during the holding period of Hindmarsh Shares or Options regardless of when Hindmarsh Shares or Options were acquired or for how long the shares were held.

The CGT rollover relief described at clause 8.3 below is not available in respect of the disposal of Hindmarsh Shares which have an inherent capital loss.

8.3 Acceptance of the Offers and disposal of Hindmarsh Shares where 'scrip for scrip' CGT rollover relief is available and elected

- (a) Under Australian taxation legislation, holders of Hindmarsh Shares may be entitled to the benefit of 'scrip for scrip' CGT rollover relief where the exchange of the shares would otherwise realise an assessable capital gain. This relief is not available to Hindmarsh Optionholders in relation to their Hindmarsh Options, as scrip for scrip roll-over relief does not extend to exchanges of options for shares. Broadly, CGT rollover relief under these provisions is available to shareholders who exchange shares (acquired after 19 September 1985) in one company for shares in another company where the transaction is made pursuant to a takeover bid and provided certain **qualifying conditions** are satisfied.
- (b) In broad terms these **qualifying conditions** include the requirement that Mega must make an offer to all shareholders in Hindmarsh to acquire their voting shares on substantially the same terms and Mega must become the owner of at least 80% of the voting shares in Hindmarsh as a consequence of the Offers. Since the Offer is subject to Mega receiving acceptances in respect of at least 90% of the Hindmarsh Shares it has offered to acquire under the Bid, the 80% qualifying condition is likely to be satisfied unless the 90% acceptance condition is waived. A further requirement is that if the Hindmarsh Shares are to be acquired by a 100% owned subsidiary, as will occur here, then the shares to be issued to Hindmarsh Shareholders must be shares in the parent, MGA, rather than shares in its 100% owned subsidiary. That condition will be satisfied.
- (c) If the preconditions for CGT rollover relief are satisfied, then those Hindmarsh Shareholders who elect for it to apply should not be required to include any amount of capital gain in their assessable income in respect of the disposal of their Hindmarsh

Shares. For those Hindmarsh Shareholders, the cost base of each 100 MGA Shares acquired pursuant to the Offer should equal the cost base of 694 of their Hindmarsh Shares. Furthermore, the time of acquisition of the MGA Shares acquired pursuant to the Offer will be the time of acquisition of the Hindmarsh Shares exchanged under this Offer. This is relevant in determining whether or not the MGA Shares acquired pursuant to the Offer have been held for at least 12 months for CGT discount purposes.

- (d) Given the complexity of the 'scrip for scrip' CGT rollover relief provisions and the various qualifying conditions that need to be satisfied, Hindmarsh Shareholders should seek independent taxation advice regarding their particular circumstances.

8.4 Future consequences of acquisition of shares

MGA Shares acquired by Australian residents will be subject to Australian CGT and income tax on a subsequent disposal of the MGA Shares, even though MGA is a foreign company.

Canadian Tax Considerations

8.5 Certain Canadian Federal Income Tax Considerations

- (a) Clause 8.6 below provides comments on certain Canadian Federal income tax considerations for Hindmarsh shareholders in relation to the potential future disposal of MGA shares acquired as a result of accepting the Offer. These comments apply only to Australian resident individuals who, for purposes of the *Income Tax Act (Canada)*, are not resident in Canada or have not been resident or deemed resident in Canada at any time while they held MGA Shares and who do not directly or indirectly use or hold MGA Shares in the course of carrying on a business in Canada.
- (b) The comments are based on the provisions of the *Income Tax Act (Canada)* and regulations thereunder in force as at the date hereof, all proposed amendments to the *Income Tax Act (Canada)* and regulations thereunder publicly announced by the Canadian Minister of Finance before the date hereof and our understanding of the current administrative and assessing practices of the Canada Revenue Agency. This summary does not otherwise take into account or anticipate changes in law, whether judicial, governmental or legislative decision or action, nor does it take into account provincial or territorial tax legislation or considerations, which may differ significantly from those discussed herein. The summary assumes that Mega is a resident of Canada for purposes of the *Income Tax Act (Canada)*.
- (c) The summary in clause 8.6 is of a general nature only, is intended for Australian resident individuals, and is not exhaustive of all possible Canadian and federal income tax considerations applicable to those Australian resident individuals. The summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Australian resident individual holder of MGA Shares. Accordingly, all such holders should consult their own independent tax advisors for advice with respect to the income tax consequences applicable to them having regard to their own particular circumstances.

8.6 Certain Canadian Federal Income Tax Considerations applicable to Australian resident holders of MGA shares

- (a) An Australian resident individual holder will generally not be liable to Canadian federal income tax on a disposition or deemed disposition of MGA Shares unless at the time of the disposition or deemed disposition the Australian individual's MGA Shares are, or are deemed to be, "taxable Canadian property" as defined in the *Income Tax Act (Canada)*.

- (b) Generally, provided that at the time of the disposition or deemed disposition the MGA Shares are listed on the TSX Venture Exchange (or another "prescribed stock exchange" as defined in the *Income Tax Regulations (Canada)*), the MGA Shares will not be taxable Canadian property unless:
- (i) at any time during the 60-month period immediately preceding the disposition the Australian resident individual, either alone or together with persons with whom such individual did not deal at an arm's length, owned 25% or more of the issued shares of any class or series of the capital stock of MGA; or
 - (ii) the Australian resident individual's MGA Shares were acquired in certain types of tax deferred exchanges in consideration for property that was itself taxable Canadian property.

9. Mega's interest in Hindmarsh Shares

9.1 Relevant Interests

As at the date of this Bidder's Statement and the Offer Date, neither Mega nor MGA has a relevant interest in any Hindmarsh Shares or voting power in Hindmarsh.

MGA has agreed to acquire 4,033,333 Hindmarsh Unlisted Options, pursuant to agreements to accept the Option Offers with the following:

- (i) Simon Thomas O'Loughlin (66,667 options exercisable at 20 cents each) – 20 cent Option Offer;
- (ii) Gryphon Partners Pty Ltd (266,666 options exercisable at 20 cents each) – 20 cent Option Offer;
- (iii) Taycol Nominees Pty Ltd (1,000,000 options exercisable at 22 cents each and 1,000,000 options exercisable at 25 cents each) – 22 cent Option Offer and 25 cent Option Offer;
- (iv) Inca Resources Pty Ltd (200,000 options exercisable at 25 cents each) – 25 cent Option Offer; and
- (v) CM Hobbs (on behalf of the Kate Hobbs Superannuation Fund) (1,500,000 options exercisable at 25 cents each) – 25 cent Option Offer.

9.2 Voting Power

As at the date of this Bidder's Statement and the Offer Date, neither Mega nor MGA have any voting power in Hindmarsh.

10. Dealings in Hindmarsh Shares

10.1 Consideration in previous four months

During the four months before the date of this Bidder's Statement, none of Mega, MGA or their associates provided or agreed to provide any consideration for any Hindmarsh Shares.

MGA, Mega and their associates have not provided or agreed to provide consideration for any Hindmarsh Shares between the date of this Bidder's Statement and the Offer Date.

10.2 Benefits given, offered or agreed

During the four months before the Offer Date, none of MGA, Mega nor an associate gave, offered to give or agreed to give a benefit to another person that was likely to induce the other person or an associate to:

- (a) accept an offer under the Bid; or
- (b) dispose of securities in the bid class,

that was not offered to all holders of securities in the bid class, other than as described in clause 8.3 of Part 2.

10.3 Merger Implementation Agreement

MGA and Hindmarsh have entered into a Merger Implementation Agreement dated 10 January 2006 in relation to the Bid.

A summary of the key terms of the Merger Implementation Agreement are set out in Annexure A.

11. Other material information

11.1 Information

The information in this clause 11 is material to making a decision whether to accept the Offer, known to Mega and does not relate to the value of the Hindmarsh Shares.

Except for the information in this clause 11, there is no information material to the making of a decision by a person whether to accept the Offers, known to Mega that has not previously been disclosed to the holders of Hindmarsh Shares, other than as set out in this document.

11.2 Agreements with Hindmarsh directors

There is no agreement between Mega and a director or another officer of Hindmarsh in connection with or conditional on the outcome of the Offers except as set out in clause 8.3.

11.3 Due diligence on Hindmarsh

Mega was invited by Hindmarsh to carry out a 'due diligence' review of the business and affairs of Hindmarsh and its subsidiaries in connection with the making of the Offers. During the course of the due diligence, representatives of Mega inspected records and accounts of Hindmarsh. As a result of this due diligence, Mega did not obtain any information which it believes is material to the making of a decision by an offeree whether to accept the Offers (except for information previously disclosed to Hindmarsh shareholders or set out in this Bidder's Statement).

11.4 Financial position of Hindmarsh

So far as Mega knows, the only material changes in the financial position of Hindmarsh since 30 June 2005 have been identified in section 5.3 of Part 2.

11.5 Litigation

The directors of Mega are not aware of any current litigation that will have a material adverse effect on the business or financial position of Mega.

11.6 Stock Option Plan

MGA has Stock Option Plans for the granting of incentive stock options to the directors, officers, key employees and consultants of MGA to enable them to purchase MGA Shares, on a basis determined by the board of MGA. The purpose of granting stock options under the Stock Option Plan is to assist MGA in compensating, attracting, retaining and motivating its directors, officers,

key employees and consultants and to closely align their personal interests to those of the MGA Shareholders.

As at the date of this Bidder's Statement, only the 2000, 2002 and 2004 Stock Option Plans are still in operation. Mega is authorised to issue 333,333 MGA Shares under the 2000 Stock Option Plan, 500,000 MGA Shares under the 2002 Stock Option Plan and 10% of the outstanding common stock of MGA. All stock options have a maximum term of 5 years.

As at the date of this Bidder's Statement 2,839,700 options were outstanding. This includes:

- (a) Options issued during the financial year ended 30 September 2004:
- On 10 November 2003 MGA granted 5,000 options to a consultant, exercisable at \$0.60 per share, for a term of 5 years;
 - On 25 November 2003 MGA granted 300,000 options to a director, exercisable at \$0.75 per share, for a term of 5 years;
 - On 20 January 2004 MGA granted 185,000 options to a consultant, exercisable at \$0.65 per share, for a term of 2 years;
 - On 15 March 2004 MGA granted 125,000 options to consultants, exercisable at \$0.75 per share, for a term of 5 years;
 - On 29 March 2004 MGA granted 50,000 options to an officer, exercisable at \$0.75 per share, for a term of 5 years;
 - On 18 June 2004 MGA granted 140,000 options to a consultant, exercisable at \$0.70 per share, for a term of 3 years;
 - On 14 September 2004 MGA granted 250,000 options to an officer, exercisable at \$0.50 per share, for a term of 2 years;
 - On 23 September 2004 MGA granted 5,000 options to an officer, exercisable at \$0.50 per share, for a term of 5 years;
 - On 23 September 2004 MGA granted 270,000 options to a consultant, exercisable at \$0.50 per share, for a term of 2 years;
 - On 27 September 2004 MGA granted 5,000 options to an employee, exercisable at \$0.50 per share, for a term of 5 years; and
- (b) Options issued during the financial year ended 30 September 2005:
- On 21 December 2004 MGA granted 10,000 options to an officer, exercisable at \$0.50 per share, for a term of 5 years;
 - On 15 February 2005 MGA granted 650,000 options to officers and directors, exercisable at \$0.82 per share, for a term of 5 years;
 - On 18 February 2005 MGA granted 50,000 options to an officer, exercisable at \$0.82 per share, for a term of 5 years;
 - On 01 March 2005 MGA granted 15,000 options to employees, exercisable at \$1.50 per share, for a term of 5 years;
 - On 17 March 2005 MGA granted 350,000 options to consultants, exercisable at \$1.40 per share, for a term of 5 years;
 - On 13 September 2005 MGA granted 160,000 options to an officer and consultants, exercisable at \$1.70 per share, for a term of 5 years;

- On 26 September 2005 MGA granted 600,000 options to an officer, exercisable at \$2.05 per share, for a term of 5 years; and
- (c) Options issued during the current financial year:
 - On 03 October 2005 MGA granted 150,000 options to a director, exercisable at \$2.75 per share, for a term of 5 years;
 - On 14 October 2005 MGA granted 300,000 options to an officer and consultant, exercisable at \$2.70 per share, for a term of 5 years;
 - On 31 October 2005 MGA granted 250,000 options to consultants, exercisable at \$2.75 per share, for a term of 5 years;
 - On 17 November 2005 MGA granted 50,000 options to an employee, exercisable at \$3.49 per share, for a term of 5 years; and
 - On 03 January 2006 MGA granted 125,000 options to directors, exercisable at \$5.00 per share, for a term of 5 years; and
 - On 20 February 2006 MGA granted 1,000,000 options to a director, an officer and a consultant at \$5.87 per share for a term of 5 years.

11.7 Material Contracts

The only material contracts to which MGA or its subsidiaries (including Mega) are a party to are as follows:

- (a) Material Contracts in relation to MGA's principal assets and interests:
 - (i) An acquisition and joint operating agreement dated 16 November 2005 between MGA, A.C.N. 116 927 149 Pty Ltd (a wholly-owned subsidiary of MGA), Georgetown Mining Ltd ('GML') and O'Rourke Geological Contractors Pty Ltd ('OGC'), pursuant to which the Mega subsidiary acquired the exclusive right to explore for uranium-molybdenum-fluorite mineralization in 15 EPMs (including the Maureen deposit), two MLs and 10 MLAs currently held by GML in north Queensland. The Mega subsidiary also acquired ownership of exploration data in relation to the Maureen deposit from OGC and access to exploration data in relation to all the properties held by GML. Mega acquired its interests in the properties through payments to GML and OGC comprising a total of A\$1.1 million in cash, 2.1 million Mega shares and a 0.75% royalty on uranium-molybdenum production. GML retains title to the properties and rights to all commodities other than uranium, molybdenum and fluorite, and will remain responsible for meeting the statutory requirements of the titles. The parties to this agreement will now conduct cooperative exploration. In the event that Queensland Government policy allows approval of a ML for uranium, Mega's subsidiary will have the exclusive right to mine uranium-molybdenum-fluorite on the tenements.
 - (ii) An agreement with various individuals in Canada and Australia to acquire a 100% interest in Uranium Mineral Ventures Inc. (UMVI), for a purchase price of 1 common share in Mega for each common share in UMVI. UMVI is the holder of the Ben Lomond tenements ML 1399 and ML 1419. UMVI acquired the Ben Lomond tenements from Afmeco in return for a payment of AU\$1 million pursuant to a sale and purchase agreement, and a royalty agreement that requires UMVI to pay to Afmeco \$0.50 for each pound of U_3O_8 recovered up to the date that is 30 days after a mill operates at 90% planned capacity, and a 1% net smelter return thereafter.

- (iii) An agreement dated 8 November 2005 with UGL Enterprises Ltd. ("UGL") whereby Mega has an option to earn a 50% interest in UGL's current portfolio of uranium exploration properties through the expenditure of US\$1.5 million over a three year period, including a commitment to expend a minimum of US\$350,000 within the first year. Once Mega has acquired a 50% interest, it has the further option of increasing its interest to 60% through additional expenditures of US\$2 million over a further three year period. Should Mega choose not to exercise this option, a joint venture will proceed on a 50/50 funding and equity basis. The agreement covers UGL's uranium exploration properties comprising 18 Exploration Licences totalling 3390km².
 - (iv) An agreement dated 9 February 2004 with FNX Mining Company Inc. whereby Mega can earn 50% of the Mt Kakoulima Cu-Ni-Co-PGM Property in Guinea, West Africa upon making expenditures of \$US2.4 million over a five year period. The property comprises two contiguous exploration licences (total 192.5km²) covering a large portion of the mafic/ultramafic Kaloum Igneous Complex (KIC).
 - (v) Mega has an assembly of property claims in the Shebandowan Belt, Ontario, covering over 27 km of base metal Cu-Au-Ag-Zn stratigraphy, which it holds 50-50 with East West Resource Corporation ("East West"). The claims are held with the government of Ontario and are subject to typical terms associated with land claims in the region, including minimum expenditure requirements. In addition, there are agreements in place with a variety of prospectors granting rights to the claims to the East West - Mega joint venture.
 - (vi) On 8 June 2005, Mega and East West acquired an option from Pele Gold Corporation ("Pele") to earn up to a 60% interest (30% Mega, 30% East West) in a gold and base metal property in the West Shebandowan Belt. Pursuant to the agreement, in order to earn an initial 50% interest (each as to 25%) East West and Mega will be required to incur aggregate expenditures of \$2,500,000 on the property by December 31, 2008 and will be required to make option payments to Pele aggregating \$140,000 in cash by Mega and 700,000 common shares of East West by January 31, 2008. East West and Mega can subsequently increase their interest to 60% (each as to 30%) by delivering a feasibility study by December 31, 2012 and, pending delivery thereof, incurring additional expenditures of \$750,000 by December 31, 2010 and \$750,000 by December 31, 2012.
- (b) Material Contracts in relation to the Offer:
- (i) Merger Implementation Agreement executed on 11 January 2006 between MGA and Hindmarsh, the key terms of which are set out in Annexure A;
 - (ii) 10 Support Agreements dated 10 January 2006 between MGA and each of Inca Resources Pty Ltd, Creagh O'Connor and Patricia O'Connor, Creagh Francis O'Connor, Simon Thomas O'Loughlin, Taycol Nominees Pty Ltd, Richard Martin Bonython, Dorica Nominees Pty Ltd, Gryphon Partners Pty Ltd, CM Hobbs (on behalf of the Kate Hobbs Superannuation Fund) and CM Hobbs (each a **Holder**) pursuant to which each Holder undertakes not to sell, transfer or otherwise dispose of (including through creation of a security interest) any MGA Shares received by it as a result of acceptance of the Offer, for a period of 30 days following the issue of such shares to it;
 - (iii) 5 Optionholder Agreements dated 10 January 2000 between MGA and each of Simon Thomas O'Loughlin, Gryphon Partners Pty Ltd, Taycol Nominees Pty Ltd, Inca Resources Pty Ltd and CM Hobbs (the Kate Hobbs Superannuation Fund) (each an Unlisted Optionholder) pursuant to which each unlisted Optionholder

agreed to accept the Hindmarsh Options Offer for their unlisted Hindmarsh Options.

11.8 MGA Directors' Interests in formation of MGA and Mega

No director of the MGA or Mega has, or had within 2 years before lodgement of this Bidder's Statement with ASIC, any interest in:

- (a) the promotion or formation of MGA or Mega;
- (b) any property acquired or proposed to be acquired by MGA or Mega in connection with its promotion or formation; or
- (c) the issue of MGA Shares contemplated by this document,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any director of MGA or Mega:

- (d) to induce him to become, or to qualify him as, a director; or
- (e) for services rendered by him in connection with the formation or promotion of MGA or Mega or the issue of MGA Shares contemplated by this Bidder's Statement.

11.9 Interests of named persons

Other than as set out below, no person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this document, has, or had within 2 years before lodgement of this Statement at ASIC, any interest in:

- (a) the formation or promotion of any member of MGA or Mega;
- (b) any property acquired or to be acquired by MGA or Mega in connection with its formation or promotion; or
- (c) the issue of MGA Shares contemplated by this document,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by him or her in connection with the formation or promotion of any member of MGA or Mega or the issue of MGA Shares contemplated by this Bidder's Statement.

Minter Ellison has acted as legal adviser to Mega in relation to the Bid. Minter Ellison has received or will receive legal fees of approximately ~~\$1,165,000~~ (plus disbursements) for these services. Minter Ellison does not accept any responsibility for the contents of this document.

Ernst & Young has provided certain accounting services to Mega as noted in clause 5.3 of Part 2. Mega has agreed to pay a fee of approximately ~~\$1,10,000 to \$12,000~~ (plus disbursements) for these services. Further fees may be rendered in accordance with the usual time-based charges.

11.10 Consent

The following firms, companies and persons have given and, at the date of this document, have not withdrawn their written consent to being named in this document in the capacity, form and context in which they are named. None of the following firms and companies have caused or authorised the issue of this document, have in any way been involved in the making of the Offer or have made any statement which is included in this Statement or on which a statement included in this Statement is based except where particularly specified:

- (a) Minter Ellison;
- (b) Ernst & Young in Brisbane;

- (c) Mining Associates Pty Ltd;
- (d) Veronica Webster Pty Limited; and
- (e) Pavel Dubchak.

11.11 Expiry date

No securities will be issued on the basis of this Bidder's Statement after the period provided for payment of consideration set out in clause 2.2 of Part 1. This date will not be later than 13 months after the date of this Bidder's Statement.

Part 3 - Definitions and interpretation

Definitions

In this document unless the context otherwise requires:

Acceptance Form means the form of acceptance and transfer enclosed with this document and which forms part of this Offer.

AIFRS means Australian Equivalents to International Financial Reporting Standards.

ASIC means the Australian Securities and Investments Commission.

associate has the same meaning as in the Corporations Act.

ASX means Australian Stock Exchange Limited.

Bid means the off-market bid constituted by the Offers.

Broker has the meaning given to it in the SCH Business Rules.

Business Day has the meaning given in the ASX Listing Rules.

CHESS means the Clearing House Electronic Subregister System established and operated by ASX Settlement and Transfer Corporation Pty Limited for the clearing, settlement, transfer and registration of approved securities.

CHESS Holding means a holding of Hindmarsh Shares on the CHESS Subregister of Hindmarsh (usually a CHESS holding will be through a Controlling Participant).

Controlling Participant means the Broker or Non-Broker Participant in CHESS who is designated as the Controlling Participant for shares in a CHESS Holding in accordance with the SCH Business Rules (eg your sponsoring broker).

Combined Entity means the group which would be formed should Mega be successful in acquiring all of the Hindmarsh Shares.

Corporations Act means the *Corporations Act 2001* (Cth).

EPM means Exploration Permit (Minerals).

Foreign Shareholder means a holder of Hindmarsh Shares whose address shown in Hindmarsh's register of members is in a place outside Australia or New Zealand.

GAAP means Generally Accepted Accounting Principles.

Hindmarsh means Hindmarsh Resources Limited ACN 106 444 857.

Hindmarsh Accounts means the Statement of Financial Position (Balance Sheet), Statement of Financial Performance (Income Statement) and Statement of Cash Flows as extracted from the Hindmarsh 30 June 2005 audited financial statements excluding notes to the financial statements.

Hindmarsh Options means options to subscribe for Hindmarsh Shares which have been granted by Hindmarsh.

Hindmarsh Shares means fully paid ordinary shares in the capital of Hindmarsh.

Issuer Sponsored Holding means a holding of Hindmarsh Shares on Hindmarsh's issuer sponsored subregister (ie where there is no Controlling Participant).

Listed Hindmarsh Options means the 25 cents options to subscribe for Hindmarsh Options which have been granted by Hindmarsh and are listed on ASX.

Listed Option Offer means the offer to the holders of Listed Hindmarsh Options referred to in clause 1.3 of Part 1.

Listing Rules means the listing rules of the ASX.

Mega means ACN 118 331 650 Pty Ltd.

Mega Group means MGA and its wholly owned subsidiaries including Mega.

MGA means Mega Uranium Ltd (incorporated, amalgamated or continued under the laws of the Province of Ontario, Ontario Corporation Number 000878549).

MGA Options means options to acquire one unissued MGA Share.

MGA Shares means common shares in the capital of MGA.

MGA Warrants mean a warrant entitling the holder to acquire one MGA Share.

ML means Mining Lease

MLA means Mining Lease Application

Non-Broker Participant has the meaning given to it in the SCH Business Rules.

Offer means either the Share Offer or one of the Option Offers or Listed Option Offer depending on the parcel of Hindmarsh Shares or Options held and as detailed in clause 2.1 of Part 1.

Offer Date means the date referred to in clause 1.1 of Part 1.

Offer Period means the period referred to in clause 1.4 of Part 1.

Offers means the offers referred to in clause 1.2 of Part 1.

Options Offers means the offers to the holders of the Unlisted Hindmarsh Options and the Listed Hindmarsh Options.

Prescribed Occurrence has the meaning given in clause 7.1(c) of Part 1.

Record Date means 27 February 2006.

related body corporate has the same meaning in the Corporations Act.

Rights means all accretions and rights which accrue to or arise from Hindmarsh Shares after the date of lodgement of this document with ASIC, including all rights to receive dividends, to receive or subscribe for shares, notes, options or other securities and all other distributions or entitlements declared, paid, made or issued by Hindmarsh after that date.

SCH means the securities clearing house that administers the CHESS system in Australia.

SCH Business Rules means the rules of SCH.

Share Offer means the offer for Hindmarsh Shares contained in clause 1.2 of Part 1.

TSXV means TSX Venture Exchange.

20 cents Option Offer means the offer for the 20 cents Unlisted Hindmarsh Option contained in clause 1.2 of Part 1.

22 cents Option Offer means the offer for the 22 cent Unlisted Hindmarsh Option contained in clause 1.2 of Part 1.

25 cents Option Offer means the offer for the 25 cents Unlisted Hindmarsh Option contained in clause 1.2 of Part 1.

Unlisted Hindmarsh Options means options to subscribe for Hindmarsh Options which have been granted by Hindmarsh and are unlisted.

Interpretation

In this document:

- (a) headings are for convenience only and do not affect the interpretation of this document or the Offer.
- (b) the singular includes the plural and vice versa.
- (c) words importing a gender include all other genders.
- (d) references to persons include corporations.
- (e) references in Part 1 of this document to clauses, paragraphs and sections are to clauses, paragraphs and sections in Part 1 of this document.
- (f) references in Part 2 of this document to clauses, paragraphs and sections are to clauses, paragraphs and sections of Part 2 of this document.
- (g) references in this document to appendices are to appendices of this document.
- (h) references to **dollars** or **\$** or **A\$** or **AUD** are to Australian currency.
- (i) reference to **C\$** or **CD** are to Canadian currency.
- (i) words or phrases to which a meaning is given by the Corporations Act, the ASX Listing Rules or the SCH Business Rules have the same meaning when used in this document, unless that meaning is inconsistent with the context in which the word or phrase is used.
- (j)
(k) Appendices to this document form part of this document.

Signing page

DATED ~~28 February~~ March 2006

Signed on behalf of Mega pursuant to ~~a unanimous resolutions~~ of the directors of Mega dated 28 February 2006 and 1 March 2006.

.....
Stewart Taylor, Director

Annexure A

(clause 10.3 of Part 2)

Merger implementation agreement
– Summary of key terms

Annexure to Offer document and Bidder's Statement

A summary of the key terms of the Merger Implementation Agreement (**Agreement**) dated 10 January 2006 between Hindmarsh and MGA is set out below:

- Hindmarsh and MGA will cooperate in relation to the necessary timetable and actions required to implement the Offer, including by MGA making the Offer (subject to conditions) and by Hindmarsh's directors (subject to directors' fiduciary duties) recommending acceptance of the Offer.
- Hindmarsh and MGA will each continue to conduct their businesses in the ordinary course and not undertake certain transactions without the consent of the other party.
- A merger implementation committee will be appointed.
- Hindmarsh has agreed that during the term of the Agreement neither it nor any person acting for or on its behalf will solicit any competing offer or proposal from any third party (subject to limited exception) and Hindmarsh will cease any current discussions or negotiations regarding the direct or indirect acquisition of, Hindmarsh, or any material part of its assets.
- Hindmarsh has agreed to pay a break fee of A\$200,000 if during the term of the Agreement Hindmarsh participates in any activity in relation to the direct or indirect acquisition, or other business combination involving, Hindmarsh or any part of its assets, by any person, entity or group other than MGA.
- The Agreement may be terminated at any time by either party if the other party is in material breach (including if any of the directors of Hindmarsh, subject to their fiduciary obligations, recommend a competing transaction) or if the Offer lapses or is withdrawn by MGA.

OFFER DOCUMENT AND BIDDER'S STATEMENT

OFFERS

BY

ACN 118 331 650 PTY LTD (MEGA)

(ACN 118 331 650)

A WHOLLY OWNED SUBSIDIARY OF MEGA URANIUM LTD (MGA)

to acquire all your ordinary shares and options in

HINDMARSH RESOURCES LIMITED ('HINDMARSH')

(ACN 106 444 857)

Mega is offering 100 common shares in MGA for every 694 ordinary shares in Hindmarsh and 100 common shares in MGA for varying quantities of options in Hindmarsh.

The Offers are dated 8 March 2006 and will expire at 5.00 pm, Brisbane time on 11 April 2006, unless withdrawn or extended.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to how to deal with this document or the Offers contained in it please consult your financial or other professional adviser.

If you have any questions about the Offer or this document call Computershare Investor Services on 1300 738 933.

Corporate information

ACN 118 331 650 Pty Ltd

Directors

Sheldon Inwentash

Stewart Taylor

Company Secretary

Stewart Taylor

Registered Office

Taylor Wall & Associates
Ground Level
67 St Paul's Terrace
Spring Hill Qld 4000

Mega Uranium Ltd

Directors

Arni Johansson

Douglas Reeson

Michael Sweatman

Anthony J Grey

Sheldon Inwentash

Registered Office

The Exchange Tower
Suite 2810
130 King Street West
Toronto ON M5X 1A5

Auditors:

Feldman & Associates LLP,
Chartered Accountants
Maitland House
37 Maitland House
Toronto ON M4Y1C8

Legal adviser to the Offer

Minter Ellison Lawyers
Level 22, Waterfront Place
1 Eagle Street
Brisbane Qld 4000

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Important dates

Original Bidder's Statement lodged with ASIC	28 February 2006
Replacement Bidder's Statement lodged with ASIC	2 March 2006
Date of Original Bidder's Statement	28 February 2006
Date of Replacement Bidder's Statement	2 March 2006
Record Date	27 February 2006
Date of Offers	8 March 2006
Offer expires, unless extended	5.00 pm Brisbane time on 11 April 2006

Defined terms

Various defined terms are used in this document. The definitions are set out in Part 3 of this document.

Investment decisions

This document does not take into account the individual investment objectives, financial situation or particular needs of each Hindmarsh shareholder or any other person.

Hindmarsh shareholders may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offers.

Disclosure about forward-looking statements

This Bidder's Statement may include certain forward-looking statements which have been based on current expectations about future events. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such forward looking statements. These factors include, among other things, those risks identified in clause 7 of Part 2 of this Bidder's Statement.

Foreign or overseas shareholders

The distribution of this document and the making of these Offers may, in certain jurisdictions, be restricted by law. The Offers are not being made, directly or indirectly, in or into, and will not be capable of acceptance from within, any jurisdiction in which the making of the Offers or the acceptance thereof would not be in compliance with the laws of that jurisdiction. Persons who come into possession of this document should inform themselves of and observe any of these restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any of these jurisdictions. Mega does not assume any responsibility for any violation by any person of any of these restrictions.

Bidder's Statement

A copy of the original Bidder's Statement was lodged with ASIC on 28 February 2006. This replacement Bidder's Statement replaces the original Bidder's Statement. The Bidder's Statement includes Offers dated 8 March 2006.

A copy of this replacement Bidder's Statement was lodged with ASIC on 2 March 2006. ASIC takes no responsibility for the contents of the Bidder's Statement.

Letter from the chairman and CEO of Mega Uranium Ltd and director of ACN 118 331 650 Pty Ltd

Mega Uranium Ltd
ACN 118 331 650 Pty Ltd

1 March 2006

Dear Hindmarsh Shareholder/Optionholder

Offers for your Hindmarsh Shares and Options

Enclosed with this letter are Offers from Mega Uranium Ltd (MGA) through its wholly owned subsidiary, ACN 118 331 650 Pty Ltd (Mega), to acquire all of your shares and options in Hindmarsh Resources Limited (Hindmarsh). The Bidder's Statement sets out the detailed terms of the Offers, including the conditions.

WHY ACCEPT THE OFFERS

The directors believe that you should accept the Offers for the following reasons:

- Based on the simple average closing share price of MGA Shares on the TSXV in the one month up to and including 23 February 2006 of \$5.28 and the prevailing A\$/C\$ exchange rate (A\$1.181/C\$1.00), the equivalent value of the MGA scrip consideration is as follows:

Share/Option	Equivalent MGA common shares	Value of Scrip
Hindmarsh ordinary shares	100 MGA common shares for 694 ordinary shares	A\$0.90 per ordinary share
20 cent unlisted options	100 MGA common shares for 902 unlisted options	A\$0.69 per 20 cent unlisted option
22 cent unlisted options	100 MGA common shares for 933 unlisted options	A\$0.67 per 22 cent unlisted option
25 cent unlisted options	100 MGA common shares for 984 unlisted options	A\$0.63 per 25 cent unlisted option
25 cent listed options	100 MGA common shares for 984 listed options	A\$0.63 per 25 cent listed option

- The Share Offer provides attractive premiums to the levels at which the Hindmarsh Shares have been trading, namely:
 - a 78.9% premium to the 10 day simple average Hindmarsh closing share price prior to the January 11, 2006 announcement of the Offers,
 - a 89.1% premium to the 30 day simple average Hindmarsh closing share price prior to the January 11, 2006 announcement of the Offers, and
 - a 96.2% premium to the 3 month simple average Hindmarsh closing share price prior to the January 11, 2006 announcement of the Offers.

The last sale price of MGA Shares on the TSXV on 23 February 2006 was C\$5.70 (or A\$6.73).

- The Offers have the support of Hindmarsh's board of directors;
- Hindmarsh Shareholders and Optionholders will receive a shareholding in a larger, more widely held company, MGA, giving them the opportunity to participate in the growth of an international uranium company with access to Canadian financial markets;
- There will be a number of strategic benefits from combining Hindmarsh's assets with MGA's uranium asset portfolio. If Mega is able to acquire 100% of Hindmarsh Shares and Options, it will be able to develop opportunities and exploration and operational synergies and create a strong platform for future growth; and
- Should the Offers become unconditional and Mega receives Acceptance from at least 90% of the Hindmarsh Shareholders and 90% of each class of Optionholder, then Hindmarsh Shareholders who are Australian residents for tax purposes may, depending on their individual circumstances, be eligible to choose capital gains tax rollover relief in relation to the share component received under the Offers. Further details in respect of the general income tax implications of accepting the Offers are set out in clause 7 of Part 2 of this Bidder's Statement. We recommend that you consult your independent tax advisor regarding the income tax implications of accepting the Offers; and
- By accepting the Offers, Hindmarsh Shareholders and Optionholders will not have to pay the brokerage costs usually incurred when selling on the market.

HOW TO ACCEPT THE OFFER

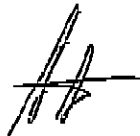
To accept an Offer, please follow the instructions set out in the Offers and on the back of the Acceptance Forms.

If you have any questions on how to accept the Offers please contact Computershare Investor Services on 1300 738 933 or contact your broker or financial adviser.

The Offers are currently due to close on 11 April 2006.

I look forward to receiving your acceptance and to welcoming you as a shareholder in Mega.

Yours sincerely



Sheldon Inwentash

Chairman and CEO, Mega Uranium Ltd
Director, ACN 118 331 650 Pty Ltd

Summary of the Offers and how to accept

This summary provides an overview of the Offers. You should read this document (including, in particular, the Bidder's Statement) in full before making any decision whether or not to accept the Offers.

The Offers

Mega is a wholly owned subsidiary of MGA.

Mega is offering to acquire all of your Hindmarsh Shares and Options as at the Record Date.

The offer for Hindmarsh Shares also extends to any Hindmarsh Shares issued as a result of the exercise of Hindmarsh Options during the Offer Period.

Price	<p>100 MGA Shares for every 694 Hindmarsh Shares and 100 MGA Shares for:</p> <ul style="list-style-type: none"> • every 902 Unlisted Hindmarsh Options with an exercise price of A\$0.20; • every 933 Unlisted Hindmarsh Options with an exercise price of A\$0.22; • every 984 Listed and Unlisted Hindmarsh Options with an exercise price of A\$.025; <p>with part Shares or Options rounded up (refer Section 2.1 of Part 1).</p>
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Conditions of the Offer

The Offers are subject to the conditions set out in clause 7 of Part 1 of this document, including the following:

- Mega and its associates have relevant interests in 90% or more of all Hindmarsh Shares;
- Mega and its associates have received acceptances in respect of 90% of each class of Hindmarsh Options;
- no Prescribed Occurrence occurs;
- approval of TSXV;
- no material adverse change in Hindmarsh's business, financial or trading position; or
- other conditions set out in clause 7.1 of Part 1 of the Bidder's Statement.

Mega may choose to waive any of these conditions in accordance with the Offers.

Closing Date	<p>Unless extended or withdrawn in accordance with the Corporations Act, the Offers remain open for acceptance from the Offer Date until 5.00 pm Brisbane time on 11 April 2006.</p>
---------------------	--

When you will receive your MGA Shares

If you accept (and return any document required with your acceptance) and the Offers become or are declared unconditional, you will receive your common shares in MGA before the later of:

- one month after the date you accept the Offers; and
- one month after the date the Offers become or are declared unconditional,

and in any event (assuming the Offers become or are declared unconditional) you will receive your common shares in MGA no later than 21 days after the end of the Offer Period.

Sale of MGA Shares

If you wish to sell the MGA Shares you receive as consideration for accepting the Offers, you should contact your stockbroker to discuss how to arrange the sale or who to contact to arrange for the sale of the MGA Shares through a Canadian stockbroker.

Alternatively, subject to meeting any regulatory requirements, Canaccord Adams has advised Mega that it is prepared to provide trading services to holders of MGA Shares. Contact details for Canaccord Adams are as follows:

Canaccord Adams

Mr. Robert Anderson

P.O. Box 10337, #2200 - 609 Granville Street

Vancouver B.C. V7Y 1H2

Main Number: (604) 643-7300 Fax: (604) 643-7606

Toll Free Number: 1-800-663-1899 (CAN) 1-800-663-8061 (USA)

robert.anderson@canaccordadams.com

No brokerage and stamp duty

You will not pay brokerage or stamp duty if you accept the Offers.

How to Accept

Your acceptance must be received before the end of the Offer Period (5.00 pm, Brisbane time on 11 April 2006, unless the Offer Period is extended). To accept any one of the Offers:

- if your Hindmarsh Shares or Options are in a CHESS Holding (see *Note*), instruct your Controlling Participant to initiate acceptance of the Share Offer on your behalf or complete and sign the Acceptance Form in accordance with the instructions set out in the Acceptance Form;
- if your Hindmarsh Shares or Options are in an Issuer Sponsored Holding (see *Note*):
 - * complete and sign the Acceptance Form in accordance with the instructions set out on that form;
 - * send it, together with any documents required by the instructions on the Acceptance Form in the enclosed reply paid envelope so that they are received no later than the end of the Offer Period.

Note: Your Hindmarsh Shares or Options are in a CHES Holding if they are sponsored by a broker or other CHES Participant or if you yourself are a broker or non-broker participant. Your Hindmarsh Shares or Options are in an Issuer Sponsored Holding if they are sponsored directly by Hindmarsh as issuer.

Further Information

For questions on how to accept, or in relation to, the Offers generally, please contact Computershare Investor Services on 1300 738 933 (or +61 3 9415 4017 for international callers). Hindmarsh Shareholders and Optionholders should note that pursuant to the Corporations Act, Mega is required to record all conversations with Hindmarsh Shareholders or Optionholders which discuss the Offer by Mega, other than conversations with Hindmarsh Shareholders or Optionholders who are 'wholesale holders' or professional investors as defined by the Corporations Act. All recordings will be indexed and stored as required by the Corporations Act.

Part 1 - Terms of the Offers

1. Offers

1.1 Offer Dates

The Offers are dated 8 March 2006, being the date on which the first of the Offers was sent to the persons referred to in clause 1.3 of Part 1 (**Offer Date**).

1.2 Offers

Mega offers to acquire on the terms and conditions of the Offers:

- (a) all Hindmarsh Shares of which you are the registered holder on the Record Date;
- (b) all Hindmarsh Shares (if any) issued to you during the period from the Record Date to the end of the Offer Period as a result of the exercise of Hindmarsh Options;
- (c) all 20 cents Unlisted Hindmarsh Options of which you are the registered holder on the Record Date;
- (d) all 22 cents Unlisted Hindmarsh Options of which you are the registered holder on the Record Date;
- (e) all 25 cents Unlisted Hindmarsh Options of which you are the registered holder on the Record Date; and
- (f) all 25 cents Listed Hindmarsh Options of which you are the registered holder on the Record Date.

1.3 Persons to whom Offers are made

Share Offers in this form and bearing the same date are being made to and will be sent to each holder of Hindmarsh Shares registered in the Hindmarsh Share Register at 5.00pm Brisbane time on the Record Date.

Option Offers in a similar form and bearing the same date are also being made to and will be sent to every holder of Hindmarsh Options registered in the Hindmarsh Options Register at 5.00pm Brisbane time on the Record Date comprising both Listed and Unlisted Options.

1.4 Offer Period

The Offers will remain open during the period:

- (a) starting on the Offer Date; and
- (b) ending at 5.00 pm Brisbane time on the day that is one month after the Offer Date, which is 11 April 2006,

unless this period is extended or the Offers are withdrawn in accordance with the Corporations Act.

1.5 Conditions

Each Offer is subject to the conditions set out in clause 7 of Part 1.

1.6 If you have sold any of your Hindmarsh Shares

If you have sold some or all of your Hindmarsh Shares when the Share Offer is made to you or during the Offer Period, please refer to clause 4.1 of Part 1.

1.7 If you are a trustee or nominee

If you are a trustee or nominee of some or all of your Hindmarsh Shares or Options, please refer to clause 4.2 of Part 1.

2. Consideration

2.1 Consideration payable

The offer by Mega to holders of Hindmarsh Shares is 100 MGA Shares for every 694 of your Hindmarsh Shares.

If as a result of the number of Hindmarsh Shares held, a Hindmarsh Shareholder is due to receive part of an MGA Share then the Hindmarsh Shareholder will receive the whole of the MGA Share.

The offer by Mega to holders of Hindmarsh Options is as follows:

Option Exercise Price	MGA common shares
Unlisted Options	
20 cents	100 MGA Shares per 902 Hindmarsh Options
22 cents	100 MGA Shares per 933 Hindmarsh Options
25 cents	100 MGA Shares per 984 Hindmarsh Options
Listed Options	
25 cents	100 MGA Shares per 984 Hindmarsh Option

If a Hindmarsh Optionholder is due to receive part of an MGA Share then the Hindmarsh Optionholder will receive the whole of the MGA Share.

2.2 Time of issue of MGA Shares

- (a) If the Acceptance Form does not require you to give another document for your acceptance, Mega will cause you to be issued with MGA Shares as consideration for your Hindmarsh Shares or Options on or before the earlier of:
 - (i) 21 days after the Offer Period; or
 - (ii) one month after the later of:
 - (A) the date the Share Offer, the Options Offers and/or the Listed Option Offer is accepted by you; or
 - (B) if the Offers are subject to a defeating condition the date the takeover contract resulting from your acceptance of the Offer or Offers becomes unconditional.
- (b) If the Acceptance Form requires another document to be given for your acceptance (like a power of attorney):
 - (i) if the document is given with your acceptance, Mega will cause you to be issued with MGA Shares in accordance with clause 2.2(a) of Part 1;
 - (ii) if the document is given after your acceptance and before the end of the Offer Period and the Offers are subject to a defeating condition at the time Mega is

given the document, Mega will cause you to be issued with MGA Shares on or before the earlier of:

- (A) one month after the takeover contract becomes unconditional; or
- (B) 21 days after the end of the Offer Period;
- (iii) if the document is given after your acceptance and before the end of the Offer Period and the Offers are unconditional at the time Mega is given the document, Mega will cause you to be issued with MGA Shares within one month after Mega is given the document; or
- (iv) if the document is given after your acceptance and after the end of the Offer Period Mega will cause you to be issued with MGA Shares on or before 21 days after Mega is given the document.

2.3 Contract avoided

Mega may, at its election, avoid any contract created between Mega and you if Mega has not been given the necessary transfer documents within one month after the end of the Offer Period.

2.4 Official quotation of Mega Shares

- (a) The consideration offered by Mega under the Offers are MGA Shares. The MGA Shares offered as consideration will be issued by MGA and will rank equally with MGA Shares currently on issue.
- (b) MGA Shares are listed on the TSXV in Toronto, Canada. For details of TSXV please refer to Section 1.2 of Part 2. Shares of the same class as those to be issued as consideration have been granted official quotation by the TSXV.
- (c) An application will be made to the TSXV within 7 days of the start of the Offer Period for the granting of official quotation of the MGA Shares to be issued.

2.5 Obligation to allot Shares

The obligation of Mega to cause the issue and allotment of any MGA Shares, to which you are entitled, will be satisfied by MGA:

- (a) entering your name on the register of members of MGA; and
- (b) no later than seven Business Days after your name is entered on the register of members of MGA, despatching or procuring the despatch to you, by pre-paid post to your address recorded in Hindmarsh's register of members at 9:00am Brisbane time on the Record Date an uncertified statement in your name. If your Hindmarsh Shares are held in a joint name, an uncertified holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in Hindmarsh's register of members on the Record Date.

3. How to accept

3.1 Full acceptance required

Subject to clause 4.2 of Part 1, you may only accept the Offers in respect of all your Hindmarsh Shares and Options.

You may also accept the Share Offer in relation to the Hindmarsh Shares which become registered in your name in the Hindmarsh Share Register in the period from 5.00pm Brisbane time on the Record Date until the end of the Offer Period by virtue of the issue to you of Hindmarsh Shares due to the exercise of Hindmarsh Options.

3.2 Method of acceptance

The method by which you accept the Offers will depend on whether your Hindmarsh Shares or Options are in an Issuer Sponsored Holding or a CHESS Holding. Your Hindmarsh Shares or Options are in an Issuer Sponsored Holding if they are sponsored directly by Hindmarsh as an issuer. Your Hindmarsh Shares are in a CHESS Holding if they are sponsored by a broker or other CHESS Participant or if you yourself are a Broker or Non-Broker Participant.

3.3 CHESS Holdings

If your Hindmarsh Shares or Options are in a CHESS Holding, you may only accept the Offers in accordance with the SCH Business Rules. To accept the Offers for your Hindmarsh Shares or Options which are in a CHESS Holding please:

- (a) if you are a Broker or a Non Broker Participant, initiate acceptance of the Offers in accordance with Rule 16.3 of the SCH Business Rules before the end of the Offer Period (5.00 pm Brisbane time on 11 April 2006 unless the Offer Period is extended);
- (b) if you are not a Broker or a Non Broker Participant:
 - (i) before the end of the Offer Period (5.00 pm Brisbane time on 11 April 2006 unless the Offer Period is extended) complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it in which case you will be deemed under clause 5(e) of Part 1 to have authorised and directed Mega (by its directors, servants or agents) to accept the Offer on your behalf and Mega will, during the Offer Period, effect that acceptance in accordance with the SCH Business Rules or the Corporations Act; or
 - (ii) instruct your Controlling Participant to initiate acceptance of the Offer in accordance with Rule 16.3 of the SCH Business Rules before the end of the Offer Period (5pm Brisbane time on 11 April 2006 unless the Offer Period is extended).

3.4 Issuer Sponsored Holdings and Certificated Holdings

If you hold Hindmarsh Shares or Options which are not in a CHESS Holding, to accept the Offer you must:

- (a) complete and sign the Acceptance Form in accordance with the instructions on it; and
- (b) send it, and all other documents required by the instructions on the Acceptance Form, so that they are received no later than the end of the Offer Period at:
 - postal address: Computershare Investor Services Pty Limited, Reply Paid 523, Brisbane Qld 4001;
 - delivery address: Computershare Investor Services Pty Limited, Level 19, 307 Queen Street, Brisbane Qld 4000.

A reply paid return addressed envelope is enclosed for your use.

3.5 Nominee holdings

If your shares or options in Hindmarsh are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offers.

3.6 Mega's discretion regarding incomplete acceptance

Mega may in its absolute discretion waive at any time before the end of the Offer Period all or any of the requirements set out in the Acceptance Form, but you will not be issued with your MGA Shares until:

- (a) any irregularity has been resolved; and

- (b) any documents required to enable Mega to be registered as the holder of your Hindmarsh Shares or Options, have been lodged with Mega.

4. Application of the Offers

4.1 If another person is entitled to your Hindmarsh Shares

If, when the Offers are made to you, or at any time during the Offer Period, another person is entitled to be registered as the holder of some or all of your Hindmarsh Shares or Options (**Transferred Shares or Options**), then Mega will be deemed to have:

- (a) made to the other person a corresponding offer relating to the Transferred Shares or Options;
- (b) made to you a corresponding offer relating to your Hindmarsh Shares or Options other than the Transferred Shares or Options; and
- (c) withdrawn this Share Offer or Options Offers to you.

4.2 If you are a trustee or nominee

If at any time during the Offer Period you are a trustee for or nominee of two or more persons or your Hindmarsh Shares or Options for some other reason consist of two or more parcels within the meaning of section 653B of the Corporations Act, then:

- (a) separate Offers will be deemed to have been made to you in relation to each of the parcels of your Hindmarsh Shares or Options; and
- (b) an acceptance by you of the Offer for any parcels of your Hindmarsh Shares or Options will be ineffective unless:
 - (i) you have given Mega a notice, delivered in accordance with clause 4.3, stating that your Hindmarsh Shares or Options consist of one or more parcels; and
 - (ii) your acceptance specifies the number of Hindmarsh Shares or Options in the parcel or parcels to which the acceptance relates.

4.3 Notice of parcels

A notice in accordance with clause 4.2(b) must:

- (a) if it relates to Hindmarsh Shares or Options held in issuer or certificated form, be in writing; or
- (b) if it relates to Hindmarsh Shares in a CHESS Holding, be in an electronic form approved by the SCH Business Rules.

5. Effect of acceptance

By completing, or initiating acceptance of the Offers through CHESS in accordance with clause 3.3 of Part 1, or signing and returning an Acceptance Form in accordance with clause 3.4 of Part 1 you will have:

- (a) accepted the Offers (and each variation of the Offers (if any) permitted by Part 6.6 of the Corporations Act) for all your Hindmarsh Shares and/or Options;
- (b) subject to the Offers being declared free from the conditions set out in clause 7.1 of Part 1 (or those conditions being satisfied), agreed to transfer your Hindmarsh Shares and/or Options to Mega;

- (c) represented and warranted to Mega that:
- (i) your Hindmarsh Shares and/or Options are and will on registration be fully paid up and free from all mortgages, charges, liens and other encumbrances and restrictions on transfer of any kind; and
 - (ii) you have full power and capacity to sell and transfer those securities;
- (d) irrevocably authorised Mega (by its servants or agents) to complete the Acceptance Form or Forms on your behalf, correct details of your Hindmarsh Shares and/or Options, fill in any blanks remaining on the Acceptance Form or Forms and rectify any error in or omission from the Acceptance Form or Forms that is necessary to make the Acceptance Form or Forms effective acceptance of the Offer or Offers;
- (e) if any of your Hindmarsh Shares or Options are held in a CHESS sub-register but you have signed an Acceptance Form for them, irrevocably authorised Mega (by its servants or agents) to:
- (i) instruct your Controlling Participant to initiate acceptance of the Offers for all your Hindmarsh Shares and/or Options in accordance with the SCH Business Rules; and
 - (ii) give any other instructions in relation to your Hindmarsh Shares and/or Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant, as determined by Mega acting in its own interests as a beneficial owner and intended registered holder of your Hindmarsh Shares or Options;
- (f) irrevocably appointed Mega and its directors, secretaries and officers jointly and each of them severally as your true and lawful attorney, with effect from the earlier of either:
- (i) the date Mega declares the Offers or any contract resulting from acceptance of the Offers to be free from all of the conditions in clause 7.1 except the Prescribed Occurrence conditions in clause 7.1(c); or
 - (ii) the date that either the Offers or any contract resulting from the acceptance of the Offers are declared free from all its conditions or those conditions are satisfied,
- with power to exercise all powers and rights which you could lawfully exercise as the registered holder of your Hindmarsh Shares and/or Options including:
- (iii) attending and voting at any meeting of Hindmarsh;
 - (iv) demanding a poll for any vote taken at or proposing or seconding any resolutions to be considered at any meeting of Hindmarsh;
 - (v) requisitioning any meeting of Hindmarsh;
 - (vi) signing any forms, notices or instruments relating to your Hindmarsh Shares and/or Options; and
 - (vii) doing all things incidental and ancillary to any of the foregoing,
- and you acknowledge and agree that in exercising those powers the attorney may act in the interests of Mega as the intended registered holder of your Hindmarsh Shares and/or Options;
- (g) irrevocably authorised and directed Hindmarsh to pay to Mega or to account to Mega for all Rights, subject to any of those Rights received by Mega being accounted for by Mega to you in the event that the Offers are withdrawn or the contract resulting from your acceptance of the Offers are rescinded under clause 7.3 of Part 1 or rendered void under

clauses 2.3 or 7.6 of Part 1;

- (h) except where Rights have been paid or accounted for under clause 5(g), irrevocably authorised Mega to deduct from the consideration payable for your Hindmarsh Shares and/or Options, the amount or value of all Rights under clauses 6.1 and 6.2 of Part 1; and
- (i) agreed to accept the MGA Shares to which you have become entitled by acceptance of the Offers subject to the constitution of Mega, and irrevocably authorised Mega and its agents to place your name on the register of members in respect of those MGA Shares.

6. Dividends and other entitlements

6.1 Cash Rights

If any cash Rights are declared, paid, made, arise or accrue to you as the holder of your Hindmarsh Shares or Options, Mega will be entitled to reduce the consideration specified in clause 2.1 of Part 1 by the amount of the Rights, unless the benefit of the Rights is passed to Mega under clause 5(g) of Part 1.

6.2 Non-cash Rights

If any non-cash Rights are issued, made, arise or accrue to you as the holder of your Hindmarsh Shares or Options, Mega will be entitled to reduce the consideration specified in clause 2.1 of Part 1 by the value (as reasonably determined by Mega) of the non-cash Rights, unless the benefit of the Rights is passed on to Mega under clause 5(g) of Part 1.

7. Conditions of the Offers

7.1 Conditions Subsequent

Subject to clause 7.2 of Part 1, the Offers and the contracts resulting from your acceptance of the Offers are subject to the following conditions.

(a) **Minimum acceptance condition – Hindmarsh Shares**

Before the end of the Offer Period, Mega and its associates have relevant interests in at least 90% (by number) of all issued Hindmarsh Shares;

(b) **Minimum acceptance conditions – Hindmarsh Options**

Before the end of the Offer Period, Mega and its associates have received acceptances under the Options Offers in respect of 90% of each of the Options Offers;

(c) **Prescribed Occurrences**

That between 11 January 2006 and the end of the Offer Period, none of the following occurrences happens:

- (i) Hindmarsh converts all or any of its shares into a larger or smaller number of shares in accordance with section 245H of the Corporations Act;
- (ii) Hindmarsh or a subsidiary of Hindmarsh resolves to reduce its share capital in any way;
- (iii) Hindmarsh or a subsidiary of Hindmarsh enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
- (iv) Hindmarsh or a subsidiary of Hindmarsh issues shares, or grants an option over its shares, or agrees to issue shares or grant an option over its shares;

- (v) Hindmarsh or a subsidiary of Hindmarsh issues, or agrees to issue, convertible notes;
- (vi) Hindmarsh or a subsidiary of Hindmarsh disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Hindmarsh or a subsidiary of Hindmarsh charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) Hindmarsh or a subsidiary of Hindmarsh resolves to be wound up;
- (ix) a liquidator or provisional liquidator of Hindmarsh or a subsidiary of Hindmarsh is appointed;
- (x) a court makes an order for the winding up of Hindmarsh or of a subsidiary of Hindmarsh;
- (xi) an administrator of Hindmarsh, or of a subsidiary of Hindmarsh, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Hindmarsh or a subsidiary of Hindmarsh executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Hindmarsh or of a subsidiary of Hindmarsh;

(d) **Material adverse change**

That between 11 January 2006 and the end of the Offer Period, there not having occurred, been announced or become known to Mega (whether or not becoming public) any event, change or condition that has had a material adverse effect on the business, financial or trading position, assets or liabilities, profitability or prospects of Hindmarsh or any of its subsidiaries, taken as a whole, since 30 June 2005, including where it becomes known to Mega that information publicly filed by Hindmarsh or any of its subsidiaries is incomplete, incorrect or untrue or misleading, except for any event, change or condition that may arise as a consequence of the announcement of consummation of the Bid;

(e) **ASIC Relief**

Mega being granted any ASIC relief necessary for the Bid to proceed in the form anticipated;

(f) **Other regulatory approvals**

Before the end of the Offer Period, all regulatory approvals or consents that are required by law, or by any public authority, as are necessary to permit:

- (i) the Offers to be lawfully made to and accepted by holders of Hindmarsh Shares and Options; and
- (ii) the transaction contemplated by this Bidder's Statement, including full, lawful and effectual implementation of the intentions set out in this Bidder's Statement, to be completed, including that TSXV accept that the MGA Shares to be issued as consideration for the Offers issued and listed on the TSXV,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the approvals or consents;

(g) No Regulatory Action

During the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by any government, governmental agency, court or public authority;
- (ii) no action or investigation is announced, commenced or threatened by any government, governmental agency, court or public authority; and
- (iii) no application is made to any government, governmental agency, court or public authority (other than by Mega or any associate of Mega),

in consequence of or in connection with the Offers (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or otherwise materially adversely impacts upon the making of the Offers or the completion of any transaction contemplated by the Offers and this Bidder's Statement (whether subject to conditions or not and including full, lawful and effectual implementation of the intentions set out in this Bidder's Statement) or the rights of Mega in respect of Hindmarsh or the Hindmarsh Shares or Options to be acquired, or requires the divestiture by Mega of any Hindmarsh Shares or Options, or the divestiture of any assets of Hindmarsh or of Mega or any associate of Mega or otherwise;

(h) No break fees

- (i) Subject to clause 7.1(h)(ii) of Part 1, during the Offer Period, none of Hindmarsh and any body corporate which is or becomes a subsidiary of Hindmarsh, agrees (whether conditionally or contingent) to pay or provide any benefit to any person, or to forego or otherwise reduce any payment or benefit to which it would otherwise be entitled, in connection with any person (other than Mega) making or agreeing to participate in, or enter negotiations concerning:
 - a takeover offer of Hindmarsh; or
 - any other proposal to acquire any interest (whether equitable, legal, beneficial or economic) in shares in, or assets of, either or both of Hindmarsh or its subsidiaries, or to operate either or both of Hindmarsh or its subsidiaries as a single economic entity with another body corporate.
- (ii) Clause 7.1(h)(i) of Part 1 does not apply to a payment:
 - for providing professional advisory services to Hindmarsh;
 - which is approved in writing by Mega;
 - lawfully made to any Hindmarsh directors or officers; or
 - which is approved by resolution passed at a general meeting of Hindmarsh;

(i) Non-existence of certain rights

That no person has any right (whether subject to conditions or not) as a result of Mega acquiring any Hindmarsh Shares or Options to:

- (i) acquire, or require Hindmarsh or a subsidiary of Hindmarsh to dispose of, or offer to dispose of, any material asset of Hindmarsh or a subsidiary of Hindmarsh; or
- (ii) terminate or vary any material agreement with Hindmarsh or a subsidiary of Hindmarsh;

(j) **No material failings in filings**

During the Offer Period, Mega does not become aware that any document filed by or on behalf of Hindmarsh with ASX or ASIC contains a statement which is incorrect or misleading in any material respect or from which there is a material omission; and

(k) **Renewal of Mineral Tenements**

All mineral tenements of the Hindmarsh group expiring during the Offer Period (if any) being successfully renewed without material adverse conditions being imposed.

7.2 Declaration of Offers being free from Conditions

- (a) Mega may, subject to the Corporations Act, declare the Offers and all contracts resulting from the acceptance of the Offers to be free from the conditions (or any one or more or any part of them) set out in clause 7.1 of Part 1.
- (b) Subject to sections 630 and 650F of the Corporations Act, any declaration made under this clause 7.2 must be made by Mega by notice in writing to Hindmarsh:
- (i) in the case of conditions relating to the happening of a Prescribed Occurrence, not later than three Business Days after the end of the Offer Period; and
- (ii) in any other case, not less than seven days before the end of the Offer Period.

7.3 Breach of Conditions

Each of the conditions in clause 7.1 of Part 1 is a condition subsequent and so:

- (a) does not prevent a contract to sell your Hindmarsh Shares or Options resulting from an acceptance of the Offers; and
- (b) any breach or non-fulfilment of any of them entitles Mega by notice in writing to you to rescind that contract as if that contract had not been formed.

7.4 Benefit of Conditions

Subject to the provisions of the Corporations Act:

- (a) Mega alone has the benefit of the conditions set out in clause 7.1 of Part 1; and
- (b) any breach or non-fulfilment of any of those conditions may be relied on only by Mega; and
- (c) Mega may, at its sole discretion, waive the breach or non-fulfilment of all or any of those conditions.

7.5 Status Notice

The date for giving the notice referred to in section 630(1) of the Corporations Act relating to the status of the conditions in clause 7.1 of Part 1 is 31 March 2006, subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended.

7.6 Void Contracts

If at the end of the Offer Period:

- (a) Mega has not declared the Offers and all contracts resulting from the acceptance of the Offers to be free from the conditions set out in clause 7.1 of Part 1; or
- (b) the conditions set out in clause 7.1 of Part 1 have not been fulfilled,

then all contracts resulting from the acceptance of the Offers and all Offers that have been accepted and from whose acceptance binding contracts have not yet resulted will be automatically void. In that event Mega will, if you have accepted the Offers, return at your risk the Acceptance Form or Forms together with all documents forwarded by you with the Acceptance Form or

Forms to your address shown in the Acceptance Form or Forms.

7.7 Statutory condition

The Offers and any contracts that result from your acceptance of the Offers are subject to a condition that:

- (a) an application is made to TSXV within seven days after 28 February 2006, being the date on which this document was given to Hindmarsh, for admission to official quotation by TSXV of the MGA Shares to be issued pursuant to the Offers; and
- (b) permission for admission to official quotation by TSXV of the MGA Shares to be issued pursuant to the Offers which are accepted is granted no later than 7 days after the end of the Offer Period.

If this condition is not fulfilled, all contracts resulting from the acceptance of the Offers will be automatically void.

8. Withdrawal

Mega may withdraw the Offers at any time with the written consent of ASIC which consent may be given subject to any conditions that are specified in the consent.

9. Variation

9.1 Mega's entitlement

Mega may at any time vary the Offers in accordance with the Corporations Act:

- (a) by extending the Offer Period;
- (b) by increasing the consideration payable under the Offers; and
- (c) with the written consent of ASIC, and subject to any conditions specified by ASIC in that consent, in the manner that ASIC permits.

9.2 Extension of Offers

If Mega extends the Offer Period you will receive notice of the extension, unless, at the date of the extension, you have already accepted the Offers and the Offers have become free from the conditions in clause 7.1 of Part 1 or those conditions have been satisfied.

10. Overseas shareholders

10.1 Payment to Foreign Shareholders

- (a) At the time referred to in clause 2.2, if you are a Foreign Shareholder and accept the Offers (subject to clause 10.2 of Part 1) Mega will:
 - (i) arrange for the allotment to a nominee approved by ASIC of the number of new MGA Shares to be issued in accordance with the Offers to which you and all other Foreign Shareholders would have been entitled but for this clause (**Nominee Shares**);
 - (ii) cause the Nominee Shares so allotted to be offered for sale in such manner, at such price and on such other terms and conditions as are determined by the nominee;

- (iii) cause the nominee to pay to you the amount ascertained in accordance with the formula:

$$\frac{\text{net proceeds of sale} \times \text{NS}}{\text{TS}}$$

where:

net proceeds of sale is the amount remaining after deducting from the proceeds of sale of all Nominee Shares, the expenses of the sale;

NS is the number of new MGA Shares which Mega would otherwise be required to cause to be issued to you; and

TS is the total number of new MGA Shares issued to the nominee under this clause.

Payment will be made, as soon as practicable after completion of the sale of all new MGA Shares by the nominee, in Australian dollars, or if this is unlawful, the currency of the country of residence of the Foreign Shareholder (as shown in Hindmarsh's register of members).

10.2 Restrictions on receipt of consideration

If at the time you accept the Offers you are:

- (a) resident in, or a resident of, a place outside Australia to which the *Banking (Foreign Exchange) Regulations (Regulations)* apply (currently Iraq and Libya);
- (b) an authority or agency associated with the Taliban (Islamic Emirate of Afghanistan), UNITA (National Union for the Total Independence of Angola) or the Al-Qaida Organisation, or a known supporter of the former Milosevic regime;
- (c) a person or entity named in the annex to the instruments of 3 October 2001 and 17 October 2001 issued under the Regulations; or
- (d) a person or entity whose assets have been frozen under the *Charter of United Nations (Anti-terrorism Measures) Regulations 2001*,

you will not be entitled to receive any cash payment under the Offers until all requisite authorities and clearances of the Reserve Bank of Australia or the Minister for Foreign Affairs (as applicable) have been obtained by Mega.

10.3 New Zealand Shareholders of Hindmarsh

If you are a New Zealand holder of Hindmarsh Shares, you are able to accept the Offers and receive MGA Shares. MGA Shares will be offered in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This notice exempts MGA from the investment statement and prospectus requirements of the *Securities Act 1978* and the *Securities Regulations 1983*.

11. Costs and stamp duty

All costs and expenses of the preparation of this document and any stamp duty or other taxes of a similar nature payable on the transfer of Hindmarsh Shares or Options for which the Offers are accepted, will be paid by Mega.

12. Notices

12.1 Service on Hindmarsh

Any notices to be given by Mega to Hindmarsh under the Bid may be given to Hindmarsh by leaving them at, or sending them by prepaid ordinary post to, the registered office of Hindmarsh.

12.2 Service on Mega

Any notices to be given to Mega by you or by Hindmarsh under the Bid may be given to Mega by leaving them at or sending them by prepaid ordinary post to Mega at the address set out in the Acceptance Form.

12.3 Service on you

Any notices to be given by Mega to you under the Bid may be given to you by leaving them at or sending them by prepaid ordinary post or, if your address is outside Australia, by airmail, to your address given to Mega by Hindmarsh under section 641 of the Corporations Act.

Part 2 - Information

1. Introduction to Mega and MGA

1.1 MGA's business

MGA was incorporated as Maple Minerals Corp. on January 24, 1990 as a gold and base metal exploration company with interests in several Canadian properties. In late 2004, MGA made a strategic decision to acquire uranium and uranium-prospective properties based on the rising price of uranium and supply/demand forecasts which suggested further price increases could be expected. On October 7, 2005 MGA changed its name to Mega Uranium Ltd.

MGA is a publicly held company listed on the TSXV in Toronto, Canada. Through its wholly-owned subsidiaries, it has interests in the various properties and mineral and exploration rights described below including uranium properties in Australia, Argentina and Mongolia and other non-uranium properties in Africa and Canada.

1.2 TSXV

The TSXV is a public venture capital market, specializing in financing for emerging companies and preparing them for graduation to senior markets. TSXV is part of TSX Group, which includes the Toronto Stock Exchange. It provides emerging companies with access to capital while offering investors a market for making venture investments by maintaining standards of disclosure, fairness and integrity.

TSXV listed companies are active primarily in the mining, oil and gas, manufacturing, technology and financial services sectors. Companies listed on TSXV are classified into distinct tiers; each with minimum listing requirements based on financial performance, stage of development and financial resources at the time of listing. Tier 1 is for senior companies with the most significant resources. Tier 1 issuers have fewer filing requirements. Tier 2 is for early-stage companies. This is a rapidly growing segment of the venture market in all industry sectors. Most TSXV-listed companies are tier 2 companies. Mega is a tier 2 company.

The TSXV has information databases and issues various publications to assist investors, including the specialised Mining Sector Sheet, and the TSXV quarterly newsletters, which has regular features on volume, value and trading, deal flows, graduate reports and an index performance tracker.

The TSXV has offices in Vancouver, Calgary, Winnipeg, Toronto and Montreal. For further information on the TSXV, go to <http://www.tsx.com/en/aboutUs/cdn/index.html>

To trade on TSXV, Mega shareholders may utilise the services of Mr Robert Anderson of Canaccord Adams. Contact details for Canaccord Adams are:

P.O. Box 10337, #2200 - 609 Granville Street
Vancouver B.C. V7Y 1H2

Main Number: (604) 643-7300 Fax: (604) 643-7606

Toll Free Number: 1-800-663-1899 (CAN) 1-800-663-8061 (USA)

robert.anderson@canaccordadams.com

Alternatively, investors may engage another broker in Canada to assist them.

1.3 Directors of MGA

The directors of MGA are:

Arni Johansson

Mr. Johansson is an independent businessman and consultant who presently serves as the Chairman of Titan Uranium Incorporated, a Canadian uranium company. His past experiences include several public and private ventures in mining and other industries.

Douglas Reeson, M.B.A.

Mr. Reeson is an independent financial consultant with experience as an officer and director of a number of junior public companies. He is presently the CEO and Chairman of Gossan Resources Limited. He has held a number of positions in the investment industry including the Executive Director of Listings for the Toronto Stock Exchange, Vice-President and Director of Davidson Partners, Midland Doherty & Yorkton Securities and, earlier, as an Investment Analyst at Burns-Fry. Mr. Reeson resides in Toronto and holds undergraduate and graduate degrees from York University. He was elected to the Board in 2001 and became Chairman in 2003 and CEO in 2004.

Michael Sweatman, C.A.

Mr. Sweatman is the principal of MDS Management Ltd., a Vancouver based management consulting company. He has been involved as a director in several junior mining companies.

Anthony J Grey

Mr. Grey was formerly the Managing Director of Pancontinental Mining Ltd, the Australian company that discovered the giant Jabiluka uranium deposit in Northern Territory in 1971. Mr. Grey is Chairman of International Ferro Metals Limited, a ferrochrome and mining company since 2002 and Chairman of Polartechnics Ltd. since 1992, an Australian biotechnical company. Mr. Grey has written extensively and is widely recognized as an authority on the Australian uranium industry.

Sheldon Inwentash, C.A.

As well as being the Chairman and CEO of MGA, Mr. Inwentash is the CEO and Chairman of Pinetree Capital Ltd., a Toronto-based venture capital firm. Mr. Inwentash has more than twenty years of experience in the investment industry, and he serves as director and strategic advisor for many of the high growth companies and junior mining and exploration companies.

1.4 Directors of Mega:

The directors of Mega are:

Sheldon Inwentash

Mr Inwentash's profile is contained in clause 1.3 above.

Stewart Taylor

Mr. Taylor is presently the President of Mega. Mr. Taylor is a geologist, holds a B.Sc. (Honours Geology) from the University of Glasgow and has over 35 years of mining and exploration experience, including senior management roles, in Africa, Europe, Australia, Asia and North and South America. He is a Fellow of the Australasian Institute of Mining and Metallurgy and is currently a partner at Taylor Wall & Associates, a Brisbane-based consulting firm specializing in mineral project generation and evaluation, and providing geoscientific consultancy services to mineral companies and institutions including the Queensland Department of Mines & Energy.

1.5 MGA's objectives and strategies

MGA's primary objective is to achieve continued growth through a combination of strategic acquisitions, exploration success and the identification and development of exploration and

acquisition targets with the potential to become uranium mining operations.

MGA's directors believe that its access to Canadian capital markets will enable MGA to raise necessary capital to fund the acquisition, exploration and development of international uranium projects, including, if the Bid is successful, Hindmarsh's properties.

If MGA's Bid is successful, MGA's primary objective will be the continued exploration and development of the Hindmarsh uranium tenements together with identification and development of other exploration and acquisition targets.

1.6 Further Information

For further information on MGA, please refer to www.sedar.com for MGA's continuous disclosure record and filings, which include a complete record MGA's quarterly and annual reports.

2. Principal Assets and Interests of MGA

MGA has, or is earning, interests in uranium properties in Australia, Mongolia, Argentina and Canada. In addition, MGA has a copper-nickel-PGM project in Guinea, West Africa, and gold, base metal and PGM exploration projects in Canada. Key features of the properties are summarised below.

Primary Uranium Projects

2.1 Ben Lomond Uranium Project, north Queensland, Australia

In January 2005, MGA entered into an agreement to acquire 100% of the outstanding common shares of Uranium Minerals Ventures Inc. ("UMVI"). UMVI's principal asset is a 100% interest in the Ben Lomond uranium-molybdenum deposit located in north Queensland, Australia. UMVI acquired this interest from Afimco Mining and Exploration Pty Ltd (a COGEMA subsidiary) for A\$1 million subject to a royalty and payment of A\$0.50 per pound of U₃O₈ recovered up to the date that is 30 days after a mill operates at 90% planned capacity, and a 1% net smelter return thereafter. On 17 February 2006, following the receipt of approvals from the relevant regulatory bodies in Queensland, the acquisition of UMVI was finalised.

The Ben Lomond property is held under two MLs as follows:

- ML 1399, of 128 hectares, originally granted as ML 821 in April 1980, which was renewed for a further period of ten years commencing December 2004. Within ML 1399 are the Ben Lomond uranium-molybdenum deposit, the underground workings and the associated waste dump; and
- ML 1419, of 2035 hectares, originally granted as ML 893 in November 1983 which was renewed for a further period of 10 years on 1 December 2004. Contained within ML 1419 are the bulk ore stockpile, the sample preparation building and the drill core storage sheds.

The Ben Lomond deposit was discovered in 1975 by the French company Pechiney, then explored and evaluated in detail in 1976-1982 by the associated companies Total Mining and Minatome. Following the completion of a Bankable Feasibility Study in 1982, an Environmental Impact Study was accepted by the relevant Federal and State authorities in 1984, but in 1985 the planned development was halted by the imposition of the "Three Uranium Mines Policy" by the then Federal Australian Labor Party Government.

The Ben Lomond uranium-molybdenum deposit occurs in a fault-bounded block of Carboniferous aged calc-alkaline volcanics within the St James Volcanics, part of the Glenrock Group. These overlie Keelbottom Group sediments of Late Devonian to Early Carboniferous age, and older basement rocks comprising the Lower Proterozoic Argentine Metamorphics sediments and volcanics. Unconformably overlying the St James Volcanics is the Early Carboniferous

Watershed North Rhyolite, a crystal-rich to lithic-rich rhyolitic ignimbrite at least 400m thick, which is thought to have been deposited in a cauldron subsidence event. In the immediate vicinity of the deposit, the youngest non-intrusive rocks exposed are carbonaceous/pyritic shales and sandstones of the Late Carboniferous Insolveny Gully Formation, which unconformably overlies the St James Volcanics and Watershed North Rhyolite. Intruding the Insolveny Gully Formation is the Speed Creek Granite of Late Carboniferous to Early Permian age. Three distinct volcanic episodes were identified at the Ben Lomond uranium-molybdenum deposit by the geological staff of Total Mining Australia Pty Ltd, viz

- (a) the St James Volcanics (Glenrock Group) sequence, predominantly of rhyolitic tuffs and lavas;
- (b) unconformably overlying andesitic and basaltic lavas and pyroclastics of the Upper Andesite Member; and
- (c) unconformably overlying rhyolitic ignimbrites and tuff of the Cattle Creek Volcanics, a unit recently renamed the Watershed North Rhyolite.

The Ben Lomond uranium-molybdenum mineralization occurs within a strongly sheared east-west zone subparallel to the axial plane of a shallow plunging syncline. The mineralized zone outcrops on the northern flank of Ben Lomond East Ridge and plunges gradually eastwards under the unconformably overlying Watershed North Rhyolite. The mineralized zone dips at 75°S, has a maximum width of 150m and tops at a few metres below the St James Volcanics/Watershed North Rhyolite unconformity. Overall, the down dip extent is some 90m, but the best mineralization is developed in the zone 10-50m below the unconformity. Within the overall mineralized zone a resource has been delineated by closely spaced drill holes over a 750m strike length at local grid 787.5-1537.5E. To the east of the delineated resource, under 100-400m of Watershed North Rhyolite cover, widely spaced drill holes have intersected uranium-molybdenum mineralization, and/or the characteristic alteration of the mineralized zone, over an additional 1km of strike length to 2600E.

The uranium-molybdenum mineralization occurs both within the veins and as disseminations in the adjacent wallrock, but the strongest mineralization is found within the subvertical veins. The hypogene mineralization consists of a simple assemblage of pitchblende ($U_2O_5 \cdot UO_3$), coffinite (hydrated uranium silicate, $U(SiO_4)1-x(OH)4x$), molybdenite (molybdenum sulphide, MoS_2), and jordisite (amorphous MoS_2). Accompanying sulphides are minor pyrite and arsenopyrite with trace marcasite, galena, sphalerite and chalcopyrite. The main gangue minerals in the veins are fine-grained quartz with subordinate sericite, chlorite and tourmaline, all of which also occur as disseminations in the wallrock.

The mineralized zone is characterised by strong silicic and haematitic wallrock alteration and is associated with peripheral zones of chloritization and pervasive dolomitization.

In the western part of the mineralized zone, where there is no capping of Watershed North Rhyolite, the depth of weathering ranges from a few metres to 30m or more, but is generally 15-20m. The base of oxidation is typically subparallel to the topography and is a gradational rather than a sharp contact with the underlying hypogene zone. The most common uranium minerals seen in the oxidized zone are umohoite [$(UO_2)(MoO_4) \cdot 4H_2O$] and iriginite [$UO_2(MoO_4)$]. In the eastern portion of the mineralized zone, where it is overlain by the Watershed North Rhyolite, there is no oxidation of the uranium-molybdenum mineralization.

In 1976-1982 a total of over 65000 metres of surface drilling was undertaken on the property in testing and evaluating the Ben Lomond deposit and surrounding prospects. In addition, the deposit was investigated in detail in underground work, comprising an adit, decline, haulageway, drilling at 25m centres along strike and bulk sampling.

The evaluation work culminated in the delineation of a 43-101 compliant and JORC compliant resource by the Australian Atomic Energy Commission of 7.9 million pounds contained U_3O_8 in the Indicated Resource category and 2.8 million pounds contained U_3O_8 in the Inferred Resource categories as follows:

Category	Tonnes	% U_3O_8	Tonnes U_3O_8	Million lbs U_3O_8
Indicated	1,328,466	0.27	3587	7.9
Inferred	602,585	0.21	1265	2.8

The above resource also contains a significant molybdenum credit at an average grade of 0.15% Mo. On the basis of its relatively high average grade of 0.25% U_3O_8 and its substantial molybdenum credit, Ben Lomond is one of the highest value per tonne uranium resources in the world outside the Athabaska Basin in Canada.

The Ben Lomond Uranium Project properties are the subject of an independent report prepared for MGA by Mining Associates Economic Geologists. In their report, reference is made to a 1982 Feasibility Study where it was concluded that 70% of the above resource was economically extractable by open cut at a 5:1 stripping ratio and that the remainder was conducive to extraction by underground workings from the pit.

The deposit has significant upside potential as it is open to the east, where there is scope to discover additional uranium resources over at least a 1.05km strike length. In this area, which lies under a 100-400m thickness of volcanic cover, limited widely spaced surface drilling has intersected encouraging intervals of uranium mineralization and rock alteration.

Other potential exists to add value to the project in the form of molybdenum mineralization outside the uranium resource, which has not been investigated in any detail, other uranium prospects in the MLs, and possible gold and platinum credits in the uranium-molybdenum resource.

The Ben Lomond deposit occurs at low elevation in remote, sparsely populated hill country at an easily accessible site, some 50km by sealed road from the major port city of Townsville, and is very favourably located with respect to future mine development as it is close to power, water and essential services.

In the 2006 calendar year, MGA will maintain the environmental monitoring of drainage to meet the Queensland Environmental Protection Agency (EPA) requirements and will seek approval from the EPA for exploration activities scheduled to commence in 2007. MGA's ownership 2006 calendar year budget for Ben Lomond is C\$100,000.

For further information on the Ben Lomond property, please refer to the Ben Lomond Report, dated July 16, 2005, available at www.sedar.com.

2.2 Georgetown Uranium Project (Queensland, Australia)

Under a November 2005 Agreement with two private Australian companies, Georgetown Mining Ltd. (GML) and O'Rourke Geological Contractors Pty. Ltd. (OGC), an MGA wholly owned subsidiary acquired the exclusive right to explore for uranium-molybdenum-fluorite mineralization in 15 EPMs (including the Maureen deposit uranium-molybdenum-fluorite deposit, which contains a historical resource of 6.5 Mlbs contained U_3O_8), two MLs and 10 MLAs currently held by GML in the Georgetown area of north Queensland. The MGA subsidiary also acquired ownership of exploration data in relation to the Maureen deposit from OGC and access to exploration data in relation to all the properties held by GML.

The tenements the subject of the agreement are located some 300km northwest of the Ben Lomond uranium-molybdenum resource, and cover a total area of 1580 km². Under the agreement, MGA acquired its interests in the properties through payments to GML and OGC comprising a total of A\$1.1 million in cash, 2.1 million MGA shares and a 0.75% royalty on uranium-molybdenum production. GML retains title to the properties and rights to all commodities other than uranium, molybdenum and fluorite, and will remain responsible for meeting the statutory requirements of the titles. The parties to this agreement will now conduct cooperative exploration. In the event that Queensland Government policy allows approval of mining for uranium, MGA's subsidiary will have the exclusive right to mine uranium-molybdenum-fluorite on the tenements.

The EPMs and MLs in which MGA has secured rights to the uranium-molybdenum-fluorite mineralisation are as follows:

Title	Status	Expiry Date
ML 3548	Granted	30.11.2006
ML 30203	Granted	30.4.2025
MLA 30192	Application	
MLA 30193	Application	
MLA 30194	Application	
MLA 30195	Application	
MLA 30196	Application	
MLA 30197	Application	
MLA 30198	Application	
MLA 30200	Application	
MLA 30201	Application	
MLA 30202	Application	
EPM 8411	Granted	6.10.2005*
EPM 8452	Granted	7.11.2005*
EPM 8545	Granted	2.06.2006
EPM 9158	Granted	21.12.05*
EPM 9896	Granted	31.12.05*
EPM 13796	Granted	5.03.2005*
EPM 14151	Granted	25.8.2006
EPM 14152	Granted	25.8.2006
EPM 14190	Granted	25.8.2006
EPM 14511	Granted	27.2.2007
EPM 14513	Granted	24.1.2007
EPM 14521	Granted	12.5.2007
EPM 14540	Granted	27.2.2007
EPM 14924	Granted	30.10.2007
EPM 14926	Granted	29.10.2007

* renewal lodged

The Georgetown Uranium Project properties are the subject of an independent report prepared for GML by Veronica Webster Pty Limited. The report refers to the Maureen uranium deposit having been detected in 1971 in an airborne magnetic-radiometric survey conducted by the Australian company Central Coast Exploration NL. As stated in the report, drill testing commenced in 1972, then in 1974 Getty Mining Pty. Ltd., the Australian mineral exploration arm of Getty Oil, farmed-in to the property. Over a five year period, Getty evaluated the deposit with a detailed drilling programme, culminating in a 1979 resource estimate of 2.38 million tonnes @ 0.12% U₃O₈ and 0.07% molybdenum, based on a cut-off grade of 0.035% U₃O₈. The

delineated resource occurs from surface to 140m depth and is conducive to open cut extraction at a favourable stripping ratio. Total drilling of the deposit and its immediate surrounds, from 1972 to 1980, comprised 881 percussion holes (total 78550m) and 137 diamond core holes (total 8368m).

The 1979 Maureen Indicated Resource estimate was competently conducted according to the standards of the day, and as such is regarded by Mega as a reasonable reflection of the magnitude and grade of the mineralisation. However, as it was conducted prior to the introduction of the JORC regulations in Australia, it must therefore be reported as unreliable at this time according to the 43-101 guidelines. At this time there are no more recent estimates or data available to Mega. Mega intends to engage an independent qualified person to establish a resource that is 43-101 compliant.

The Maureen deposit is located along an E-W trending fracture zone, within Upper Devonian/Lower Carboniferous sandstones and shales, straddling their unconformable contact with the underlying Proterozoic basement of metasediments and granitoids. The primary uranium-molybdenum mineralization occurs in the form of both discordant and stratabound zones, and consists predominantly of uraninite and molybdenite, accompanied by abundant fluorite and pyrite.

In the vicinity of Maureen, and elsewhere on the properties, are radiometric anomalies, uranium occurrences and favourable geological settings for uranium, within both the Proterozoic basement and overlying Palaeozoic sediments/volcanics, which were either untested or inadequately examined by previous explorers.

In the 2006 calendar year MGA intends to focus initially on confirming and extending the Maureen resource and conducting an airborne magnetic/radiometric survey of the whole ground package to highlight other targets. The proposed budget for this work is C\$500,000, which is substantially more than the minimum expenditure requirement for the titles.

2.3 Mongolia Uranium Project

MGA's strategy for Mongolia was to fast-track its entry into quality uranium projects by seeking an association with a company with a track record in the country and with promising uranium properties. This has been achieved through an alliance agreement with the TSXV-listed group UGL Enterprises Ltd (UGL), which has established a foundation for exploration success in Mongolia in its knowledge of the country's geology and mineralisation, its operating skills and its network of local contacts. Through this association with UGL, MGA has obtained entry into a large holding of prospective uranium ground and can now move quickly, in association with UGL, to acquire other uranium projects.

Under the June 2005 agreement, MGA can earn a 50% interest in UGL's current portfolio of uranium exploration properties through the expenditure of US\$1.5 million over a three year period, including a commitment to expend a minimum of US\$350,000 within the first year. Once MGA has acquired a 50% interest, it will have the option of increasing its interest to 60% through additional expenditures of US\$2 million over a further three year period. Should MGA choose not to exercise this option, a joint venture will proceed on a 50/50 funding and equity basis.

The Mongolia Uranium Project Properties are the subject of an independent report prepared for the UGL-MGA alliance by Dubchak, Griesbach, Kislyutchenko, Samovich, February 2006 (**Dubchak Report**).

The agreement covers UGL's uranium exploration properties comprising 17 Exploration Licences totalling 3390km² as detailed in the Dubchak Report as follows:

Item number	Property Name (Licence name)	Province	Exploration Licence Number	Area (Hectares)	Next Anniversary date
1	Adag Usnii Khudag	Sukhbaatar	9994X	2,202	13.06.06
2	Baganurat	Domogovi	9312X	13,441	17.02.06*
3	Dov	Dundgovi	9742X	9,022	05.05.06
4	Elgen	Tuv	9741X	3,298	05.04.06
5	Emeelt	Domogovi	9618X	8,082	14.04.06
6	Ganga	Domogovi	9310X	72,707	17.02.06*
7	Jargalan	Arkhangai	9667X	16,795	25.04.06
8	Kharaat	Dundgovi	9190X	2,157	24.01.06*
9	Khashaat [Ovoot Khukh]	Dundgovi	919X	8,430	24.01.06*
10	Maikhan Tolgoi	Khenti	8962X	2,794	15.04.06
11	Modot Del	Khenti	9849X	22,865	20.05.06
12	Murun (aka Murun)	Khenti	9157X	10,686	19.01.06*
13	Naidal	Tuv	9617X	1,004	14.04.06
14	Nergui [Atsiin Dava]	Bulgan	9494X	96,554	25.03.06
15	Nergui [Hartsain] Davaa]	Bulgan	9493X	37,008	24.03.06
16	Shorvog Gol	Sukhbaatar	9995X	3,408	13.06.06
17	Naidal Extension [Kholboo Uul]	Tuv	10589X	4,238	Dec 2006

**Applications for renewal have been lodged and are currently being processed.*

The properties, which are at the early to medium exploration stage, cover various uranium occurrences, radiometric anomalies and favourable geological settings for uranium, which were detected during Russian/Mongolian exploration programmes in the 1966-1990 period. In addition, MGA and UGL are cooperating throughout the term of the agreement in the identification and acquisition of other uranium projects in Mongolia.

In the 2005 summer field season Mongolian field crews supervised by UGL's geologist conducted reconnaissance exploration work on several properties to ground check various radiometric anomalies and to investigate reported uranium occurrences. The results of these programmes are being evaluated.

In addition, senior UGL geological staff travelled to Russia to meet several Russian geologists who managed the original uranium exploration programmes on a number of UGL's priority

uranium properties during the 1980s and 1990s. As a result of this initiative, considerable original data was obtained on several prospects and valuable insights and advice were obtained on the resource potential and possible drilling targets within UGL's properties. In addition, the Russian geologists recommended other areas of uranium potential deemed worthy of acquisition.

UGL is currently assimilating all this newly acquired data with a view to advancing certain areas of interest on their properties to the drilling stage in 2006, and acquiring other uranium properties.

In Mongolia there are no minimum annual expenditure requirements for exploration titles. MGA's proposed 2006 expenditure in Mongolia totals C\$800,000.

Priority exploration targets in the 2006 calendar year are:

(a) Jargalan

Located in the Arkhangai Aimag within the prospective North-Arkhangai uranium mineral field, this area covers the northwestern part of the Sumin Gol depression and the Alairyn Gol palaeovalley, which is about 7.5 km long and varies from 0.2 to 1.0 km wide. The Alairyn Gol palaeovalley is filled with terrigenous sediments of Lower to Middle Quaternary age consisting of gritstones, pebbles, sands and clays. The sediments are typically grey in colour, contain ubiquitous carbon, are locally bleached and limonitized, and, where exposed, contain uranium grades of 4 to 7 ppm. The sediments are overlain in places by Upper-Middle Quaternary basalts ranging from 60 to 150 meters thick. At the margins of the palaeovalley are relatively highly radioactive granites of Triassic- Jurassic Age.

The 1985 ground exploration program outlined uranium dissemination halos at 10-25 ppm U and local radiometric anomalies at 60-400 to 800 mkr/h. An exploration pit on the area of Anomaly #1420 exposed a mineralized body containing 0.032% U_3O_8 over a 1.4 m thickness. Immediately to the east, outside the limits of the UGL-licensed area, the Bayan and Suul prospects (0.01-0.14% U_3O_8) occur on the north bank of the Chuluut River in a similar geological setting.

The uranium potential of the Jargalan area is believed to have been inadequately investigated in the Russian exploration programmes. In view of the size of the area, the thickness of the sediments, and the average uranium grade of nearby prospects, it is anticipated that a small to intermediate size deposit containing somewhere between 5,000 - 8,000 tonnes of uranium exists.

The following investigations are planned in the Jargalan area in the late spring and summer of 2006.

- (i) Detailed geological and radiometric surveys of known radiometric anomalies in the Alairyn palaeovalley;
- (ii) A magnetic survey, on lines situated 1200-1600 m apart, to provide structural information;
- (iii) Vertical electric sounding on lines 1200 -1600 m apart, in order to delineate palaeovalleys below the basalts and to determine the depth to the granite basement.

Drill testing of areas of interest is scheduled for the summer or autumn of 2006

(b) Baganurat

The Baganurat area, including the Baganurat depression and its northern margin, is located in the Dornogovi (East Gobi) Aimag in the East Gobi uranium district.

On the northern flank of the area, Upper Mesozoic volcanogenic-sedimentary deposits are separated from exposed basement rocks, consisting of Riphean limestones and

Lower Proterozoic gneisses, by the NE-trending Prebortovoy ('Marginal') Fault. The central part of the area is composed of Upper Jurassic-Lower Cretaceous basalts and dacites, which are overlain by Lower Cretaceous gritstones, sandstones and conglomerates. This sedimentary sequence (or the basalts immediately adjacent) is overlain by alternating loose gravel, sandy loam, sands, clays, and gravel/pebble-sandy deposits of Upper Cretaceous-Neogene age. Much of the region is obscured by Upper Quaternary and modern deposits of loam, sands and clay.

As detailed in the Dubchak Report, in 1987, the Mongolian Geological Surveying Expedition in the southern part of the area outlined the Baganurat uranium occurrence within weakly lithified alluvial-lake deposits of Upper Cretaceous-Neogene age. The mineralization is confined to horizons of grey and green sediments with significantly higher phosphorus content than the adjacent horizons.

Nine trenches excavated on the occurrence exposed horizons of black/dark grey clays and loam containing 0.014–0.065% U_3O_8 . In addition, in the western part of the occurrence, the trenches contained uranium mineralization grading 0.029% U_3O_8 over 0.6 m within weakly lithified conglomerates, and up to 0.021% U_3O_8 in sandy loam and loam. Overall, the mineral potential of the prospect was estimated to be around 10,000 tonnes U_3O_8 at an average grade of 0.041% U_3O_8 .

According to the Russian exploration reports, the mineralization is controlled by zones of ground and surface oxidation and is regarded as very similar to the known Kharaat uranium deposit, which is located 50 km to the north in the Choiren Depression. As the Baganurat prospect has not been drilled, the depth of oxidation is unknown. Based on the characteristics of the Kharaat deposit, it is quite likely that the Baganurat trenches have exposed only the hanging wall of the mineralized strata and that additional mineralisation exists within deeper horizons of permeable sandstone/conglomerate units.

In summary, the uranium potential of the Baganurat prospect is indicated by:

- (i) The occurrence of significant uranium anomalies detected by airborne and automobile gamma-spectrometry surveys;
- (ii) Radioactivity reaching 30–60 mkR/h in modern silt-clayish sediments;
- (iii) A large radiogeochemical anomaly over the protrusion of crystalline basement in the northern part of the area. The basement's protrusion is composed of Proterozoic limestone and gneiss and shows a noticeable higher radioactivity background for these rocks (16–18 mkR/h);
- (iv) In the central and southern parts of the area, basalts have 3–5 times higher uranium abundance over background.

Priority sites for the 2006 calendar year exploration programme are as follows:

- (i) The area of the Baganurat U occurrence and its margins;
- (ii) The northern part of the area containing the large radiogeochemical anomaly located in the Prebortovoy ('Marginal') fault zone;
- (iii) The intersection of major NW- and NE-trending faults in the middle of the property.

After initial reconnaissance, the following work is proposed for the most-prospective parts of the Baganurat property:

- (i) Geological-radiometric surveys at 1:25,000 scale;
- (ii) Ground gamma-spectrometry on selected lines;

- (iii) Magnetic survey at 1:25,000 scale; and
- (iv) Vertical electrical sounding on lines.

Selected sites will then be investigated by 30-50m drill holes.

(c) Maikhan Tolgoi

The Maikhan Tolgoi area straddles the boundary of two Provinces, Dornod Aimag and Khentii Aimag. The area is situated within the Berkhin (or 'Barkin') uranium district and includes the Tumen Khan U-F-Mo occurrence within felsic subvolcanic rocks of the Uldzei-Saikhanuul ring structure.

As detailed in the Dubcheck Report, 1986-1987, the Mongolian Geological Surveying Expedition completed a geological-geophysical programme on the property, comprising trenching, shallow auger drilling and deeper diamond drilling. This resulted in the delineation of the main mineralized tectonic ('crush zone') structure, which has a northwest strike complicated by minor sub-northerly faults. Both fault systems host steeply dipping mineralized bodies with grades of the order of 0.018-0.766% U_3O_8 , surrounded by hydrothermal alteration represented principally by argillite, fluorite and hematite. The northwestern structure that controls the mineralization was investigated by trenches over a 2.5 km strike length and evaluated by two lines of diamond drill holes to 143-278.6 m depth. Several holes intersected narrow mineralized intervals with up to 0.06% U_3O_8 .

Priority target areas for the 2006 calendar year are:

- (i) Intersections of faults of different strikes that show signs of mineralization;
- (ii) Shallow-dipping tectonic zones that complicate the former;
- (iii) Neck and extrusive igneous bodies that complicate the area's geological and structural setting.

The proposed 2006 calendar year exploration programme comprises:

- (iv) Geological-radiometric traverses;
- (v) Grid-based gamma-spectrometry surveys over areas of interest in order to detect blind mineralization. The preliminary selected sites for this work are:
 - (A) the NW part of the area;
 - (B) the intersection of structures of different trends; and
 - (C) the SW flank of the area;
- (vi) A radon emanation survey (α -trace technique using *Alpha Cards*), on lines with 25-50 m station spacing, across the strike of main structures in order to detect blind mineralized bodies;
- (vii) Vertical electric sounding on a 400 x 200 m grid;
- (viii) A magnetic survey on a 100 x 20 m grid to delineate structure;
- (ix) Thin section petrological work on selected rock samples from a 400x10-100 m grid in order to map aureoles of argillic alteration; and
- (x) Diamond drilling of newly outlined targets.

(d) Shorvog Gol and Adag Usnii Khudag

Both areas are located in the western part of Sukhbaatar Province within the limits of the uranium-mineralized Uldzujin Depression. The areas are composed of Lower

Cretaceous sedimentary deposits with coal seams, overlain by Upper Cretaceous-Tertiary weakly lithified sediments, and a Quaternary sediment cover. Located in the northern part of the area is the Buyantin crystalline basement protrusion, which is composed of Early Palaeozoic gneissic granites.

Russian uranium exploration work in 1952-55, 1960, 1975 and 1980, comprising geological prospecting, an automobile gamma-ray survey and airborne gamma-spectrometry survey, discovered the Khaldzan Obo (also known as Khaldzan Ovoo) uranium-coal occurrence and zones of surficial, and deeper stratabound, oxidation in weakly lithified sediments of the Uldzujtin Depression. The Khaldzan Obo uranium-coal occurrence occurs along a 14 km portion of the western side of a valley. Uranium mineralization is confined to 0.25-1.0 m thick seams of carbon-bearing siltstone and coal with grades of the order of 0.012-0.118% U_3O_8 . The UGL licence area includes the northern portion of the Khaldzan Obo occurrence and associated Anomalies #160 and #162, but this is not regarded as a priority target in view of the narrow width of the uraniferous horizons. Better potential occurs in the form of epigenetic uranium concentrations in permeable sediments containing organic carbon.

The Dubcheck Report refers to the Russian investigations in 1975 which confirmed ground oxidation to 15-20 m depth and stratabound oxidation to 100m depth as far as 2-6 km from the northwest edge of the depression. Unfortunately, the eastern boundary of the licence area is located 4-10 km west of the delineated oxidation front, apart from the southern part, where the oxidation front has a bow shape near the Khaldzan-Obo occurrence and approaches the eastern boundary of the licensed area.

The 2006 calendar year exploration programme is proposed as follows:

- (i) Reconnaissance geological-radiometric traverses over the whole area;
- (ii) Detailed mapping and sampling of the known uranium occurrences and radiometric anomalies;
- (iii) Detailed mapping of epigenetic alteration in sediments of the Uldzujtin depression, with emphasis on the sediment colour, alteration types and alteration intensity;
- (iv) Detailed mapping of the northern edge of the depression to determine the nature of the marginal fault, the intensity and character of epigenetic alteration, and the radiometric characteristics of the area;
- (v) Vertical electric sounding, magneto-telluric sounding, and magnetic surveys to determine the structure of the area and the depth to prospective horizons; and
- (vi) Drill testing (30-50m holes) of areas of interest defined by the above.

(e) **Ganga**

The Ganga Area is located within the northwest part of the Saiin-Shandin uranium district. It covers the Dolodyn-Gobi Trough, which is limited by the Dzunbain Fault in the southeast and by the Bayanmunkh Fault in the northwest, and includes the Bayanmunkh and the Modongin local horsts. The area is composed of weakly lithified Lower and Upper Cretaceous sedimentary deposits, Lower Paleozoic terrigenous sediments and outcropping protrusions of Middle Carboniferous basement granites. The central part of the depression is covered by loose Quaternary deposits. In the northern part of the tenement is an occurrence of uranium mineralization. Immediately south of the licence area is the large Durbuldzhin uranium prospect.

The tenement is situated on the northeastern flank of the Saiin-Shandin Artesian Basin, on the flanks of which there is potential for uranium deposits controlled by stratabound oxidation zones. As referred to in the Dubchak Report, according to the Russian

geologists who studied that particular area, the most favorable units for the localization of uranium mineralization are the permeable sediments of the Dzunbain suite of Lower Cretaceous age (Aptian, Albian and Cenomanian stages), and some horizons of the Bainshiren Suite of the Upper Cretaceous. These sediments contain carbon plant detritus and fine disseminated pyrite, and are separated by impermeable horizons of grey coloured siltstones.

Priority target areas in the tenement are:

- (i) The southeast side of the area, in the vicinity of the Modongji Uplift, where previous explorers identified a stratiform oxidation zone within a 60m thick sequence of sediments of the Dzunbain suite overlying basalts of the Tsagantsav Suite.;
- (ii) The western part of the area in the vicinity of the Bayanmunkh Uplift, which contains outcrops of Palaeozoic granites and basalts of the Tsagantsav Suite (near the Bayanmunkh Fault). The overlying sediments of the Bainshiren suite of Upper Cretaceous Age are possible hosts of uranium mineralization based on the following:
 - (A) The granite environment of the depression margins;
 - (B) Two major fault systems crossing the crystalline basement and the sediments;
 - (C) The zone of hydrothermal alteration along those systems;
 - (D) The location of the site on the northwest flank of an artesian basin; and
 - (E) The presence of uranium showings in grey units of Upper Cretaceous sediments.

In the 2006 calendar year it is planned to undertake vertical electrical sounding and magnetics surveys, followed by drill testing of areas of interest.

2.4 Argentina Uranium Projects

In Argentina, MGA has acquired the largest holding of prospective ground in the two areas acknowledged by the National Atomic Energy Commission of Argentina (CNEA) as having the country's best uranium discovery potential – the San Jorge Gulf Basin of Chubut Province in Patagonia and the Sierra Pintada Uranium District in Mendoza Province. These two areas contain the two largest uranium deposits in Argentina, the 10.3Mlb U_3O_8 Cerro Solo resource in Chubut Province and the 30Mlb U_3O_8 Sierra Pintada resource in Mendoza Province, both of which are owned by the CNEA. In both areas, MGA has acquired exploration ground in the vicinity of these resources, covering uranium occurrences, favourable geological settings for uranium, and radiometric anomalies detected by the CNEA in airborne surveys conducted in the 1960s and 1970s.

MGA's Argentinean projects are as follows:

- (a) Patagonia Uranium Project, Chubut Province

From May 2005 to July 2005, MGA acquired 20 EPMs ("cateos"), totaling 1,827 km², over ground with uranium discovery potential in the central part of Chubut Province in southern Argentina (the "Patagonia Uranium Project"). The EPMs cover numerous radiometric anomalies detected in airborne surveys conducted in the 1970s in the Mesozoic San Jorge Gulf Basin by the Commission Nacional de Energia Atomica de Argentina (CNEA: the National Atomic Energy Commission of Argentina).

The bulk of the radiometric anomalies detected in the CNEA surveys occur within sediments and volcanoclastics at three separate stratigraphic levels in the Cretaceous

Chubut Group, respectively in the Los Adobes Formation (fluvial sandstones and conglomerates with abundant organic material), Cerro Barcino Formation (tuffs) and Puesto Manuel Arce Formation (fluvial sandstones). Additional anomalies have been detected over caliche occurrences in Tertiary sediments in the eastern part of the basin. The EPMs acquired by MGA contain radiometric anomalies at all three uraniumiferous stratigraphic levels within the Cretaceous Chubut Group and also within overlying Tertiary and Quaternary sediments, especially in the eastern side of the basin. Potential exists for the discovery of sandstone/conglomerate-hosted uranium deposits in Cretaceous sediments and also for caliche/calcrete-style uranium in the Tertiary and Quaternary.

Due to funding constraints and other issues, the CNEA has undertaken only limited follow-up of the radiometric anomalies in the San Jorge Gulf Basin. In 1979, drilling of the Los Adobes Formation in the vicinity of the Los Adobes and Cerro Condor deposits resulted in the discovery of the Cerro Solo deposit and the subsequent delineation of a uranium resource based on 410 drill holes. A prefeasibility study of Cerro Solo was undertaken by Nuclear Assurance Corporation International on behalf of the CNEA in 1997. The study concluded that an open cut/underground mining operation would be economically viable, based on mineable reserves at an average grade of 0.3% U_3O_8 , containing a recoverable uranium content of 4670 tonnes (10.3Mlbs) U_3O_8 . In addition, the study reported that the deposit contains an average grade of 0.3% molybdenum. Two of MGA's EPMs, located adjacent to, and immediately east of, CNEA claims over the deposit, contain untested radiometric anomalies on the eastwards projection of the trend of the host rocks to the Cerro Solo mineralization, and offer potential for the discovery of economic uranium mineralization in both the Cretaceous Cerro Barcino and Los Adobes Formations. MGA has commenced exploration work on this ground with a view to prioritising drilling targets for testing in early 2006.

Access to the project area is obtained by sealed road from the coastal town and provincial capital of Rawson (population 30000) located 330 km to the east. The EPMs are very favourably located for exploration activities as they are situated in easily accessible, flat-lying, sparsely vegetated ground at low elevation (~600m asl.). Climatic conditions permit exploration work throughout the year apart from the winter months of June and July when there can be heavy snowfalls.

MGA's proposed exploration program in the 2006 calendar year comprises a resistivity survey then drill testing of the mineralised trend east of the Cerro Solo deposit, reconnaissance ground radiometric and geochemical work throughout the tenements and airborne radiometrics/magnetics over selected portions. The proposed budget for this work totals C\$650,000.

(b) Sierra Pintada District Uranium Project

In August 2005, MGA acquired 15 EPMs totalling 956km² in the Sierra Pintada Uranium district in Mendoza Province, Argentina, some 30km west of the city of San Rafael. The EPMs cover numerous radiometric anomalies detected in airborne surveys conducted in 1960 and 1968 by the CNEA), and contain uranium occurrences located by that organization during its sporadic exploration activities in the area in the 1956 to mid 1980s period.

The Sierra Pintada Uranium District contains widespread uranium mineralisation as relatively minor veins in Carrizalito Group volcanics and sediments of Triassic age and as more significant stratabound bodies within the Los Rayunos Formation of the Permian Cochico Group. The largest known stratabound deposit in the area is Sierra Pintada, comprising the Tigre 1 – La Terraza orebodies, which was discovered by the CNEA in 1968 by drill testing of the most prominent radiometric anomaly in the district.

The economic uranium mineralisation in the Sierra Pintada deposit occurs in the form of two shallow –dipping (generally 20-30°) peneconcordant lenses within feldspathic sandstones at two separate stratigraphic levels. At a 0.04% U_3O_8 cut-off, the upper orebody has an average thickness of 10m (maximum 30m) and average grade of 0.12% U_3O_8 . The lower orebody, 10-20m below, averages 5m in thickness and 0.09% U_3O_8 in grade. Uranium mineralisation, consisting of pitchblende with subordinate brannerite and coffinite, occurs predominantly as disseminations and also as infillings of microfractures.

In 1968-1974, detailed drilling of the Sierra Pintada deposit delineated Argentina's largest known uranium resource of some 30 million lbs. contained U_3O_8 with an average ore grade of 0.12% U_3O_8 . Over the 13 year period from 1974, a CNEA open pit/heap leach operation at Sierra Pintada produced some 1600 tonnes (3.5 million lbs.) of U_3O_8 from 2.2 million tonnes of ore at an average grade of 0.11% U_3O_8 , but in 1997 activities were suspended due to the low uranium price. Currently the CNEA is preparing for the resumption of mining and processing at Sierra Pintada in 2006.

One of MGA's EPMs covers prospective stratigraphy with untested radiometric anomalies adjacent to, and north of, CNEA's claims over the Sierra Pintada resource. The other EPMs cover uranium targets selected by MGA on the basis of radiometric anomalies, uranium occurrences and prospective stratigraphy. As the bulk of CNEA's exploration of the district was focused on the Sierra Pintada deposit and its immediate environs, MGA's main targets were either untested or inadequately investigated in the CNEA programmes.

In the 2006 calendar year MGA intend to undertake a detailed airborne magnetic-radiometric survey of its entire ground holding in the Sierra Pintada District. The proposed budget is C\$250,000.

2.5 Greenwich Uranium Property, Ontario, Canada

In November 2004, the MGA (50%)-East West Resources Corporation (East West) (50%) Joint Venture (MGA – East West) obtained option agreements over two uranium properties in the Nipigon Basin of Ontario, comprising one property of 40 claims and the other of 4 claims.

The 40 claim property was optioned for an initial cash payment of C\$10,000, additional cash payments totaling C\$90,000 over five years, and the issue of a total of 200,000 East West shares in two stages – 100,000 upon receipt of TSXV regulatory approval and 100,000 one year later. The vendors retain a 3% Net Smelter Return NET SMELTER RETURN, but MGA-East West can purchase 50% of this Net Smelter Return at any time for C\$1.5 million.

The 4 claim property was optioned for an initial C\$5,000 payment, the issue of 100,000 East West shares upon receiving TSXV regulatory approval, and additional payments totaling C\$45,000 over five years. The vendors retain a 2% Net Smelter Return, 50% of which may be purchased by MGA-East West for C\$1 million at any time.

The properties cover uranium occurrences, in Archaean basement granitoids and pegmatites, which were reported by the Ontario Ministry of Natural Resources in 1983. These include 0.6cm wide, north-trending pitchblende veinlets in granitoids assaying up to 27% U_3O_8 with intervening granitoid rocks containing up to 0.08% U_3O_8 . Trenches across these occurrences have returned average grades of 0.02-0.03% U_3O_8 over 11 metres. In addition to the optioned properties, the MGA-East West Joint Venture has acquired title to 276 claim units over a 6.5km airborne radiometric anomaly which one of the strongest anomalies detected in the area.

In the 2006 calendar year, MGA will undertake reconnaissance geochemical and radiometric surveys of priority areas of interest. The proposed budget is C\$150,000.

Other Projects

2.6 Mt. Kakoulima Project (Ni, Cu, Co and PGM), Guinea, West Africa

In February 2004, MGA (at that time Maple Minerals) entered into an agreement with the TSX-listed FNX Mining to earn 50% of the Mt Kakoulima Cu-Ni-Co-PGM Property in Guinea, West Africa. Under the agreement, MGA could earn the interest for sole-funding expenditure of \$US2.4 million over a five year period, then, together with FNX, completing a feasibility study or sharing expenditure of a further \$US 2 million on the property. Following this additional expenditure, the MGA-FNX Joint Venture would hold 100% of the property subject to a 3% Net Smelter Return to the original vendor.

The Mount Kakoulima project area is located approximately 35-50 km NE of the seaport and Guinean capital city of Conakry. It is within close proximity to, and transected by, railroad lines used for transportation of bauxite to the seaport from inland mining operations and is accessible by road.

The Mount Kakoulima project area (298 km² of mining rights) is contained within the prefectures of Dubreka, Coyah and Conakry. The License Block (consolidated from three previous contiguous properties) was granted on April 26, 2004 by virtue of Arrête No. A 2004/931/MMGE/SGG for a two-year period. According to article 30 of the Guinean Mining Code (1995), the semi-industrial prospecting permit can be renewed once for one year, in conjunction with a reduction in and of the area by one half.

The most prominent geological feature of the property is the Kaloum ultramafic intrusion (KIC), which forms an elongate NE-trending mass, with an estimated length of 53 km and a maximum width of 8 km. The intrusion is interpreted to be Mesozoic in age, and contains gabbroic, pyroxenitic and dunitic rocks which bisect host Achaeon migmatitic gneisses. It was intruded during the Liberian Orogeny and is part of a group of mafic intrusions of similar age on the West African plate.

The KIC is exposed as layered, leucocratic to melanocratic gabbroic rocks at Mount Kakoulima in the northeast part of the intrusion. There is no exposure of the KIC for a distance of 30 km from Mount Kakoulima southwest to the capital city of Conakry. In this area, the intrusion is covered with a thick lateritic weathering profile, including a hard and reddish surface ferricrete or duricrust (5 to 10 m thick), and underlying saprolite, which is locally more than 60 m thick. The western extension of the dyke-like feature of the KIC forms the Kaloum Peninsula on which the city of Conakry is situated.

Three main lithological units of the KIC are exposed in the North and South grid areas of the property - peridotite, pyroxenite, and gabbro (varying from leucocratic to olivine-bearing melagabbro). Peridotite and pyroxenite, which represent the basal units of the KIC, are composed of variable amounts of olivine, pyroxene and minor feldspar. Limonitic laterite is typically well developed over the ultramafic rocks, and is commonly capped with iron oxide duricrust. Saprolitic parts of the weathering profile were observed locally over pyroxenite on the South grid.

Footwall rocks on the western and southeastern boundaries of the property are composed of Archean gneiss, migmatite and granite of approximately 2860-2870 Ma. The Archean Basement is formed predominantly of granitic gneisses, which are well-laminated and contain granodiorite xenoliths, complicated folding and pegmatitic phases. These granitic gneisses are intruded by Pan African Orogeny-aged (530-628 Ma) granitoids of varying compositions including biotite granite, diorite, monzogranite and monzonite.

Shallowly-dipping quartzose meta-sandstone of Ordovician age is well exposed on the upper elevations of the two mountains bounding the project area (Mount Balan and Mount Dixxin) and along the northeastern extension of Mount Kakoulima. Contact relationships between the sandstone and mafic-ultramafic rocks of the KIC were not observed. However, apparent chill margins within gabbro in the vicinity of the sandstone contact and thermally

metamorphosed sandstone enclaves in the KIC are indications that it intruded the sandstone unit.

In 1996 to 2001, previous explorers Semafo/African and Rio Tinto intersected several narrow high grade Ni-Cu-Co-PGM sulphide intervals within a gabbro-pyroxenite unit in the upper part of the KIC, and delineated a 0.8m thick massive sulphide horizon over a 100m x 100m area with average grades of 2.78% Ni and 0.86% Cu.

As world class Ni-Cu-PGM orebodies typically occur at the base of mafic/ultramafic complexes, the FNX-MGA partnership has focused instead on the previously unexplored basal contact of the KIC. The initial work programmes were based on FNX's conceptual model that the KIC contact zone dips inwardly at ~ 45° and therefore has potential for massive sulphides similar to the Jinchuan deposit in China (~ 500 million tonnes @ 2.21% Ni 1.71% Cu).

The initial drilling, conducted in late 2004, proved FNX's conceptual model to be correct, as it showed the north and south contacts to be inwardly-dipping at a shallow to moderate angle, and also intersected disseminated Cu-Ni sulphides along both contact zones. In 2005, drilling continued to intersect sulphide disseminations and blebs in the immediate vicinity of the basal contact within pyroxenite/gabbro plus transitional and brecciated lithologies. To date there has been a total of 9303.5m drilled on 23 diamond core holes in three phases of exploration, comprising 16 on the northern contact zone and 7 in the southern area. Drilling results have included 14.7m @ 0.35% Ni, 0.39% Cu, 0.17 g/t Pt and 0.79 g/t Pd, and maximum values over one metre intervals of 0.45% Ni and 0.47% Cu.

Details of the three phases of exploration conducted to date are as follows:

(a) Phase 1

The objectives of the Phase 1 programme in 2004 were to (i) establish a functional base camp; (ii) establish three focused exploration grids at the basal contact of the igneous complex where there are favourable geological settings and/or anomalous airborne conductivity, and (iii) start the drill programme on priority parts of the grids. The objectives, except for the drilling, were completed by early May 2004, and included detailed mapping and moving loop EM surveys on one grid south of Mount Kakoulima (South Grid) and two other grids, one north and one west of Mount Kakoulima (North and West Grids). Significant EM anomalies were located in the North and West grids in the vicinity of the interpreted basement-intrusive contact. Regional mapping was completed to place grids in a geological context and to explore for possible feeder dykes and splays, of which none were observed. Due to the onset of the rainy season, Phase 2 was postponed in May 2004 until the return of the dry season in September 2004.

(b) Phase 2

The objective of the Phase 2 programme in 2004 was to complete up to 5000 m drilling on the unexplored basal contact of the KIC in order to build the case for establishing the presence of an economic sulphide deposit. This included evaluating the degree to which the mineralizing process had occurred in the basal contact environment, determining the nature of the basal contact, investigating the areas of anomalous conductivity, determining the character of the basal KIC rocks and investigating the subsurface conductivity of the contact environment intersected by drilling and downhole geophysics.

The Phase 2 diamond drill programme comprised 4827 m of drilling, consisting of 13 holes on the North/West grids and 2 holes on the South Grid. In addition, 170 samples were sent for assay. Interpretation of diamond drill results suggested that the KIC was a funnel-shaped intrusion with moderately-dipping KIC/basement contacts. Disseminated to sulphide blebs occurred within pyroxenite/gabbro and brecciated units within the immediate vicinity of the KIC/basement contact in the North and South Grids. Mafic, felsic and brecciated dykes, vari-textured gabbro and inclusions of large blocks of granitic gneiss were also observed in the KIC. No strongly anomalous borehole EM

responses were recorded during the Phase 2 work programme. Areas of anomalous conductivity on surface were interpreted to be a result of variably conductive laterite overburden.

(c) **Phase 3**

In 2005, the Phase 3 programme continued to focus on exploring the basal contact of the KIC with two objectives: first, to continue to define the geometry of the KIC basal contact with respect to possible sulphide traps and second, to attempt to intersect potentially economic concentrations of Ni-bearing sulphides. Drilling targeted irregularities along the KIC/basement contact in order to define possible large embayment structures and favourable host rocks (breccias, etc.) in both the North and South Grids.

The Phase 3 diamond drill programme consisted of 4476.5 m of drilling, comprising 5 holes on the South Grid and 3 holes on the North/West grids. In addition, 152 samples were sent for assay. The geometry of the KIC is confirmed to be a funnel-shaped intrusion with moderately-dipping KIC/basement contacts. Disseminated to sulphide blebs occur within gabbro and within transitional zones within the immediate vicinity of the KIC/basement contacts in the North and South grids. A large gneissic raft/block with spatially associated vari-textured gabbro and minor sulphides was intersected between the North and West grids. Irregularities within a large embayment along the KIC/basement contact were drilled in the South Grid and the dip was found to increase with depth from 20 to 40 degrees North. Possible embayments were tested at depth. No strongly anomalous borehole EM responses were recorded during the Phase 3 work programme.

Initial results from Phase 3 drilling contain anomalous assay values associated with sulphide mineralization (0.35% Ni, 0.39% Cu, 0.17 g/t Pt, 0.77 g/t Pd over 14.7 m including 0.45% Ni, 0.47% Cu, 0.17 g/t Pt, 0.79 g/t Pd over 1.0 m).

In this project, Mega stands to benefit from the expertise and operating skills of FNX's proven world class nickel exploration team and it is hoped, given the project's similarities with the giant Jinchuan deposit, there will be significant exploration success. Further drill testing of the KIC basal contact is planned for the 2006 calendar year.

2.7 Ontario

MGA, together with its 50/50 joint venture partner has interests in the Shebandowan Greenstone Belt in Ontario, which is prospective gold and base-metal ground. Details in relation to each particular tenement are as follows:

(a) **Shebandowan Camp Group Of Properties Overview**

Nine properties are held in a 50-50 joint venture between MGA and East West. A land package was assembled in January 2003 by staking the Burchell group and optioning Deaty Creek followed by an option purchasing the Hamlin, Shear, and Powell claims in February 2003. Additional staking of Clay and Obadinaw followed in 2003 and further staking was done in 2004 south of the Burchell north group. The Ardeen Gold Mine property was optioned in 2005. Helicopter borne time domain EM and magnetic surveys were done in 2003, 2004, and 2005 which assisted in mapping major shear zone structures related to gold deposits, and massive sulphide "VMS" copper-zinc targets. The geology of the Shebandowan Camp is similar to that of Timmins, Kirkland Lake, Noranda, and Val d'Or because Shebandowan is part of the Abitibi greenstone belt.

(i) **Ardeen**

The Ardeen property consists of 153 claim units along with 4 patent claims located north and northwest from Powell and Hamlin and southeast of Obadinaw and covers a large rhyolite pile which is part of the rhyolites in Hamlin. This property was optioned from Pele Mountain Gold, whereby East West and

Maple MGA may earn up to a 60% interest by spending \$2.5 million in exploration over 5 years, completing a feasibility study and making payments to Pele Mountain Gold in the amount of 700,000 shares of East West and a \$140,000 in cash from MGA. East West and MGA hold an equal interest in the option and fund the project 50-50.

The property covers the Ardeen Mine, which was the first gold mine in Ontario (1870). A resource tonnage and grade of 94,000 tonnes of 0.15 oz gold/t is contained within the mine workings as reported in MNDM Ontario Government records. This is a historical resource calculated prior to NI 43-101 policy.

A complete helicopter time domain electro-magnetic survey of the Ardeen property was flown in July 2005 at a 100 m line spacing which located a number of highly conductive targets as well as the sulphide iron formation zones that are prospective gold zones. Drilling of 8 holes was completed in July to test specific conductor trends including 3 holes along the extension of the Junction Zone and 3 holes on the "Turn Off" zone where porphyry occurs near the volcanic-sedimentary contact. A gold showing in altered porphyry occurs on strike to the "turn-off" zone called the "Contact Zone" that assayed 23.0 g gold/tonne from a grab sample of silicified porphyry. Assays of 28.0 g gold/tonne were obtained from a 0.3m sample of drill core.

Two of the three holes northeast of the Junction Zone contained highly sericitized rhyolites with tourmaline zones. These rocks extend south westward into the Hamlin basemetal target area and represent the alteration found associated with certain base metal and gold deposits (Thomson Bousquet variety).

The Western and Waverly zones were drilled in August 2005 with holes PEL-05-2 and PEL-05-12, respectively. Wide spread gold mineralization occurs in both drill holes. The Western zone is a sulphide iron formation that extends for 1000m and the Waverly zone consists of disseminated pyrite in sheared-altered intermediate to mafic volcanics cut by porphyry. Assays from these zones are tabulated below.

(ii) Burchell

(A) North Burchell Group

The 206 claim unit at the North Burchell property were staked in January 2003 and is held 50-50 by East West and MGA. Five drill holes have been completed to date on these claims to test electromagnetic conductors and hole BU-03-2 near the north end of the property intersected a narrow 0.3m zone of sulphides containing zinc mineralization adjacent to an altered rhyolite. The property covers a 9km strike length of rhyolite and basalt volcanics which extend southwest from the Vanguard copper-zinc massive sulphide VMS (Volcanogenic Massive Sulphide) deposits. Eight test survey lines were flown over the property in February 2003 with helicopter time domain EM and magnetometer which was followed by a 150m spaced detailed survey in 2004, over the entire property. Numerous airborne conductors remain to be tested.

This claim group is not subject to any underlying agreement.

(B) South Burchell Group

An additional 353 claims were purchased to the south of the North Burchell group which were included in the same agreement that purchased two claims north of Beardmore, Ontario called the Adair. The South group covers a massive pyrite-chalcopyrite showing in basalt that

contained 1% copper/tonne from a grab sample. The claims surrounded the Hood Lake intrusion and possible extensions of the Deaty Creek property. A complete helicopter time domain EM and magnetic survey was flown in July 2005 at 150m line spacings and a number of discrete EM conductors were located. Two drill holes B-05-6 and B-05-7 were completed in October 2005, which located massive pyrite-pyrrhotite sulphides in volcanics.

The property is subject to a 2% net smelter royalty with the right to purchase back 1% for CDN\$1 million.

(iii) Hamlin

- (A) This claim group covers both basemetal and gold settings in an extensive rhyolite volcanic pile. Gold showings along the north boundary adjacent to the Ardeen property known as Junction, Middle Zone, and Western yielded grab samples ranging from 1.0 gm gold/tonne to 27.0 gm gold/tonne. This zone is now considered to be a sheared iron formation setting that extends 1km across the northern part of the Hamlin claims.
- (B) A sericite schist and potassium alteration zone on the west part of Hamlin yielded a 15 m wide section with continuous assays of 0.5 gm to 1.1 g gold/tonne (HAM- 04-3). This zone has been followed at 100 m intervals by holes HAM-05-18, 20, 21, 22, and 23 where narrow higher grade gold values of 3 g gold/tonne were obtained as well as anomalous Copper-Zinc in hole HAM-05-20. This shear is interpreted to continue 2 – 3 km to the south west in the vicinity of HAM-05-8 and HAM-05-26. Quartz eye porphyry and shearing-brecciation are associated with this trend. Parallel related structures occur on the Powell grid west of the Obadinaw River in basalt volcanics.
- (C) On the south side of the Hamlin claims, the volcanics immediately north of Hamlin Lake contain wide spread chlorite alteration, rusty zones chalcopyrite showings, malachite stain and ferricrete (iron oxide cement). IP surveys completed in July 2005 defined four zones in this area, two of which correlate with Max Min EM conductors and airborne EM trends. Grid lines and geological mapping cover the entire property. A gravity survey commenced in August 2005 to define areas of high density (sulphide concentrations).
- (D) A new copper discovery of 1.49% copper and 4.0 g gold/tonne was found in a disseminated sulphide zone in altered brecciated rhyolite. This zone has been traced for 800m in outcrop and parallels another copper bearing zone along the base line. The pink altered brecciated rhyolite now appears to be the brecciated margin of a younger alkali intrusion (syenite) which formed a 200-300m wide breccia roof pendant next to the unbrecciated Archean age felsic volcanics.
- (E) Copper mineralization occurs throughout the breccia as 0.5 – 1.0m random masses of chalcopyrite as well as disseminated chalcopyrite. Gold and silver values directly correlate with copper, however, molybdenite occurs in irregular patches on slip planes and in narrow quartz veins and has an indirect correlation with copper.
- (F) Chert exhalite units occur in the volcanics on Hamlin, which can be traced southwest from the Vanguard massive sulphide through the North Coldstream Mine (Cu-Ag-Au), and through Burchell to Deaty Creek and

eventually to the Sungold.

- (G) Drilling on Hamlin resumed in September 2005 to test the extensive breccia system north of Hamlin Lake with the completion of holes HAM-05-29 to HAM-05-38 by December 2005. Drilling recommenced in January 2006 with five holes being completed in early February 2006.
- (H) The Hamlin claim group was optioned in February 2003 by issuing 100,000 shares of East West and by MGA making a series of cash option payments totalling CDN\$55,000 over 48 months. The claims are subject to a 2% Net Smelter where 1% may be purchased for CDN\$1 million at anytime. The Shear 14 claim unit property in Moss Township to the north of Hamlin were included in the Hamlin agreement but are not contiguous.

(iv) Deaty Creek

The 79 claim unit Deaty Creek property covers a 5.2km long section of mineralization and brecciated volcanics that extend northeast from the Hamlin property. The claims cover a section of the Knife Lake Fault, which is a prominent regional, deep-seated structure with associated ultramafic rocks. The faults full importance is unknown at this time but is adjacent to extensive breccia zones that carry copper-gold-silver and molybdenum mineralization. Mapping and initial drilling which is now in progress as of January 2006 shows gold associated with pyrite, magnetite, chlorite, epidote, and pink hematite alteration. Copper and molybdenum are associated with the gold mineralization.

An extensive grid has been line cut followed by an induced polarization and magnetic survey and detailed geological mapping in 2005. A large part of the property was re-flown with the time domain helicopter EM survey in 2005 using a larger 26 m diameter loop than was used in 2003 (18 m loop). A number of IP chargeability anomalies and breccia zones were located, indicating disseminated sulphide zones in shears. One breccia zone had been previously identified to contain 0.85 g gold/tonne over 78 feet (23.8 m). Gold assays obtained in the first two drill holes ranged from 0.2 – 7.0 g gold/tonne.

(v) Powell

The 78 claim unit Powell property covers a 6.0 km strike length of volcanics rocks of Archean age that are the same vintage as the Abitibi greenstone belt which hosts the Timmins, Noranda, Kirkland Lake and Val d'Or gold-basemetal mining camps in the eastern part of the Abitibi belt. Shear zones, which are the controlling structures for gold in the Shebandowan camp extend southwest from the Ardeen Gold Mine and are mainly confined to a basalt volcanic unit that hosts the Ardeen Gold Mine. Six main shear trends have now been identified all of which contain gold values ranging from 0.5 to 17.2 g gold/tonne from surface grab samples.

An 86km grid at 100m spacing was cut in early 2005, mapped and surveyed with IP (Induced Polarization) and magnetometer. Trenching and prospecting was done from May to September 2005 and nine diamond drill holes were completed in July 2005. An extension grid to cover the north part of the property was done in the fall of 2005 as well as prospecting along a 1000m trend of quartz veining that contained copper, gold, silver, and anomalous tungsten values. IP surveys on this section were completed in December and a three hole diamond drill program commenced in January 2006 to test the quartz veins and shear structures as well as a rhyolite-basalt contact that extends from the Ardeen property.

The Powell project has now yielded numerous gold occurrences on all six IP

trends with values in core ranging from 3.8 to 4.87 g gold/tonne over 0.2 to 1.0m. The best values occur in a shear along the margin of a porphyry intrusion and in a laminated "crack-seal" vein structure. All of these settings resemble those of other gold mines in the Abitibi belt.

The claims are held 50-50 by East West and MGA and were purchased in 2003 from two prospectors for 100,000 shares of East West and a series of cash payments totalling \$88,000 made by MGA. A 2% Net Smelter Return is held by the vendors subject to an option to purchase back 1% net smelter return for CDN\$1 million at anytime.

(vi) Clay

The 112 claim unit Clay property was staked in 2003 and covers the 1.5km west extension of the Powell claims. The claims also cover the southwest extension of the Elephant copper-gold occurrence situated north of the Powell claims and the rhyolite volcanics along the south boundary of Powell and west extension from the Hamlin property. Mapping and prospecting has been carried out in 2005 as well as an airborne EM-Magnetic survey in 2004. These claims cover the projection of the shear zones from Powell and some anomalous gold occurrences. The Clay claims are not subject to any underlying agreement.

(vii) Shear

The Shear 14 claim unit property covers the north extension of controlling faults and shears associated with the Moss Lake gold deposit (65 million tonnes of 0.032 ounces gold). Geological mapping and prospecting was carried out in June and July to locate quartz veins containing up to 34 grams gold in grab samples. Geophysical surveys (Induced Polarization) were carried out in January 2006 to trace the structures prior to drilling. These claims are held 50-50 by East West and MGA and are subject to a 2% net smelter return where 1% may be purchased for CDN\$1 million.

(viii) Obadinaw

This 289 claim unit property was acquired by staking and is not subject to any underlying agreements. Geological mapping and structural studies were carried out in July-September 2004, followed by a large 50km grid with 400m line spacings and IP (Induced Polarization) resistivity surveys. A number of quartz-eye porphyries were found which follow shear zones in the sediments. This setting is an extension of gold zones on the adjoining La Rose property held by Freewest, where surface samples yielded up to 10oz gold/tonne. Drilling of the IP trends was done with five drill holes in September-October 2005 and did not intersect any significant gold values.

In addition, a portion of the eastern part of the Obadinaw property was surveyed by a helicopter borne time domain EM in July 2005, which outlined important conductors that will also be drill tested in the future.

(b) Nipigon Plate Properties

(i) Lac Des Iles River

This 180 claim unit PGE (Platinum Group Element) property is held 50-50 by East West and MGA, and is still under option to Platinum Group Metals who may earn a 50% interest by spending \$1.0 million over 5 years. There has not been any recent exploration to report since 2004. Several palladium (Pd) showings have been located on the property in the gabbro-pyroxenite complex that is located 10 km south of the Lac des Iles Mine, which is presently in production (nickel-

copper-gold, platinum and palladium). There are no underlying agreements on this property.

(ii) **Eva Kitto**

The Eva Kitto property located on the east shore of Lake Nipigon 135 km north east of Thunder Bay was expanded in 2003 to a total of 227 claim units as a result of a successful exploration program carried out by Kennecott Canada Exploration Inc. During the past 2 years an airborne EM (MGAtem) and magnetic survey was flown in two directions. Geological mapping and prospecting was done to follow-up an earlier discovery of PGE mineralization by an OGS (Ontario Geological Survey) mapping party. A small exposure of disseminated sulphide zone in the ultramafic olivine rich phase of a large 10 km diameter Proterozoic Intrusive had been located. Drilling by Kennecott in the vicinity of this zone intersected 28 m of disseminated magmatic sulphides with occasional blebs of zoned sulphides (pyrrhotite-chalcopyrite). The copper (Cu), nickel (Ni) and platinum group elements (PGE) were highly geochemically anomalous, however the highest values were 0.563 g/tonne PGE (Pt + Pd), 0.139% Cu, and 0.228% Ni. Given the similarity to the Seagull intrusion to the west in the Nipigon Plate, the property is considered highly prospective for layered PGE horizons.

The ultramafic host rocks have been derived from a deep mantle source and have been emplaced along a rift structure that has a link to the Mid-Continental Rift structure. The Nipigon Plate was formed millions of years ago when deep mantle faults introduced magma from the mantle. These rocks are rich in the mineral olivine. Metals such as nickel, copper and platinum group elements (PGE) precipitated out of the hot liquid magma when sulphur became available from the country rocks being intruded. The Eva Kitto area contains excellent sources of sulphur in the form of iron formations and parallel graphitic sediments with sulphides.

The property is presently held 50-50 by East West and MGA and is subject to a 2% Net Smelter Return where 1% may be purchased for CDN\$1 million. Kennecott dropped the option in 2004 in order to concentrate their efforts in Michigan.

Geological mapping and sampling was done in June 2005 to trace the PGE horizon that occurs on the southwest part of the property. Diamond drilling of one vertical hole to 810 feet (247m) was completed in December 2005, 3.5km north of the Kennecott hole. The hole did not reach basement rocks, but intersected disseminated sulphides in olivine-pyroxene rich ultramafic rocks similar in appearance to the units cut by the Kennecott hole. The thickening of the ultramafic intrusion suggests a new trough or valley occurs at the base of the intrusion.

(c) **Thunder Bay North Properties**

(i) **Adair**

A 28 claim unit property located northeast of Beardmore, Ontario and was optioned as part of a group of claims acquired south of Burchell, where a total of \$25,000 in option payments by MGA and 200,000 common shares of East West will be paid to purchase 100% of the property with the vendor retaining a 2% Net Smelter Return, where 1% may be re-purchased for CDN\$1 million. Assays of 14.86 oz. gold/ton and 6.8 oz. silver/ton, 0.45% copper, 3.18% lead were obtained from grab samples taken by the Ontario Division of Mines (1974). A 33 ton bulk sample was taken by the Ontario Department of Mines in 1935 which

assayed 0.44 oz./ton gold. Geophysical (Induced Polarization and magnetic) surveys were completed in October-November 2005 which traced the north-south trending controlling structure from the shaft area across a 2.8km distance.

(ii) **Knapp**

The 27 claim unit Knapp property adjoining the Adair claims was purchased from 2 prospectors for \$10,000 in October 2005 with future payments totalling \$40,000 to be made over 3 years. A 2% Net Smelter Return is retained by the vendors where 1% may be purchased at anytime for \$1 million Canadian. These claims cover the Knapp gold prospect which is a parallel structure to the Adair.

(iii) **Lang Lake**

The 151 claim unit property is located on the west boundary of the Thunder Bay Mining Division. The property extends for 10km along a magnetic feature. This area is presently very active with numerous gold projects that are a spill over from the Red Lake Camp. Previous drilling by Hanna Mining in 1968 outlined a 23 million ton zone (classified as an Inferred Resource by CIMM definition because the drill spacings are 50 m apart) on the west end of the magnetic anomaly trend where intersections of 0.35% copper over 510 feet (153 m) had been obtained. A detailed compilation of the previous drill data and surface mapping has identified other interesting targets to the northeast and east of the main zone. Detailed airborne magnetic and EM surveys have been completed by the OGS at 200m line spacing over the property, which has helped identify the new target areas.

In 1968 the price of gold was \$35 per ounce and as a result only selected samples were analysed for gold. Assays obtained from the Ontario Government assessment files indicate that up to 4 gram gold assays have been obtained from chalcopyrite (copper) bearing samples. Systematic assaying for gold has not taken place, however, mapping and a ground magnetic-VLF survey were done in July-August 2004 as well as locating the old grid and drill casings. Drilling of the copper zone is planned for the 2006 calendar year.

The property was optioned in March 2003 where East West issued 200,000 shares in 4 stages of 50,000 over an 18 month period. Cash option payments totalling \$118,000 are to be made over 5 years by MGA. The vendors retain a 2% Net Smelter Return where 1% may be repurchased at anytime for CDN\$1 million.

(d) **Northeastern Ontario Properties**

(i) **West Porcupine**

The West Porcupine project consists of 128 claim nits located 50 km southwest of Timmins, Ontario and covers a 10 km long section of geology that contains identical volcanic suite and porphyry intrusions that are found in the Timmins Gold Camp, as well as the extension of the Destor Porcupine Fault. Exploration on the presently held 50% by Mega and 50% by Canadian Golden Dragon and a drilling program commenced in March 2003. Up to the time of transfer in 2002 a total of approximately \$2.3 million has been spent on the property to complete drilling, trenching, line cutting, induced polarization and magnetic surveys. The property is subject to a 2% NST to Newmont Canada Ltd. Induced polarization surveys were completed in 2005 which tested the plunge of original discoveries made in 1994 and data from this work is being compiled.

3. Capital structure of MGA

3.1 Present capitalisation of MGA

As at the close of trading on 23 February 2006, MGA had 44,195,404 fully paid common shares on issue. There are no other classes of shares on issue. These shares are listed for quotation on the TSXV.

As at 23 February 2006, there were 3,272,210 MGA Options issued under Stock Option Plans (see clause 11.6 of Part 2) and 1,128,600 MGA Warrants.

Mega is a wholly owned subsidiary of MGA.

3.2 MGA Share price

Set out below is a table showing the MGA Share price (in C\$) and trading volumes of MGA Shares on TSXV for the period from one month prior to the announcement date of 11 January 2006 up to and including 23 February 2006:

Date	Closing Price MGA Share Price (C\$)	Trading Volumes
23-Feb-06	5.7	125,400
22-Feb-06	5.9	81,700
21-Feb-06	5.9	174,500
20-Feb-06	5.95	99,400
17-Feb-06	5.89	211,700
16-Feb-06	5.6	178,100
15-Feb-06	5.41	118,000
14-Feb-06	5.3	236,100
13-Feb-06	5.52	269,200
10-Feb-06	5.91	246,300
09-Feb-06	6.02	379,900
08-Feb-06	5.8	380,000
07-Feb-06	5.5	553,500
06-Feb-06	5.7	821,600
03-Feb-06	4.8	112,700
02-Feb-06	4.75	75,700
01-Feb-06	4.55	117,500
31-Jan-06	4.81	140,500
30-Jan-06	4.79	97,500
27-Jan-06	4.74	82,200
26-Jan-06	4.68	77,500
25-Jan-06	4.78	280,100
24-Jan-06	4.75	212,600
23-Jan-06	4.38	367,100
20-Jan-06	4.2	158,400
19-Jan-06	4.15	305,200

Date	Closing Price MGA Share Price (C\$)	Trading Volumes
18-Jan-06	3.87	336,700
17-Jan-06	4.14	227,900
16-Jan-06	4.2	99,500
13-Jan-06	4.29	264,900
12-Jan-06	4.52	284,600
11-Jan-06	4.55	259,900
10-Jan-06	4.75	0
09-Jan-06	4.75	189,100
06-Jan-06	4.68	193,000
05-Jan-06	4.7	50,200
04-Jan-06	4.6	110,700
03-Jan-06	4.7	69,400
30-Dec-05	4.83	49,300
29-Dec-05	4.89	60,700
28-Dec-05	4.6	154,000
23-Dec-05	4.88	83,900
22-Dec-05	4.95	173,400
21-Dec-05	4.62	60,200
20-Dec-05	4.83	88,600
19-Dec-05	4.95	140,300
16-Dec-05	4.55	156,300
15-Dec-05	4.4	180,100
14-Dec-05	4.27	225,400
13-Dec-05	4.53	424,900
12-Dec-05	4.95	142,100
09-Dec-05	5.02	194,800

3.3 Major MGA shareholders

To MGA's knowledge there are no MGA shareholders which hold greater than 10% of the issued and outstanding shares of MGA.

3.4 Directors' interests

The relevant interests of MGA's and Mega's directors in securities of MGA as at the date of this document are set out below:

Name of director	Number and class of MGA Shares held	Number of MGA Options held
Arni Johansson	Nil	125,000
Douglas Reeson	50,000	125,000
Michael Sweatman	5,000	85,000
Anthony Grey	Nil	175,000
Sheldon Inwentash	1,718,300	1,825,000
Stewart Taylor	39,000	Nil

3.5 Summary of rights attaching to MGA Shares

If you accept the Offer, your new MGA Shares will be fully paid common shares in MGA. All of the new MGA Shares issued will rank equally with all other MGA Shares from the date of issue of the new MGA Shares.

Mega Shares are quoted on TSXV. As stated in clause 7.7 of Part 1, MGA will make an application to TSXV for quotation of the new MGA Shares issued pursuant to the Offer, and the grant of quotation for these shares is a condition of the Offer.

The rights attaching to ownership of the MGA Shares arise from a combination of MGA's constitution, statute and general law. The primary rights attaching to Mega Shares include the rights to receive notice of meetings, attend and vote at meetings, receive non-cumulative dividends which are declared and any surplus on winding up. Set out below is a brief summary of some of the more significant rights attaching to the MGA Shares, as set out in MGA's constitution. This summary does not purport to be exhaustive, or to constitute a definitive statement of the rights and liabilities of holders of MGA Shares.

A copy of MGA's constitution may be inspected during normal business hours at the registered office of Mega, or a copy can be forwarded to you on request.

(a) Authorised Capital

MGA's authorized share capital can be altered by a resolution of the holders of MGA Shares passed by a two-thirds majority of the votes cast at the relevant shareholders' meeting.

(b) Voting

The right to vote at all meetings of MGA shareholders (except meetings at which only holders of other classes of shares, of which there currently are none, are entitled to vote).

(c) Meetings of shareholders

Meetings of Shareholders must be convened annually and may be convened as and when needed provided notice is given to Shareholders not more than fifty and not less than twenty-one days before the scheduled meeting date.

(d) Dividends

The right to receive such dividends as MGA's directors may declare and pay from time to

time. Those dividends may be satisfied in cash, through a distribution of assets in specie, or through an issue of further MGA Shares.

(e) **Issue of further MGA Shares**

Holders of MGA shares have no rights of pre-emption or first refusal in respect of new issues, and MGA's directors generally have the power to issue further MGA Shares within the company's authorized capital without the approval of shareholders. However, the TSXV may require MGA to obtain prior shareholder approval for an issue of MGA Shares (or other securities convertible into MGA Shares) if that issue would materially affect control of the company or the issue has not been negotiated at arm's length.

(f) **Transfer of MGA Shares**

MGA common shares are transferable by completing the transfer endorsement on the relevant share certificate, or by any other form of transfer approved by MGA's transfer agents.

(g) **Winding up**

The right to receive the remaining property upon dissolution of the company (subject to the prior rights of holders of any preference shares).

(h) **Insider trading**

The securities laws of Canada impose obligations to report dealings in MGA Shares by persons designated as "insiders". These include directors and senior officers of MGA and its subsidiaries, and persons with a direct or indirect beneficial interest in 10% or more of the MGA Shares on issue.

3.6 **Dividend Policy**

MGA does not currently pay a dividend.

3.7 **Corporate Governance Practices of MGA**

(a) **Board of Directors**

The Board of Directors of MGA facilitates its exercising of independent supervision over MGA's management through frequent meetings of the Board, both with and without members of MGA's management (including members of management that are also directors) being in attendance.

Douglas Reeson, Anthony Grey, Arni Johannson and Michael Sweatman are all "independent" directors in that they are independent and free from any interest, and any business or other relationship which could reasonably be perceived to materially interfere with the director's ability to act with the best interests of the Corporation, other than interests and relationships arising from shareholdings.

Sheldon Inwentash is a member of management and is therefore not independent.

The mandate of the Board, as prescribed by the *Business Corporations Act (Ontario)*, is to manage or supervise the management of the business and affairs of the Corporation and to act with a view to the best interests of the Corporation. In doing so, the Board oversees the management of the Corporation's affairs directly and through its committees.

(b) Directorships

Certain of the directors of MGA and Mega are presently also directors of one or more other listed entities, as follows:

Director	Other Listed Company Directorships
Sheldon Inwentash	Pinetree Capital Corp. Treat Systems Inc. Brownstone Ventures Inc. Enghouse Systems Ltd. Southern Star Resources Inc. ACN 116 927 149 Pty (a wholly owned subsidiary of MGA)
Arni Johansson	Aumega Discoveries Ltd. Titan Uranium Inc.
Douglas Reeson	Gossan Resources Limited Mengold Resources Inc. Unique Broadband Systems, Inc.
Michael Sweatman	Pan American Gold Corporation Treat Systems Inc. Brownstone Ventures Inc.
Anthony J Grey	International Ferro Metals Limited Polartechnics Ltd
Stewart Taylor	Uranian Mineral Ventures Inc. (a wholly owned subsidiary of MGA) ACN 116 927 149 Pty Ltd (a wholly owned subsidiary of MGA)

(c) Orientation and Continuing Education

Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of MGA's business will be necessary and relevant to each new director. MGA provides continuing education for its directors as such need arises and encourages open discussion at all meetings which format encourages learning by the directors.

(d) Ethical Business Conduct

The Board expects management to operate the business of MGA in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute MGA's business plan and to meet performance objectives and goals.

In addition, the Board must comply with conflict of interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in order to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

The Board has also adopted a Timely Disclosure, Confidentiality and Insider Trading Policy to encourage and promote a culture of ethical business conduct.

(e) Nomination of Directors

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members

and the Chief Executive Officer of MGA. The Board monitors but does not formally assess the performance of individual Board members or committee members on their contributions.

(f) Compensation

Compensation decisions are made by the Board as a whole and reached primarily by comparison of the remuneration paid by MGA with publicly available information on remuneration paid by other reporting issuers that the Board feels are similarly placed within the same business of MGA.

(g) Other Board Committees

Other than the Audit Committee, MGA does not have any other Board committees.

(h) Assessments

The Board will annually review its own performance and effectiveness as well as review annually the Audit Committee Charter and recommend revisions to the Board as necessary. Neither MGA nor the Board has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of each individual director is informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

4. Capital Structure of Hindmarsh and Combined Entity

4.1 Hindmarsh Shares

According to documents lodged by Hindmarsh with ASX, the total number of securities in each class in Hindmarsh as at close of trading on 23 February 2006 is:

Class	Number
Fully paid shares	20,948,403
Listed 25 cent options	1,951,525
Unlisted 20 cent options	333,333
Unlisted 22 cent options	1,000,000
Unlisted 25 cent options	2,700,000

4.2 Total number of Hindmarsh Shares

If all Hindmarsh options on issue on the date of this Bidder's Statement that are exercisable during the Offer Period were converted into Hindmarsh Shares, the total number of Hindmarsh Shares that would have been on issue as at close of trading on 23 February 2006 is 26,933,261.

4.3 Post acquisition capital structure

Assuming 100% acceptance of the Offers, the capital structure of MGA following the takeover will be as follows:

100% acceptances	MGA Shares
Existing MGA Shares on issue as at 23.2.06	44,195,404
Number of new MGA Shares on issue	3,635,356*
Total MGA Shares on issue following takeover at 100% acceptance level	47,830,760*

**This is an estimate only. The actual quantum will vary depending on the number of Hindmarsh security holders that will be entitled to an additional whole MGA share due to the rounding up factor referred to in Clause 2.2 of Part I*

5. Effect of acquisition of Hindmarsh on Mega

5.1 General

Hindmarsh has tenements over large tracts of prospective uranium ground in South Australia and the Northern Territory. Through this acquisition, Mega will obtain those interests and will acquire Hindmarsh's geological team. Mega will also acquire Hindmarsh's cash reserves.

5.2 Outlook

The access to additional tracts of prospective ground with additional cash reserves will enable Mega to expand its exploration activities over the next two years, where the tracts of prospective ground are located within jurisdictions with more favourable policies regarding uranium exploration.

5.3 Pro-forma adjustment

Set out below is the pro-forma consolidated balance sheet of MGA and Hindmarsh which has been prepared on the assumptions specified below and extracted from Hindmarsh and MGA's audited financial statements in their respective annual reports for the 12 months ended 30 June 2005 and 30 September 2005 respectively.

The following pro-forma consolidated balance sheet presents MGA's consolidated balance sheet at 30 September 2005, as if Mega had acquired 100% of Hindmarsh at that date. All numbers are presented in Canadian GAAP.

(a) Pro forma Balance Sheet

MGA

Pro Forma Consolidated Balance Sheet

As at September 30, 2005

(unaudited)

	MGA	Hindmarsh	Pro Forma Adjustments	Pro Forma Consolidated
	C\$	C\$	C\$	C\$
Assets				
Current				
Cash and cash equivalents	11,501,991	2,576,857		14,078,848
Restricted cash	332,500	-		332,500
Prepaid expenses and sundry receivables	455,662	14,744		470,406

Marketable securities	1	240,910		240,911
Sub-Total	12,290,154	2,832,511	-	15,122,665
Non current				
Mineral properties and related expenditures	4,725,662	9,568		4,735,230
Capital assets	-	1,748		1,748
Goodwill		1,024,780	13,225,421	14,250,201
Sub-Total	4,725,662	1,036,096	13,225,421	18,987,179
Add Current Assets Sub-Total	12,290,154	2,832,511		15,122,665
Total Assets	17,015,816	3,868,607	13,225,421	34,109,844

Liabilities and Shareholders' Equity**Current**

Accounts payable and accrued liabilities	208,580	99,028		307,608
Sub-Total	208,580	99,028	-	\$307,608

Shareholders' equity

Capital stock	27,733,904	4,169,175	12,825,825	44,728,904
Contributed surplus	799,136			799,136
Deficit	(11,725,804)	(399,596)	399,596	(11,725,804)
Sub-Total	16,807,236	3,769,579	13,225,421	33,802,236
Add Current Liabilities Sub-Total	208,580	99,028		307,608
Total Liabilities and Shareholders' Equity	\$17,015,816	\$3,868,607	\$13,225,421	\$34,109,844

(b) Assumptions for pro forma

- (i) The consolidated balance sheet has been prepared by MGA using the audited financial statements of MGA as at 30 September 2005 and the audited financial statements of Hindmarsh as at 30 June 2005 converted to Canadian GAAP by Ernst & Young.
- (ii) In preparing the pro-forma balance sheet, the following assumptions were made:
 - Completion of the 100% acquisition of Hindmarsh as at 30 September 2005;
 - Mega will issue to Hindmarsh shareholders the number of common shares of MGA that is equal to \$16,875,000 at a weighted average closing share price for MGA's common shares on the TSXV for the 5 trading days ending one trading day immediately preceding the Closing Date, assumed to be 3,630,109 shares;
 - Total transaction and share issuance costs assumed to be \$120,000;
 - The allocation of the aggregate purchase price to Hindmarsh's net assets, in accordance with the purchase method of accounting;
 - Excess of purchase price over assumed Hindmarsh fair value of net assets will be allocated to Goodwill; and
 - No tax liability is incurred as a consequence of the acquisition.

(c) **Significant Events Post Balance Date**

(i) Since the Hindmarsh audited financial statements date of 30 June 2005, the following significant events have occurred in relation to Hindmarsh:

- Share options having a fair value of \$512K were issued after 30 June 2005 which under Canadian GAAP will be expensed in full in the 6 month period to 31 December 2005;
- The company sold investments receiving total cash proceeds of \$381K realising a gain on the sale of the investments of \$124K;
- For the 6 month period to 31 December 2005, the company's cash burn from operations was \$553K including \$310K spent on exploration and evaluation.

(ii) Since MGA's audited financial statements date of 30 September 2005, the following significant events have occurred in relation to MGA:

- MGA acquired a contractual interest in the Georgetown Uranium properties (detailed section 2.2) pursuant to an acquisition and joint operation agreement for C\$16.9M, being paid in cash and the issue of MGA shares; and
- The company's cash reserves increased C\$7.2M, being C\$4.9 million from private placement financing and C\$2.3 million from the exercise of warrants and options.

(d) **Conversion of Hindmarsh Accounts to Canadian GAAP**

The conversion of the Hindmarsh Accounts to Canadian GAAP was performed by Ernst & Young. Ernst & Young has not audited or reviewed the Hindmarsh Accounts.

Ernst & Young has provided a report to the Directors of Mega summarizing the significant impacts for Hindmarsh in the conversion of its 30 June 2005 Australian GAAP financial statements to Canadian GAAP as:

- (i) Under Canadian GAAP if share options are issued to employees or to third parties for the provision of services, these options should be expensed in the Income Statement. Based on discussions with management, all options issued by Hindmarsh vest immediately on grant date and therefore all options issued prior to 30 June 2004 would have a nil impact on the 2005 Income Statement. Those options issued in the 2005 financial year relate to a capital raising activity and the expense is appropriately offset against the equity raised; and
- (ii) Under the Canadian GAAP, if the company does not own the rights to the property, the expenditure cannot be capitalized. Management identified that \$18K of the 30 June 2005 capitalized exploration costs was required to be written off and \$1,094K of exploration rights purchased was required to be reclassified to goodwill.

The following assumptions were utilised in the conversion of the financial information from Australian dollars to Canadian dollars:

- The spot exchange rate at 30 June 2005, being \$0.9363, was used for the translation of the balance sheet accounts, the equity balances and certain cash flow items;
- The average exchange rate for the year ending 30 June 2005, being \$0.9410, was used for the translation of the income statement;

- All exchange differences were booked to the 'translation reserve' in equity.

6. Intentions of Mega regarding Hindmarsh's business, assets and employees

6.1 Introduction

This section sets out Mega's intentions in relation to:

- (a) the continuation of the business of Hindmarsh;
- (b) any major changes to the business of Hindmarsh including the redeployment of the fixed assets of Hindmarsh; and
- (c) the future employment of the present employees of Hindmarsh,

on the basis of information concerning Hindmarsh and the circumstances affecting the business of Hindmarsh which are known to Mega at the date of this Bidder's Statement.

Final decisions on these matters will only be reached in the light of all material facts and circumstances at the relevant time.

6.2 Continuation of business of Hindmarsh

On the basis of information about Hindmarsh known to Mega, Mega intends to:

- (a) subject to clause 6.4 of Part 2, preserve and grow the existing business of Hindmarsh;
- (b) integrate the Australian uranium exploration businesses of Hindmarsh and Mega;
- (c) combine Hindmarsh's and MGA's technical and managerial skills for the benefit of their combined businesses;
- (d) achieve synergies by eliminating duplicated functions arising as a result of the acquisition of Hindmarsh;
- (e) make Kate Hobbs, managing director of Hindmarsh, redundant and pay out her statutory and contractual entitlements; and
- (f) subject to clauses 6.2(e) and 6.4, continue to employ Hindmarsh's present employees.

6.3 Hindmarsh's board of directors

If Hindmarsh becomes a wholly owned subsidiary of Mega, then Mega will replace the board of Hindmarsh with its own nominees. The nominees are not yet known.

6.4 Review of business activities

At the end of the Offer Period, Mega intends to review Hindmarsh's business to determine the ongoing integration of the combined businesses of Hindmarsh and Mega, and whether other strategies are desirable, in addition to those referred to in clause 6.2 of Part 1. The review will include:

- (a) an evaluation of the performance, profitability and prospects of Hindmarsh's business; and
- (b) identification of duplicated functions and overlapping activities.

The statements contained in this clause 6.4 are statements of current intention only and may vary as circumstances require depending, among other matters, on the outcome of the review and the outcome of the Offers.

6.5 Compulsory Acquisition

If at the end of the Offer Period Mega becomes entitled to compulsorily acquire all outstanding Hindmarsh Shares and Options Mega intends to:

- (a) acquire all Hindmarsh Shares that were issued or granted after the end of the Offer Period but before Mega issues a compulsory acquisition notice in accordance with the Corporations Act;
- (b) acquire securities that will become Hindmarsh Shares due to the conversion of or exercise of rights attached to the securities within six weeks after Mega gives a compulsory acquisition notice in accordance with the Corporations Act;
- (c) offer to acquire any Hindmarsh Shares or Options held by its associates;
- (d) delist Hindmarsh Shares and Options from quotation on ASX; and
- (e) carry out the other intentions set out in clauses 6.1 to 6.4 of Part 1 (inclusive).

If at the end of the Offer Period Mega does not become entitled to compulsorily acquire all outstanding Hindmarsh Shares and Options, it may be or become entitled to exercise general compulsory rights under Part 6A.2 of the Corporations Act. Mega intends to exercise those rights if they become available.

7. Investment considerations

7.1 Risk factors

- (a) Hindmarsh Shareholders and Optionholders who accept the Offers will receive new MGA Shares as consideration and will be exposed to the same risk factors and other investment considerations as existing MGA shareholders. As MGA and Hindmarsh are both listed mineral exploration companies, Hindmarsh Shareholders and Optionholders are already exposed to some of the risks set out in this clause 7.
- (b) Independent Geological reports have been obtained in respect of only three of MGA's property groups, namely the Ben Lomond, Uranium Project, Georgetown Uranium Project properties and the Mongolia Uranium Project. These reports confirm the validity of the resources reported, the exploration potential of those properties, the tenure of the properties and MGA's rights to interests in the properties. For all the other properties, which are at various stages of exploration from grass roots to drilling, no such reports are currently available.
- (c) The price at which MGA Shares trade on TSXV from time to time and the amount and timing of any dividends paid by MGA, will be influenced by a range of factors including those which are set out in clauses 7.2 and 7.3 below.
- (d) Hindmarsh Shareholders and Optionholders should consider carefully the risk factors set out below and other information contained in this document.

7.2 General risks

A number of factors affecting the performance of the stock market could also affect the price at which MGA shares trade on the TSXV. These factors include the Canadian and international economic outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and inflation, and movements in the general level of prices on local and international share markets. The A\$ value of the MGA Shares will be affected by exchange rate and currency fluctuations.

7.3 Specific risks

- (a) MGA, like Hindmarsh, is subject to the inherent risks which apply to some degree to all participants in the mining industry. These risks include the following:
- (i) Reserves are estimates based upon drilling results, past experience with mining properties, experience of the person making the reserve estimates and many other factors. Reserve estimation is an interpretative process based upon available data. The actual quality and characteristics of ore deposits and metallurgical recovery rates cannot be known until mining takes place, and will almost certainly differ from the assumptions used to develop reserves. Further, reserves are valued based on future costs and future prices and consequently may be reduced with declines in, or sustained low, metal prices.
 - (ii) The business of exploration for minerals and mining both involve a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present there are no known bodies of commercial ore on the mineral properties in which MGA has or is negotiating to acquire an interest and the all proposed exploration programs are exploratory. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of Mining. MGA has limited experience in the development and operations of mines and has relied on and may continue to rely upon consultants and others for exploration and operating expertise. The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. Programs conducted on the MGA's mineral properties would be an exploratory search for ore. In the event a commercially productive mineral reserve is discovered, substantial expenditures are required to establish mineral reserves through drilling, to develop metallurgical processes for extraction and to develop or upgrade the mining and processing facilities and infrastructure at the production site. The marketability of any minerals discovered may be affected by numerous factors which are beyond MGA's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of metals produced, MGA may determine that it is impractical to commence or continue commercial production.
 - (iii) Certain of MGA's mining claims or concessions have not been surveyed and accordingly the precise location of the boundaries of the properties and ownership of mineral rights on specific tracts of land comprising the properties may be in doubt. As well, the properties may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.
 - (iv) Resource exploration and development is a speculative business and involves a high degree of risk. The marketability of natural resources which may be acquired or discovered by MGA will be affected by numerous factors beyond the control of MGA. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but the combination of these factors may result in MGA not receiving an adequate return on invested

capital.

- (v) Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations or other conditions are involved. MGA may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on MGA's financial position.
- (vi) If the Bid is successful, native title claims and Aboriginal heritage issues may affect the ability of MGA to pursue exploration, development and mining on Hindmarsh's and MGA's Australian properties. The resolution of native title and heritage issues is an integral part of exploration and mining operations and MGA is committed to managing the issues effectively. However, in view of the legal and factual uncertainties, no assurance can be given that material adverse consequences will not arise in connection with native title and Aboriginal heritage issues.
- (vii) The current or future operations of MGA, including mineral exploration or development activities and commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupation health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in mineral exploration or development or operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance, however, that all permits which MGA may require for mineral exploration or construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which MGA might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on MGA and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.
- (viii) MGA is currently involved in exploration activities outside of Australia. Although the governments of the various countries have been stable recently, there is no assurance that political and economic conditions will remain stable. Political and economic instability may impede MGA's ability to continue its exploration activities in the manner currently contemplated.
- (b) MGA, like Hindmarsh, is subject to the specific risks associated with the strict regulation of uranium exploration, production and export in Australia. These include the following:
 - (i) The Commonwealth Government policy regarding mining and processing of uranium is to allow uranium to be mined in from Australia. However there are restrictions on the export of uranium from Australia. The Commonwealth

Government's nuclear safeguards policy has been developed to implement Australia's obligations under the Nuclear Non Proliferation Treaty of 1970 (the NNPT) which was ratified by Australia in 1973. Parties to the NNPT agree to accept technical safeguards applied by the International Atomic Energy Agency. This safeguard system tracks uranium within the nuclear fuel cycle from production, through to use and storage and ultimately disposal, to ensure that Australian uranium is sold strictly for electrical power generation and cannot benefit the development of nuclear weapons or other military programs. The Commonwealth Government only allows the sale of Australian uranium to countries which are signatories to the NNPT and have a bilateral nuclear safeguards agreement with Australia.

- (ii) State government policies currently prohibit any new grants of tenements to mine uranium (although mining of uranium in the Northern Territory is subject to Commonwealth Government laws which do not impose the same restrictions). It follows that in order for a ML to be granted to mine uranium in a state, that state government's policies on uranium mining would have to be reversed. Indications of the potential for a policy shift vary between states. The South Australian Government is supportive of uranium exploration (to the extent of providing subsidisation). However, the Queensland Government has consistently reiterated its prohibition on uranium mining. In all cases, the prospects for change in state government policies are linked to the Federal Australian Labor Party policy of no new uranium mining.
- (c) The success of MGA is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon MGA's business and prospects.
- (d) Financial risks include the following:
 - (i) MGA has not commenced commercial production on any mineral property and has no history of earnings;
 - (ii) the only present source of funds available to MGA is through the issue of its equity shares or through joint venturing or optioning of the MGA's mineral properties;
 - (iii) even if the results of exploration are encouraging, MGA may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While MGA may generate additional working capital through the operation, development, sale or possible syndication of its properties, there is no assurance that any such funds will be available for operations;
 - (iv) some of MGA's properties may, in future, be subject to joint venture agreements which may require the Company to contribute funds to joint venture operations;
 - (v) if MGA is unable to fund joint venture operations, MGA may suffer dilution to its interest or loss of its interest in those properties; and
 - (vi) in addition, if the Bid is successful, the combined business will be affected by exchange rate and currency fluctuations.
- (e) The resource industry is intensely competitive in all of its phases, and MGA competes with many companies possessing greater financial resources and technical facilities than itself. Competition could adversely affect MGA's ability to acquire suitable properties for exploration in the future.

- (f) MGA may, in the future, be unable to meet its share of costs incurred under option or joint venture agreements to which it is a party and MGA may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, MGA may be unable to finance the cost required to complete recommended programs.

8. Tax considerations

Australian Tax Considerations

8.1 Outline

- (a) The following is a general description of the main Australian income and capital gains tax consequences which will generally apply to Hindmarsh Shareholders or Optionholders who are resident in Australia who dispose of Hindmarsh Shares or Options under the Offer. The comments set out below are relevant to Hindmarsh Shareholders or Optionholders who hold their Hindmarsh Shares or Options as capital assets for the purpose of investment.
- (b) The outline does not take into account or anticipate changes in the law (by legislation or judicial decision). In addition, the outline does not cover all income tax considerations which could apply to particular Hindmarsh Shareholders or Optionholders, such as insurance companies, superannuation funds, financial institutions and those Hindmarsh Shareholders or Optionholders who are engaged in a business of trading in shares or options or who hold Hindmarsh Shares or Options as trading stock or acquired their Hindmarsh Shares or Options for the purpose of resale at a profit.
- (c) Hindmarsh Shareholders or Optionholders who are not resident in Australia for tax purposes should also take into account the tax consequences, under the laws of their country of residence as well as under Australian law, of acceptance of the Offer and of the acquisition, ownership and disposal of MGA Shares.
- (d) This outline does not consider the Australian income tax or capital gains tax consequences of those Hindmarsh Shareholders or Optionholders who acquired their Hindmarsh Shares or Options under an arrangement which qualifies as an employee share scheme for Australian taxation purposes.
- (e) In broad terms, the Australian income and capital gains tax consequences for Hindmarsh Shareholders who dispose of Hindmarsh Shares under the Offer will generally depend on whether or not 'scrip for scrip' capital gains tax rollover relief is available or elected. Scrip for scrip roll-over is not available in relation to the disposal of Options under the Offer. This outline considers the general income and capital gains tax consequences for Hindmarsh Shareholders where:
- (i) 'scrip for scrip' capital gains tax rollover relief is not available or if available not elected; and
 - (ii) 'scrip for scrip' capital gains tax rollover relief is available and elected.
- (f) Given the complexity of the Australian taxation legislation and their different taxation circumstances, all Hindmarsh Shareholders and Optionholders should seek independent taxation advice regarding the income tax and capital gains tax consequences of disposing of Hindmarsh Shares or Options given the particular circumstances which apply to them.

8.2 Acceptance of the Offers and disposal of Hindmarsh Shares where 'scrip for scrip' CGT rollover relief is not available or if available not elected

- (a) Acceptance of the Offer will involve a disposal by a Hindmarsh Shareholder or Optionholder of their Hindmarsh Shares or Options and be a CGT event for capital gains tax (CGT) purposes.
- (b) An Australian resident Hindmarsh Shareholder or Optionholder may make a capital gain or capital loss, depending on whether their **capital proceeds** from the exchange are more than the **cost base** (or in some cases indexed cost base) of their Hindmarsh Shares or Options, or whether those capital proceeds are less than the reduced cost base of those shares.
- (c) Hindmarsh Shareholders or Optionholders who are not resident in Australia for income tax purposes are generally not subject to Australian CGT on the disposal of Hindmarsh Shares or Options if they, together with their associates, have not held 10% or more (by value) of the shares in Hindmarsh at any time in the five years preceding the disposal of Hindmarsh Shares. It is imperative that non-residents independently confirm their Australian tax position.
- (d) The **capital proceeds** that a Hindmarsh Shareholder or Optionholder will be taken to have received in respect of the disposal of their Hindmarsh Shares or Options should generally be the market value of the MGA Shares on the date a Hindmarsh Shareholder accepts the Offer, less any costs of disposal.
- (e) The **cost base** of Hindmarsh Shares or Options should generally be the cost at which they were acquired together with any incidental costs of that acquisition.
- (f) **Hindmarsh Shares with an Inherent Capital Gain**

If a Hindmarsh Shareholder or Optionholder does not elect for 'scrip for scrip' CGT rollover relief, or 'scrip for scrip' CGT rollover relief is not available, then partial tax relief may be available in the form of the **CGT discount** (see below).

Where Hindmarsh Shares or Options were acquired or are treated as acquired after 11.45am AEST on 21 September 1999 and the holder is not a company, the CGT discount should be available if the shares have been held for at least twelve months. Indexation of the cost base is not available.

Subject to the Hindmarsh Shareholder or Optionholder having any capital losses or net capital losses from previous income years, where the CGT discount is available, eligible Hindmarsh Shareholders or Optionholders which are individuals or trustees of trusts will reduce the nominal capital gain arising on the disposal of Hindmarsh Shares or Options by one-half. For individuals, this reduced gain will be assessed at the shareholder's marginal tax rate. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

Subject to the Hindmarsh Shareholder or Optionholder having any capital losses or net capital losses from previous income years, where Hindmarsh Shares or Options are held by a complying superannuation entity and the CGT discount is available, the discount will reduce the nominal capital gain on the disposal of the shares by one-third.

The CGT discount is generally applied after taking into account any capital losses incurred in the income year in which the disposal of the Hindmarsh Shares or Options occurs or any net capital losses from previous income years. Hindmarsh Shareholders or Optionholders having any current year's capital losses or net capital losses from previous income years should seek independent advice in relation to the CGT discount.

(g) **Hindmarsh Shares with an Inherent Capital Loss**

Where the amount of **capital proceeds** received by a Hindmarsh Shareholder or Optionholder in respect of the disposal of their Hindmarsh Shares or Options (e.g., the market value of 100 MGA Shares acquired pursuant to the Offer for 694 Hindmarsh Shares) is less than the reduced cost base of those Hindmarsh Shares or Options, then the shareholder should realise a capital loss for Australian CGT purposes.

In calculating the amount of capital loss realised, no adjustment is made to the cost base of Hindmarsh Shares or Options for indexation during the holding period of Hindmarsh Shares or Options regardless of when Hindmarsh Shares or Options were acquired or for how long the shares were held.

The CGT rollover relief described at clause 8.3 below is not available in respect of the disposal of Hindmarsh Shares which have an inherent capital loss.

8.3 Acceptance of the Offers and disposal of Hindmarsh Shares where 'scrip for scrip' CGT rollover relief is available and elected

- (a) Under Australian taxation legislation, holders of Hindmarsh Shares may be entitled to the benefit of 'scrip for scrip' CGT rollover relief where the exchange of the shares would otherwise realise an assessable capital gain. This relief is not available to Hindmarsh Optionholders in relation to their Hindmarsh Options, as scrip for scrip roll-over relief does not extend to exchanges of options for shares. Broadly, CGT rollover relief under these provisions is available to shareholders who exchange shares (acquired after 19 September 1985) in one company for shares in another company where the transaction is made pursuant to a takeover bid and provided certain **qualifying conditions** are satisfied.
- (b) In broad terms these **qualifying conditions** include the requirement that Mega must make an offer to all shareholders in Hindmarsh to acquire their voting shares on substantially the same terms and Mega must become the owner of at least 80% of the voting shares in Hindmarsh as a consequence of the Offers. Since the Offer is subject to Mega receiving acceptances in respect of at least 90% of the Hindmarsh Shares it has offered to acquire under the Bid, the 80% qualifying condition is likely to be satisfied unless the 90% acceptance condition is waived. A further requirement is that if the Hindmarsh Shares are to be acquired by a 100% owned subsidiary, as will occur here, then the shares to be issued to Hindmarsh Shareholders must be shares in the parent, MGA, rather than shares in its 100% owned subsidiary. That condition will be satisfied.
- (c) If the preconditions for CGT rollover relief are satisfied, then those Hindmarsh Shareholders who elect for it to apply should not be required to include any amount of capital gain in their assessable income in respect of the disposal of their Hindmarsh Shares. For those Hindmarsh Shareholders, the cost base of each 100 MGA Shares acquired pursuant to the Offer should equal the cost base of 694 of their Hindmarsh Shares. Furthermore, the time of acquisition of the MGA Shares acquired pursuant to the Offer will be the time of acquisition of the Hindmarsh Shares exchanged under this Offer. This is relevant in determining whether or not the MGA Shares acquired pursuant to the Offer have been held for at least 12 months for CGT discount purposes.
- (d) Given the complexity of the 'scrip for scrip' CGT rollover relief provisions and the various qualifying conditions that need to be satisfied, Hindmarsh Shareholders should seek independent taxation advice regarding their particular circumstances.

8.4 Future consequences of acquisition of shares

MGA Shares acquired by Australian residents will be subject to Australian CGT and income tax on a subsequent disposal of the MGA Shares, even though MGA is a foreign company.

Canadian Tax Considerations

8.5 Certain Canadian Federal Income Tax Considerations

- (a) Clause 8.6 below provides comments on certain Canadian Federal income tax considerations for Hindmarsh shareholders in relation to the potential future disposal of MGA shares acquired as a result of accepting the Offer. These comments apply only to Australian resident individuals who, for purposes of the *Income Tax Act (Canada)*, are not resident in Canada or have not been resident or deemed resident in Canada at any time while they held MGA Shares and who do not directly or indirectly use or hold MGA Shares in the course of carrying on a business in Canada.
- (b) The comments are based on the provisions of the *Income Tax Act (Canada)* and regulations thereunder in force as at the date hereof, all proposed amendments to the *Income Tax Act (Canada)* and regulations thereunder publicly announced by the Canadian Minister of Finance before the date hereof and our understanding of the current administrative and assessing practices of the Canada Revenue Agency. This summary does not otherwise take into account or anticipate changes in law, whether judicial, governmental or legislative decision or action, nor does it take into account provincial or territorial tax legislation or considerations, which may differ significantly from those discussed herein. The summary assumes that Mega is a resident of Canada for purposes of the *Income Tax Act (Canada)*.
- (c) The summary in clause 8.6 is of a general nature only, is intended for Australian resident individuals, and is not exhaustive of all possible Canadian and federal income tax considerations applicable to those Australian resident individuals. The summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Australian resident individual holder of MGA Shares. Accordingly, all such holders should consult their own independent tax advisors for advice with respect to the income tax consequences applicable to them having regard to their own particular circumstances.

8.6 Certain Canadian Federal Income Tax Considerations applicable to Australian resident holders of MGA shares

- (a) An Australian resident individual holder will generally not be liable to Canadian federal income tax on a disposition or deemed disposition of MGA Shares unless at the time of the disposition or deemed disposition the Australian individual's MGA Shares are, or are deemed to be, "taxable Canadian property" as defined in the *Income Tax Act (Canada)*.
- (b) Generally, provided that at the time of the disposition or deemed disposition the MGA Shares are listed on the TSX Venture Exchange (or another "prescribed stock exchange" as defined in the *Income Tax Regulations (Canada)*), the MGA Shares will not be taxable Canadian property unless:
 - (i) at any time during the 60-month period immediately preceding the disposition the Australian resident individual, either alone or together with persons with whom such individual did not deal at an arm's length, owned 25% or more of the issued shares of any class or series of the capital stock of MGA; or
 - (ii) the Australian resident individual's MGA Shares were acquired in certain types of tax deferred exchanges in consideration for property that was itself taxable Canadian property.

9. Mega's interest in Hindmarsh Shares

9.1 Relevant Interests

As at the date of this Bidder's Statement and the Offer Date, neither Mega nor MGA has a relevant interest in any Hindmarsh Shares or voting power in Hindmarsh.

MGA has agreed to acquire 4,033,333 Hindmarsh Unlisted Options, pursuant to agreements to accept the Option Offers with the following:

- (i) Simon Thomas O'Loughlin (66,667 options exercisable at 20 cents each) – 20 cent Option Offer;
- (ii) Gryphon Partners Pty Ltd (266,666 options exercisable at 20 cents each) – 20 cent Option Offer;
- (iii) Taycol Nominees Pty Ltd (1,000,000 options exercisable at 22 cents each and 1,000,000 options exercisable at 25 cents each) – 22 cent Option Offer and 25 cent Option Offer;
- (iv) Inca Resources Pty Ltd (200,000 options exercisable at 25 cents each) – 25 cent Option Offer; and
- (v) CM Hobbs (on behalf of the Kate Hobbs Superannuation Fund) (1,500,000 options exercisable at 25 cents each) – 25 cent Option Offer.

9.2 Voting Power

As at the date of this Bidder's Statement and the Offer Date, neither Mega nor MGA have any voting power in Hindmarsh.

10. Dealings in Hindmarsh Shares

10.1 Consideration in previous four months

During the four months before the date of this Bidder's Statement, none of Mega, MGA or their associates provided or agreed to provide any consideration for any Hindmarsh Shares.

MGA, Mega and their associates have not provided or agreed to provide consideration for any Hindmarsh Shares between the date of this Bidder's Statement and the Offer Date.

10.2 Benefits given, offered or agreed

During the four months before the Offer Date, none of MGA, Mega nor an associate gave, offered to give or agreed to give a benefit to another person that was likely to induce the other person or an associate to:

- (a) accept an offer under the Bid; or
- (b) dispose of securities in the bid class,

that was not offered to all holders of securities in the bid class, other than as described in clause 8.3 of Part 2.

10.3 Merger Implementation Agreement

MGA and Hindmarsh have entered into a Merger Implementation Agreement dated 10 January 2006 in relation to the Bid.

A summary of the key terms of the Merger Implementation Agreement are set out in Annexure A.

11. Other material information

11.1 Information

The information in this clause 11 is material to making a decision whether to accept the Offer, known to Mega and does not relate to the value of the Hindmarsh Shares.

Except for the information in this clause 11, there is no information material to the making of a decision by a person whether to accept the Offers, known to Mega that has not previously been disclosed to the holders of Hindmarsh Shares, other than as set out in this document.

11.2 Agreements with Hindmarsh directors

There is no agreement between Mega and a director or another officer of Hindmarsh in connection with or conditional on the outcome of the Offers except as set out in clause 8.3.

11.3 Due diligence on Hindmarsh

Mega was invited by Hindmarsh to carry out a 'due diligence' review of the business and affairs of Hindmarsh and its subsidiaries in connection with the making of the Offers. During the course of the due diligence, representatives of Mega inspected records and accounts of Hindmarsh. As a result of this due diligence, Mega did not obtain any information which it believes is material to the making of a decision by an offeree whether to accept the Offers (except for information previously disclosed to Hindmarsh shareholders or set out in this Bidder's Statement).

11.4 Financial position of Hindmarsh

So far as Mega knows, the only material changes in the financial position of Hindmarsh since 30 June 2005 have been identified in section 5.3 of Part 2.

11.5 Litigation

The directors of Mega are not aware of any current litigation that will have a material adverse effect on the business or financial position of Mega.

11.6 Stock Option Plan

MGA has Stock Option Plans for the granting of incentive stock options to the directors, officers, key employees and consultants of MGA to enable them to purchase MGA Shares, on a basis determined by the board of MGA. The purpose of granting stock options under the Stock Option Plan is to assist MGA in compensating, attracting, retaining and motivating its directors, officers, key employees and consultants and to closely align their personal interests to those of the MGA Shareholders.

As at the date of this Bidder's Statement, only the 2000, 2002 and 2004 Stock Option Plans are still in operation. Mega is authorised to issue 333,333 MGA Shares under the 2000 Stock Option Plan, 500,000 MGA Shares under the 2002 Stock Option Plan and 10% of the outstanding common stock of MGA. All stock options have a maximum term of 5 years.

As at the date of this Bidder's Statement 2,839,700 options were outstanding. This includes:

(a) Options issued during the financial year ended 30 September 2004:

- On 10 November 2003 MGA granted 5,000 options to a consultant, exercisable at \$0.60 per share, for a term of 5 years;
- On 25 November 2003 MGA granted 300,000 options to a director, exercisable at \$0.75 per share, for a term of 5 years;
- On 20 January 2004 MGA granted 185,000 options to a consultant, exercisable at \$0.65 per share, for a term of 2 years;
- On 15 March 2004 MGA granted 125,000 options to consultants, exercisable at \$0.75

per share, for a term of 5 years;

- On 29 March 2004 MGA granted 50,000 options to an officer, exercisable at \$0.75 per share, for a term of 5 years;
- On 18 June 2004 MGA granted 140,000 options to a consultant, exercisable at \$0.70 per share, for a term of 3 years;
- On 14 September 2004 MGA granted 250,000 options to an officer, exercisable at \$0.50 per share, for a term of 2 years;
- On 23 September 2004 MGA granted 5,000 options to an officer, exercisable at \$0.50 per share, for a term of 5 years;
- On 23 September 2004 MGA granted 270,000 options to a consultant, exercisable at \$0.50 per share, for a term of 2 years;
- On 27 September 2004 MGA granted 5,000 options to an employee, exercisable at \$0.50 per share, for a term of 5 years; and

(b) Options issued during the financial year ended 30 September 2005:

- On 21 December 2004 MGA granted 10,000 options to an officer, exercisable at \$0.50 per share, for a term of 5 years;
- On 15 February 2005 MGA granted 650,000 options to officers and directors, exercisable at \$0.82 per share, for a term of 5 years;
- On 18 February 2005 MGA granted 50,000 options to an officer, exercisable at \$0.82 per share, for a term of 5 years;
- On 01 March 2005 MGA granted 15,000 options to employees, exercisable at \$1.50 per share, for a term of 5 years;
- On 17 March 2005 MGA granted 350,000 options to consultants, exercisable at \$1.40 per share, for a term of 5 years;
- On 13 September 2005 MGA granted 160,000 options to an officer and consultants, exercisable at \$1.70 per share, for a term of 5 years;
- On 26 September 2005 MGA granted 600,000 options to an officer, exercisable at \$2.05 per share, for a term of 5 years; and

(c) Options issued during the current financial year:

- On 03 October 2005 MGA granted 150,000 options to a director, exercisable at \$2.75 per share, for a term of 5 years;
- On 14 October 2005 MGA granted 300,000 options to an officer and consultant, exercisable at \$2.70 per share, for a term of 5 years;
- On 31 October 2005 MGA granted 250,000 options to consultants, exercisable at \$2.75 per share, for a term of 5 years;
- On 17 November 2005 MGA granted 50,000 options to an employee, exercisable at \$3.49 per share, for a term of 5 years;
- On 03 January 2006 MGA granted 125,000 options to directors, exercisable at \$5.00 per share, for a term of 5 years; and
- On 20 February 2006 MGA granted 1,000,000 options to a director, an officer and a consultant at \$5.87 per share for a term of 5 years.

11.7 Material Contracts

The only material contracts to which MGA or its subsidiaries (including Mega) are a party to are as follows:

(a) Material Contracts in relation to MGA's principal assets and interests:

- (i) An acquisition and joint operating agreement dated 16 November 2005 between MGA, A.C.N. 116 927 149 Pty Ltd (a wholly-owned subsidiary of MGA), Georgetown Mining Ltd ('GML') and O'Rourke Geological Contractors Pty Ltd ('OGC'), pursuant to which the Mega subsidiary acquired the exclusive right to explore for uranium-molybdenum-fluorite mineralization in 15 EPMs (including the Maureen deposit), two MLs and 10 MLAs currently held by GML in north Queensland. The Mega subsidiary also acquired ownership of exploration data in relation to the Maureen deposit from OGC and access to exploration data in relation to all the properties held by GML. Mega acquired its interests in the properties through payments to GML and OGC comprising a total of A\$1.1 million in cash, 2.1 million Mega shares and a 0.75% royalty on uranium-molybdenum production. GML retains title to the properties and rights to all commodities other than uranium, molybdenum and fluorite, and will remain responsible for meeting the statutory requirements of the titles. The parties to this agreement will now conduct cooperative exploration. In the event that Queensland Government policy allows approval of a ML for uranium, Mega's subsidiary will have the exclusive right to mine uranium-molybdenum-fluorite on the tenements.
- (ii) An agreement with various individuals in Canada and Australia to acquire a 100% interest in Uranium Mineral Ventures Inc. (UMVI), for a purchase price of 1 common share in Mega for each common share in UMVI. UMVI is the holder of the Ben Lomond tenements ML 1399 and ML 1419. UMVI acquired the Ben Lomond tenements from Afmeco in return for a payment of AU\$1 million pursuant to a sale and purchase agreement, and a royalty agreement that requires UMVI to pay to Afmeco \$0.50 for each pound of U_3O_8 recovered up to the date that is 30 days after a mill operates at 90% planned capacity, and a 1% net smelter return thereafter.
- (iii) An agreement dated 8 November 2005 with UGL Enterprises Ltd. ("UGL") whereby Mega has an option to earn a 50% interest in UGL's current portfolio of uranium exploration properties through the expenditure of US\$1.5 million over a three year period, including a commitment to expend a minimum of US\$350,000 within the first year. Once Mega has acquired a 50% interest, it has the further option of increasing its interest to 60% through additional expenditures of US\$2 million over a further three year period. Should Mega choose not to exercise this option, a joint venture will proceed on a 50/50 funding and equity basis. The agreement covers UGL's uranium exploration properties comprising 18 Exploration Licences totalling 3390km².
- (iv) An agreement dated 9 February 2004 with FNX Mining Company Inc. whereby Mega can earn 50% of the Mt Kakoulima Cu-Ni-Co-PGM Property in Guinea, West Africa upon making expenditures of \$US2.4 million over a five year period. The property comprises two contiguous exploration licences (total 192.5km²) covering a large portion of the mafic/ultramafic Kaloum Igneous Complex (KIC).
- (v) Mega has an assembly of property claims in the Shebandowan Belt, Ontario, covering over 27 km of base metal Cu-Au-Ag-Zn stratigraphy, which it holds 50-50 with East West Resource Corporation ("East West"). The claims are held with the government of Ontario and are subject to typical terms associated with land claims in the region, including minimum expenditure requirements. In

addition, there are agreements in place with a variety of prospectors granting rights to the claims to the East West – Mega joint venture.

- (vi) On 8 June 2005, Mega and East West acquired an option from Pele Gold Corporation ("Pele") to earn up to a 60% interest (30% Mega, 30% East West) in a gold and base metal property in the West Shebandowan Belt. Pursuant to the agreement, in order to earn an initial 50% interest (each as to 25%) East West and Mega will be required to incur aggregate expenditures of \$2,500,000 on the property by December 31, 2008 and will be required to make option payments to Pele aggregating \$140,000 in cash by Mega and 700,000 common shares of East West by January 31, 2008. East West and Mega can subsequently increase their interest to 60% (each as to 30%) by delivering a feasibility study by December 31, 2012 and, pending delivery thereof, incurring additional expenditures of \$750,000 by December 31, 2010 and \$750,000 by December 31, 2012.
- (b) Material Contracts in relation to the Offer:
 - (i) Merger Implementation Agreement executed on 11 January 2006 between MGA and Hindmarsh, the key terms of which are set out in Annexure A;
 - (ii) 10 Support Agreements dated 10 January 2006 between MGA and each of Inca Resources Pty Ltd, Creagh O'Connor and Patricia O'Connor, Creagh Francis O'Connor, Simon Thomas O'Loughlin, Taycol Nominees Pty Ltd, Richard Martin Bonython, Dorica Nominees Pty Ltd, Gryphon Partners Pty Ltd, CM Hobbs (on behalf of the Kate Hobbs Superannuation Fund) and CM Hobbs (each a **Holder**) pursuant to which each **Holder** undertakes not to sell, transfer or otherwise dispose of (including through creation of a security interest) any MGA Shares received by it as a result of acceptance of the Offer, for a period of 30 days following the issue of such shares to it;
 - (iii) 5 Optionholder Agreements dated 10 January 2000 between MGA and each of Simon Thomas O'Loughlin, Gryphon Partners Pty Ltd, Taycol Nominees Pty Ltd, Inca Resources Pty Ltd and CM Hobbs (the Kate Hobbs Superannuation Fund) (each an **Unlisted Optionholder**) pursuant to which each **unlisted Optionholder** agreed to accept the Hindmarsh Options Offer for their **unlisted Hindmarsh Options**.

11.8 MGA Directors' Interests in formation of MGA and Mega

No director of the MGA or Mega has, or had within 2 years before lodgement of this Bidder's Statement with ASIC, any interest in:

- (a) the promotion or formation of MGA or Mega;
 - (b) any property acquired or proposed to be acquired by MGA or Mega in connection with its promotion or formation; or
 - (c) the issue of MGA Shares contemplated by this document,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any director of MGA or Mega:
- (d) to induce him to become, or to qualify him as, a director; or
 - (e) for services rendered by him in connection with the formation or promotion of MGA or Mega or the issue of MGA Shares contemplated by this Bidder's Statement.

11.9 Interests of named persons

Other than as set out below, no person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or

distribution of this document, has, or had within 2 years before lodgement of this Statement at ASIC, any interest in:

- (a) the formation or promotion of any member of MGA or Mega;
- (b) any property acquired or to be acquired by MGA or Mega in connection with its formation or promotion; or
- (c) the issue of MGA Shares contemplated by this document,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by him or her in connection with the formation or promotion of any member of MGA or Mega or the issue of MGA Shares contemplated by this Bidder's Statement.

Minter Ellison has acted as legal adviser to Mega in relation to the Bid. Minter Ellison has received or will receive legal fees of approximately \$165,000 (plus disbursements) for these services. Minter Ellison does not accept any responsibility for the contents of this document.

Ernst & Young has provided certain accounting services to Mega as noted in clause 5.3 of Part 2. Mega has agreed to pay a fee of approximately \$10,000 to \$12,000 (plus disbursements) for these services. Further fees may be rendered in accordance with the usual time-based charges.

11.10 Consent

The following firms, companies and persons have given and, at the date of this document, have not withdrawn their written consent to being named in this document in the capacity, form and context in which they are named. None of the following firms and companies have caused or authorised the issue of this document, have in any way been involved in the making of the Offer or have made any statement which is included in this Statement or on which a statement included in this Statement is based except where particularly specified:

- (a) Minter Ellison;
- (b) Ernst & Young in Brisbane;
- (c) Mining Associates Pty Ltd;
- (d) Veronica Webster Pty Limited; and
- (e) Pavel Dubchak.

11.11 Expiry date

No securities will be issued on the basis of this Bidder's Statement after the period provided for payment of consideration set out in clause 2.2 of Part 1. This date will not be later than 13 months after the date of this Bidder's Statement.

Part 3 - Definitions and interpretation

Definitions

In this document unless the context otherwise requires:

Acceptance Form means the form of acceptance and transfer enclosed with this document and which forms part of this Offer.

AIFRS means Australian Equivalents to International Financial Reporting Standards.

ASIC means the Australian Securities and Investments Commission.

associate has the same meaning as in the Corporations Act.

ASX means Australian Stock Exchange Limited.

Bid means the off-market bid constituted by the Offers.

Broker has the meaning given to it in the SCH Business Rules.

Business Day has the meaning given in the ASX Listing Rules.

CHESS means the Clearing House Electronic Subregister System established and operated by ASX Settlement and Transfer Corporation Pty Limited for the clearing, settlement, transfer and registration of approved securities.

CHESS Holding means a holding of Hindmarsh Shares on the CHESS Subregister of Hindmarsh (usually a CHESS holding will be through a Controlling Participant).

Controlling Participant means the Broker or Non-Broker Participant in CHESS who is designated as the Controlling Participant for shares in a CHESS Holding in accordance with the SCH Business Rules (eg your sponsoring broker).

Combined Entity means the group which would be formed should Mega be successful in acquiring all of the Hindmarsh Shares.

Corporations Act means the *Corporations Act 2001* (Cth).

EPM means Exploration Permit (Minerals).

Foreign Shareholder means a holder of Hindmarsh Shares whose address shown in Hindmarsh's register of members is in a place outside Australia or New Zealand.

GAAP means Generally Accepted Accounting Principles.

Hindmarsh means Hindmarsh Resources Limited ACN 106 444 857.

Hindmarsh Accounts means the Statement of Financial Position (Balance Sheet), Statement of Financial Performance (Income Statement) and Statement of Cash Flows as extracted from the Hindmarsh 30 June 2005 audited financial statements excluding notes to the financial statements.

Hindmarsh Options means options to subscribe for Hindmarsh Shares which have been granted by Hindmarsh.

Hindmarsh Shares means fully paid ordinary shares in the capital of Hindmarsh.

Issuer Sponsored Holding means a holding of Hindmarsh Shares on Hindmarsh's issuer sponsored subregister (ie where there is no Controlling Participant).

Listed Hindmarsh Options means the 25 cents options to subscribe for Hindmarsh Options which have been granted by Hindmarsh and are listed on ASX.

Listed Option Offer means the offer to the holders of Listed Hindmarsh Options referred to in clause 1.3 of Part 1.

Listing Rules means the listing rules of the ASX.

Mega means ACN 118 331 650 Pty Ltd.

Mega Group means MGA and its wholly owned subsidiaries including Mega.

MGA means Mega Uranium Ltd (incorporated, amalgamated or continued under the laws of the Province of Ontario, Ontario Corporation Number 000878549).

MGA Options means options to acquire one unissued MGA Share.

MGA Shares means common shares in the capital of MGA.

MGA Warrants mean a warrant entitling the holder to acquire one MGA Share.

ML means Mining Lease

MLA means Mining Lease Application

Non-Broker Participant has the meaning given to it in the SCH Business Rules.

Offer means either the Share Offer or one of the Option Offers or Listed Option Offer depending on the parcel of Hindmarsh Shares or Options held and as detailed in clause 2.1 of Part 1.

Offer Date means the date referred to in clause 1.1 of Part 1.

Offer Period means the period referred to in clause 1.4 of Part 1.

Offers means the offers referred to in clause 1.2 of Part 1.

Options Offers means the offers to the holders of the Unlisted Hindmarsh Options and the Listed Hindmarsh Options.

Prescribed Occurrence has the meaning given in clause 7.1(c) of Part 1.

Record Date means 27 February 2006.

related body corporate has the same meaning in the Corporations Act.

Rights means all accretions and rights which accrue to or arise from Hindmarsh Shares after the date of lodgement of this document with ASIC, including all rights to receive dividends, to receive or subscribe for shares, notes, options or other securities and all other distributions or entitlements declared, paid, made or issued by Hindmarsh after that date.

SCH means the securities clearing house that administers the CHESS system in Australia.

SCH Business Rules means the rules of SCH.

Share Offer means the offer for Hindmarsh Shares contained in clause 1.2 of Part 1.

TSXV means TSX Venture Exchange.

20 cents Option Offer means the offer for the 20 cents Unlisted Hindmarsh Option contained in clause 1.2 of Part 1.

22 cents Option Offer means the offer for the 22 cent Unlisted Hindmarsh Option contained in clause 1.2 of Part 1.

25 cents Option Offer means the offer for the 25 cents Unlisted Hindmarsh Option contained in clause 1.2 of Part 1.

Unlisted Hindmarsh Options means options to subscribe for Hindmarsh Options which have been granted by Hindmarsh and are unlisted.

Interpretation

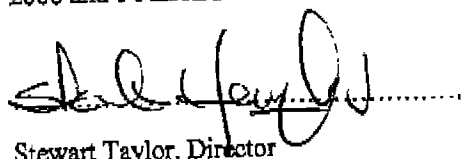
In this document:

- (a) headings are for convenience only and do not affect the interpretation of this document or the Offer.
- (b) the singular includes the plural and vice versa.
- (c) words importing a gender include all other genders.
- (d) references to persons include corporations.
- (e) references in Part 1 of this document to clauses, paragraphs and sections are to clauses, paragraphs and sections in Part 1 of this document.
- (f) references in Part 2 of this document to clauses, paragraphs and sections are to clauses, paragraphs and sections of Part 2 of this document.
- (g) references in this document to appendices are to appendices of this document.
- (h) references to **dollars** or **\$** or **A\$** or **AUD** are to Australian currency.
- (i) reference to **C\$** or **CD** are to Canadian currency.
- (i) words or phrases to which a meaning is given by the Corporations Act, the ASX Listing Rules or the SCH Business Rules have the same meaning when used in this document, unless that meaning is inconsistent with the context in which the word or phrase is used.
- (j) Appendices to this document form part of this document.

Signing page

DATED 2 March 2006

Signed on behalf of Mega pursuant to unanimous resolutions of the directors of Mega dated 28 February 2006 and 1 March 2006.

A handwritten signature in black ink, appearing to read 'Stewart Taylor', is written over a horizontal dotted line.

Stewart Taylor, Director

Annexure A

(clause 10.3 of Part 2)

**Merger implementation agreement –
Summary of key terms**

Annexure to Offer document and Bidder's Statement

A summary of the key terms of the Merger Implementation Agreement (Agreement) dated 10 January 2006 between Hindmarsh and MGA is set out below:

- Hindmarsh and MGA will cooperate in relation to the necessary timetable and actions required to implement the Offer, including by MGA making the Offer (subject to conditions) and by Hindmarsh's directors (subject to directors' fiduciary duties) recommending acceptance of the Offer.
- Hindmarsh and MGA will each continue to conduct their businesses in the ordinary course and not undertake certain transactions without the consent of the other party.
- A merger implementation committee will be appointed.
- Hindmarsh has agreed that during the term of the Agreement neither it nor any person acting for or on its behalf will solicit any competing offer or proposal from any third party (subject to limited exception) and Hindmarsh will cease any current discussions or negotiations regarding the direct or indirect acquisition of, Hindmarsh, or any material part of its assets.
- Hindmarsh has agreed to pay a break fee of A\$200,000 if during the term of the Agreement Hindmarsh participates in any activity in relation to the direct or indirect acquisition, or other business combination involving, Hindmarsh or any part of its assets, by any person, entity or group other than MGA.
- The Agreement may be terminated at any time by either party if the other party is in material breach (including if any of the directors of Hindmarsh, subject to their fiduciary obligations, recommend a competing transaction) or if the Offer lapses or is withdrawn by MGA.