Unaudited Condensed Interim Financial Statements of

ISOENERGY LTD.

For the three and six months ended June 30, 2023 and 2022

ISOENERGY LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)
As at

	Note	June 30, 2023	December 31, 2022
ASSETS			
Current			
Cash		**$ 11,371,919**	$ 19,912,788
Accounts receivable		**71,948**	46,061
Prepaid expenses		**550,573**	167,279
Marketable securities	5	**7,207,269**	5,774,617
		19,201,709	25,900,745
Non-Current			
Property and equipment		**41,149**	48,927
Exploration and evaluation assets	6	**77,057,123**	71,165,630
TOTAL ASSETS		**$ 96,299,981**	$ 97,115,302
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**$ 1,091,853**	$ 552,957
Flow-through share premium liability	7	**-**	2,068,785
		1,091,853	**2,621,742**
Non-Current			
Convertible debentures	8	**25,932,806**	27,405,961
Deferred income tax liability		**1,601,049**	866,909
TOTAL LIABILITIES		**$ 28,625,708**	$ 30,894,612
EQUITY			
Share capital	10	**$ 91,474,495**	$ 90,640,338
Share option and warrant reserve	10	**17,935,255**	15,405,672
Accumulated deficit		**(43,052,939)**	(41,721,615)
Other comprehensive income		**1,317,462**	1,896,295
TOTAL EQUITY		**67,674,273**	66,220,690
TOTAL LIABILITIES AND EQUITY		**$ 96,299,981**	$ 97,115,302

Nature of operations (Note 2)
Commitments (Note 7)
Subsequent events (Note 15)

The accompanying notes are an integral part of the condensed interim financial statements

These financial statements were authorized for issue by the Board of Directors on August 9, 2023

"*Tim Gabruch*"
Tim Gabruch, CEO, Director

"*Trevor Thiele*"
Trevor Thiele, Director

ISOENERGY LTD.
CONDENSED INTERIM STATEMENTS OF INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)
(Unaudited)
(Expressed in Canadian Dollars)
For the three and six months ended June 30

		For the three months ended June 30		For the six months ended June 30	
	Note	2023	2022	2023	2022
General and administrative costs					
Share-based compensation	10,11	$ **1,071,646**	$ 1,116,062	$ **2,225,453**	$ 2,736,450
Administrative salaries, contract and director fees	11	**308,630**	289,508	**609,616**	744,522
Investor relations		**91,699**	113,961	**215,753**	218,587
Office and administrative		**64,385**	103,912	**99,424**	131,988
Professional and consultant fees		**226,890**	281,675	**338,763**	357,726
Travel		**27,976**	41,737	**79,933**	50,418
Public company costs		**72,424**	51,113	**190,588**	126,956
Total general and administrative costs		**(1,863,650)**	**(1,997,968)**	**(3,759,530)**	**(4,366,647)**
Interest income		**116,392**	16,124	**275,928**	26,155
Interest expense		**(20)**	(386)	**(20)**	(386)
Interest on convertible debentures	8	**(305,533)**	(162,797)	**(613,250)**	(324,238)
Fair value gain on convertible debentures	8	**5,192,441**	10,043,078	**1,561,228**	2,864,787
Foreign exchange (loss)/gain		**(52,822)**	47,850	**(53,732)**	20,738
Income/(loss) from operations		**3,086,808**	**7,945,901**	**(2,589,376)**	**(1,779,591)**
Deferred income tax recovery	9	**481,579**	264,613	**1,258,052**	514,424
Income/(loss)		**$ 3,568,387**	**$ 8,210,514**	**$ (1,331,324)**	**$ (1,265,167)**
Other comprehensive gain/ (loss)					
Change in fair value of convertible debentures attributable to the change in credit risk	8	**(15,523)**	109,315	**(88,073)**	124,986
Change in fair value of marketable securities	5	**(178,152)**	(2,359,165)	**(567,353)**	(3,282,566)
Deferred tax recovery	9	**24,051**	318,487	**76,593**	443,146
Total comprehensive income/(loss) for the period		**$ 3,398,763**	**$ 6,279,151**	**$ (1,910,157)**	**$ (3,979,601)**
Income/(loss) per common share					
– basic		**$ 0.03**	**$ 0.08**	**$ (0.01)**	**$ (0.01)**
– diluted		**$ (0.01)**	**$ (0.01)**	**$ (0.02)**	**$ (0.03)**
Weighted average number of common shares outstanding					
– basic		**110,659,950**	106,801,044	**110,572,995**	106,580,177
– diluted		**121,354,824**	118,578,919	**121,329,858**	118,039,549

The accompanying notes are an integral part of the condensed interim financial statements

ISOENERGY LTD.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Note	Number of common shares	Share capital	Share option and warrant reserve	Accumulated deficit	Accumulated other comprehensive income/(loss)	Total
Balance as at January 1, 2022		**105,908,770**	**$ 78,901,944**	**$ 6,469,143**	**$(34,346,954)**	**$ 4,889,536**	**$ 55,913,669**
Shares issued on the exercise of stock options	10	897,500	1,005,344	(396,884)	-	-	608,460
Shares issued to settle interest	10	29,644	96,047				96,047
Share-based payments	10	-	-	3,525,103	-	-	3,525,103
Loss for the period		-	-	-	(1,265,167)	-	(1,265,167)
Other comprehensive loss for the period	5,8	-	-	-	-	(2,714,434)	(2,714,434)
Balance as at June 30, 2022		**106,835,914**	**$ 80,003,335**	**$ 9,597,362**	**$(35,612,121)**	**$ 2,175,102**	**$ 56,163,678**
Balance as at January 1, 2023		**110,392,130**	**$ 90,640,338**	**$ 15,405,672**	**$(41,721,615)**	**$ 1,896,295**	**$ 66,220,690**
Shares issued on the exercise of stock options	10	733,750	667,491	(272,647)	-	-	394,844
Shares issued to settle interest	10	57,870	166,666	-	-	-	166,666
Share-based payments	10	-	-	2,802,230	-	-	2,802,230
Loss for the period		-	-	-	(1,331,324)	-	(1,331,324)
Other comprehensive loss for the period	5,8	-	-	-	-	(578,833)	(578,833)
Balance as at June 30, 2023		**111,183,750**	**$ 91,474,495**	**$ 17,935,255**	**$(43,052,939)**	**$ 1,317,462**	**$ 67,674,273**

The accompanying notes are an integral part of the condensed interim financial statements

ISOENERGY LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)
For the three and six months ended June 30

	Note	2023	2022
Cash flows used in operating activities			
Loss for the period		**$ (1,331,324)**	$ (1,265,167)
Items not involving cash:			
Share-based compensation		**2,225,453**	2,736,450
Deferred income tax recovery		**(1,258,052)**	(514,424)
Interest on convertible debentures		**613,250**	324,238
Fair value gain on convertible debentures		**(1,561,228)**	(2,864,787)
Foreign exchange loss/(gain)		**51,015**	(15,852)
Changes in non-cash working capital			
Accounts receivable		**(25,887)**	41,003
Prepaid expenses		**(101,388)**	(109,639)
Accounts payable and accrued liabilities		**(82,049)**	32,833
		$ (1,470,210)	**$ (1,635,345)**
Cash flows used in investing activities			
Additions to exploration and evaluation assets		**$ (4,964,537)**	$ (5,180,902)
Acquisition of exploration and evaluation assets		**(3,362)**	-
Acquisition of marketable securities		**(2,000,005)**	-
		$ (6,967,904)	**$ (5,180,902)**
Cash flows from financing activities			
Shares issued for option exercise		**394,844**	608,460
Interest on debentures		**(436,921)**	(232,551)
		$ (42,077)	**$ 375,909**
Effects of exchange rate changes on cash		**(60,678)**	20,212
Change in cash		**$ (8,540,869)**	$ (6,420,126)
Cash, beginning of period		**19,912,788**	13,617,066
Cash, end of period		**$ 11,371,919**	**$ 7,196,940**

Supplemental disclosure with respect to cash flows (Note 14)

The accompanying notes are an integral part of the condensed interim financial statements

1. REPORTING ENTITY

IsoEnergy Ltd. ("**IsoEnergy**", or the "**Company**") is an exploration stage entity engaged in the acquisition, exploration and evaluation of uranium properties in Canada. The Company's registered and records office is located on the 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2TS. The Company's common shares are listed on the TSX Venture Exchange (the "**TSXV**").

As of June 30, 2023, the Company did not have any subsidiaries and NexGen Energy Ltd ("NexGen") holds 49.7% of IsoEnergy's outstanding common shares.

2. NATURE OF OPERATIONS

As an exploration stage company, the Company does not have revenues and historically has recurring operating losses. As at June 30, 2023, the Company had accumulated losses of $43,052,939 and working capital of $18,109,856 (working capital is defined as current assets less accounts payable and accrued liabilities). The Company depends on external financing for its operational expenses.

The business of exploring for and mining of minerals involves a high degree of risk. As an exploration company, IsoEnergy is subject to risks and challenges similar to companies at a comparable stage. These risks include, but are not limited to, negative operating cash flow and dependence on third party financing; the uncertainty of additional financing; the Company's limited operating history; the lack of known mineral reserves; the influence of a large shareholder; alternate sources of energy and uranium prices; aboriginal title and consultation issues; risks related to exploration activities generally; reliance upon key management and other personnel; title to properties; uninsurable risks; conflicts of interest; permits and licenses; environmental and other regulatory requirements; political regulatory risks; competition; and the volatility of share prices.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Although the Company is dependent on its ability to obtain financing to achieve future profitable operations, the Company has sufficient working capital to meet its obligations for the next twelve months.

The underlying value of IsoEnergy's exploration and evaluation assets is dependent upon the existence and economic recovery of mineral resources or reserves and is subject to, but not limited to, the risks and challenges identified above.

3. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements as at and for the three and six months ended June 30, 2023 and 2022, have been prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting. They do not include all of the information required by IFRS for annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended and as at December 31, 2022.

Basis of Presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. All monetary references expressed in these financial statements are references to Canadian dollar amounts ("$"), unless otherwise noted.

3. BASIS OF PRESENTATION (continued)

These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Information about significant areas of judgement and estimation uncertainty considered by management in preparing the financial statements are set out in Note 3 to the annual financial statements for the year ended December 31, 2022 and have been consistently followed in preparation of these condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 4 to the annual financial statements for the year ended December 31, 2022 and have been consistently followed in the preparation of these condensed interim financial statements.

(Expressed in Canadian Dollars)

5. MARKETABLE SECURITES

Marketable securities consist of 10,755,000 common shares of 92 Energy Pty Ltd ("**92 Energy**"), 900,000 common shares of Consolidated Uranium Inc. ("**Consolidated Uranium**"), 5,907,600 common shares of Latitude Uranium Inc. (previously Labrador Uranium Inc.) ("**Latitude Uranium**") and 2,857,150 warrants of Latitude Uranium. As at June 30, 2023 the Company's shareholding in 92 Energy represents 11.6% of the outstanding capital of 92 Energy.

On February 22, 2022, Consolidated Uranium completed a transaction pursuant to which it transferred its Moran Lake Project and associated liabilities to Latitude Uranium, which trades on the Canadian Securities Exchange, in exchange for 16,000,000 common shares of Latitude Uranium. Consolidated Uranium subsequently distributed the 16,000,000 common shares of Latitude Uranium to its shareholders and the Company received 193,300 Latitude Uranium common shares.

On April 5, 2023, the Company subscribed to 5,714,300 subscription receipts of Latitude Uranium ("**Subscription Receipts**") at a price of $0.35 per Subscription Receipt for total consideration of $2,000,005.

On June 19, 2023, after completion of Latitude Uranium's acquisition of a 100% interest in the Angilak Uranium Project in Nunavut Territory from ValOre Metals Corp., the Subscription Receipts were exercised into one unit of Latitude Uranium, consisting of one common share of Latitude Uranium and one-half of one common share purchase warrant, exercisable at a price of $0.50 at any time on or before April 5, 2026.

The carrying value of marketable securities is based on the estimated fair value of the common shares and warrants, respectively determined using published closing share prices and the Black-Scholes option pricing model.

	Common shares			Warrants	
	92 Energy	**Consolidated Uranium**	**Latitude Uranium**	**Latitude Uranium**	**Total**
Balance, January 1, 2023	**$ 4,252,828**	**$ 1,458,000**	**$ 63,789**	**$ -**	**$ 5,774,617**
Acquired during the period	-	-	1,581,137	418,868	2,000,005
Change in fair value recorded in Other comprehensive income	(555,840)	(180,000)	127,354	41,133	(567,353)
Balance, June 30, 2023	**$ 3,696,988**	**$ 1,278,000**	**$ 1,772,280**	**$ 460,001**	**$ 7,207,269**

The following assumptions were used to estimate the fair value of the Latitude Uranium warrants:

	June 30, 2023	**June 19. 2023**
Expected stock price volatility	104.58%	104.42%
Expected life of warrants (years)	2.77	2.80
Risk free interest rate	4.28%	4.20%
Expected dividend yield	0%	0%
Latitude Uranium share price	$0.30	$0.29
Exercise price	$0.50	$0.50
Fair value per warrant	$0.16	$0.15

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

The following is a summary of the carrying value of the acquisition costs and expenditures on the Company's exploration and evaluation assets:

	Note	June 30, 2023	December 31, 2022
Acquisition costs:			
Acquisition costs, opening		**$ 35,290,505**	$ 35,322,962
Additions	a	**3,362**	10,249
Dispositions and derecognition	b	**-**	(42,706)
Acquisition costs, closing		**$ 35,293,867**	$ 35,290,505
Exploration and evaluation costs:			
Exploration costs, opening		**$ 35,875,125**	$ 25,632,628
Additions:			
Drilling		**2,333,450**	4,480,515
Geological and geophysical		**1,221,703**	1,593,079
Camp costs		**970,124**	705,447
Share-based compensation	10	**576,777**	1,831,449
Labour and wages		**426,646**	836,965
Extension of claims		**136,957**	470,021
Geochemistry and assays		**70,859**	190,177
Travel and other		**151,615**	177,524
Disposal and derecognition of assets	b	**-**	(42,680)
Total exploration and evaluation in the period		**$ 5,888,131**	$ 10,242,497
Exploration and evaluation, closing		**$ 41,763,256**	$ 35,875,125
Total costs, closing		**$ 77,057,123**	$ 71,165,630

All claims are subject to minimum expenditure commitments. The Company expects to incur the minimum expenditures to maintain the claims.

(a) New claim staking and acquisitions

In the six months ended June 30, 2023, the Company spent $3,362 to stake several property extensions, adding approximately 4,291 hectares of mineral tenure in the Eastern Athabasca.

In the year ended December 31, 2022, the Company spent $10,249 to re-stake a portion of the Cable project, stake several property extensions and one new property, Rapid River, adding approximately 14,817 hectares of mineral tenure in the Eastern Athabasca.

(b) Derecognitions

In September 2022, the Company lapsed all the mineral claims underlying the Cable, Eagle, Horizon, and Whitewater East properties, as well of one of the five Whitewater mineral claims. These claims were lapsed pursuant to the Company's ongoing property portfolio evaluation process and a loss on disposal of $85,386 was recognized on the lapsing of the claims.

(Expressed in Canadian Dollars)

7. COMMITMENTS

The Company has raised funds through the issuance of flow-through shares. Based on Canadian tax law, the Company is required to spend this amount on eligible exploration expenditures by December 31 of the year following the year in which the shares were issued.

The premium received for a flow-through share, which is the price received for the share in excess of the market price of the share, is recorded as a flow-through share premium liability. This liability is subsequently reduced when the required exploration expenditures are made, on a pro rata basis, and accordingly, a recovery of flow-through premium is then recorded as a reduction in the deferred tax expense to the extent that deferred income tax assets are available.

The Company issued flow-through shares on December 6, 2022 for proceeds of $5,029,000 (see Note 10) and subsequently incurred $5,029,000 in eligible exploration expenditures to June 30, 2023, fulfilling the Company's obligation to spend the funds raised on eligible exploration expenditures. As the commitment is fully satisfied, the remaining balance of the flow-through premium liability was derecognized.

The flow-through share premium liability is comprised of:

	June 30, 2023	December 31, 2022
Balance, opening	**$ 2,068,785**	$ -
Liability incurred on flow-through shares issued	**-**	2,115,000
Settlement of flow-through share liability on expenditures	**(2,068,785)**	(46,215)
Balance, closing	**$ -**	$ 2,068,785

8. CONVERTIBLE DEBENTURES

2020 Debentures

On August 18, 2020, IsoEnergy entered into an agreement with Queen's Road Capital Investment Ltd. ("**QRC**") for a US$6 million private placement of unsecured convertible debentures (the "**2020 Debentures**"). The 2020 Debentures carry a coupon ("**Interest**") of 8.5% per annum, of which 6% is payable in cash and 2.5% payable in common shares of the Company, over a 5-year term. The coupon on the 2020 Debentures can be reduced to 7.5% per annum on the public dissemination by the Company of an economically positive preliminary economic assessment study, at which point the cash component of the Interest will be reduced to 5% per annum. The principal amount of the 2020 Debentures (converted into Canadian dollars) is convertible into common shares of the Company at QRC's option at a conversion price (the "**Conversion Price**") of $0.88 per share, up to a maximum (the "**Maximum Conversion Shares**") of 9,206,311 common shares.

The Company received gross proceeds of $7,902,000 (US$6,000,000) on issuance of the 2020 Debentures. In the three and six months ended June 30, 2023, the Company incurred interest expense of $171,233 and $343,690, respectively (2022: $162,797 and $324,238) on the 2020 Debentures.

2022 Debentures

On December 6, 2022, IsoEnergy entered into an agreement with QRC for a US$4 million private placement of unsecured convertible debentures (the "**2022 Debentures**" and together with the 2020 Debentures, the "**Debentures**"). The 2022 Debentures carry Interest at 10% per annum, of which 7.5% is payable in cash and 2.5% payable in common shares of the Company, over a 5-year term. The principal amount of the 2022 Debentures (converted into Canadian dollars) is convertible into common shares of the Company at the holder's option at a Conversion Price of $4.33 per share, up to 1,464,281 Maximum Conversion Shares.

(Expressed in Canadian Dollars)

8. CONVERTIBLE DEBENTURES (continued)

The Company received gross proceeds of $5,459,600 (US$4,000,000) on issuance of the 2022 Debentures. A 3% establishment fee of $163,788 (US$120,000) was paid to QRC in cash on closing. The fair value of the 2022 Debentures on issuance date was determined to be $5,295,812. In the three and six months ended June 30, 2023, the Company incurred interest expense of $134,300 and $269,560, respectively on the 2022 Debentures (2022: Nil).

General terms of the Debentures

Interest is payable semi-annually on June 30 and December 31, and common shares of the Company issued as partial payment of Interest are, subject to TSXV approval, issuable at a price equal to the 20-day volume-weighted average trading price ("**VWAP**") of the Company's common shares on the TSXV on the twenty days prior to the date such Interest is due.

On the conversion of any portion of the principal amount of the Debentures, if the number of common shares to be issued on such conversion, taking into account all common shares issued in respect of all prior conversions of such Debentures, would result in the common shares to be issued exceeding the Maximum Conversion Shares for such Debentures, on conversion QRC shall be entitled to receive a payment (an "**Exchange Rate Fee**") equal to the number of common shares that are not issued as a result of exceeding the Maximum Conversion Shares, multiplied by the 20-day VWAP. IsoEnergy can elect to pay any such Exchange Rate Fee in cash or, subject to the TSXV approval, in common shares of the Company.

The Company will be entitled, on or after the third anniversary of the date of issuance of such Debentures, at any time the 20-day VWAP of the Company's shares listed on the TSXV exceeds 130% of the applicable Conversion Price, to redeem such Debentures at par plus accrued and unpaid Interest.

Upon completion of a change of control (which includes in the case of the holders' right to redeem the Debentures, a change in the Chief Executive Officer of the Company), the holders of the Debentures or the Company may require the Company to purchase or the holders to redeem, as the case may be, any outstanding Debentures in cash at: (i) on or prior to August 18, 2023 for the 2020 Debentures and on or prior to December 6, 2025 for the 2022 Debentures, 130% of the principal amount; and (ii) at any time thereafter, 115% of the principal amount, in each case plus accrued but unpaid interest, if any. In addition, upon the public announcement of a change of control that is supported by the Board of Directors, the Company may require the holders of the Debentures to convert the Debentures into common shares at the Conversion Price provided the consideration payable upon the change of control exceeds the Conversion Price and is payable in cash.

The Company revalues the Debentures to fair value at the end of each reporting period with the change in the period related to credit risk recorded in Other Comprehensive Income or Loss ("OCI") and other changes in fair value in the period recorded in the income or loss for the period.

Six months ended June 30, 2023	**2022 Debentures**	**2020 Debentures**	**Total**
Fair value, start of period	**$ 5,136,560**	**$ 22,269,401**	**$ 27,405,961**
Change in fair value in the period included in profit and loss	**(442,507)**	**(1,118,721)**	**(1,561,228)**
Change in fair value in the period included in OCI	**30,316**	**57,757**	**88,073**
Fair value, end of period	**$ 4,724,369**	**$ 21,208,437**	**$ 25,932,806**

(Expressed in Canadian Dollars)

8. CONVERTIBLE DEBENTURES (continued)

Year ended December 31, 2022	2022 Debentures	2020 Debentures	Total
Fair value, balance, start of period	$ -	$ 25,101,132	$ 25,101,132
Fair value on issuance	5,295,812	-	5,295,812
Change in fair value in the period included in profit and loss	(163,006)	(2,758,800)	(2,921,806)
Change in fair value in the period included in OCI	3,754	(72,931)	(69,177)
Fair value, end of period	**$ 5,136,560**	**$ 22,269,401**	**$ 27,405,961**

The following assumptions were used to estimate the fair value of the Debentures:

	2022 Debentures		2020 Debentures	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Expected stock price volatility	53.00%	52.80%	53.00%	52.80%
Expected life (years)	4.4	4.9	2.1	2.6
Risk free interest rate	4.24%	3.76%	5.05%	4.27%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Credit spread	23.24%	23.85%	23.24%	23.85%
Underlying share price of the Company	$2.61	$2.91	$2.61	$2.91
Conversion price	$4.33	$4.33	$0.88	$0.88
Exchange rate (C$:US$)	1.3242	1.3554	1.3242	1.3554

9. INCOME TAXES

Deferred income tax recovery/(expense) comprises:

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Deferred income tax (expense)/recovery related to operations	**$ (87,565)**	$ 264,613	**$ (810,733)**	$ 514,424
Flow-through renunciation	**$ 569,144**	-	**$ 2,068,785**	-
Deferred income tax recovery/(expense)	**$ 481,579**	**$ 264,613**	**$ 1,258,052**	**$ 514,424**

In the three and six months ended June 30, 2023, the Company recognized a deferred tax recovery of $24,051 and $76,593, respectively (2022: $318,487and $443,146) related to the change in the fair value of the marketable securities recorded in OCI. In the three and six months ended June 30, 2023, the Company incurred $1,353,298 and $4,919,111, respectively (2022: Nil) of eligible exploration expenditures in respect of its flow-through share commitments.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL

Authorized Capital - Unlimited number of common shares with no par value.

Issued

For the six months ended June 30, 2023

(a) On June 30, 2023 the Company issued 57,870 common shares to QRC to settle $166,666 of interest expense on the Debentures (see Note 8).

(b) During the six months ended June 30, 2023, the Company issued 733,750 common shares on the exercise of stock options for proceeds of $394,844. As a result of the exercises, $272,647 was reclassified from reserves to share capital.

For the year ended December 31, 2022

(a) During the year ended December 31, 2022 the Company issued 67,058 common shares to QRC to settle $207,540 of interest expense on the Debentures (see Note 8).

(b) During the year ended December 31, 2022, the Company issued 1,074,500 common shares on the exercise of stock options for proceeds of $719,891. As a result of the exercises, $470,421 was reclassified from reserves to share capital.

(c) On December 6, 2022, the Company issued the following common shares:

- 1,801,802 common shares to NexGen, at a price of $3.33 per share for gross proceeds of $6,000,001.
- 600,000 common shares at a price of $3.33 per share for gross proceeds of $1,998,000.
- 940,000 flow through common shares, at a price of $5.35 per share for gross proceeds of $5,029,000.

Share issuance costs were $571,459, net of tax of $211,362.

Stock Options

Pursuant to the Company's stock option plan, directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 10 years and are subject to vesting provisions as determined by the Board of Directors of the Company.

Stock option transactions and the number of stock options outstanding on the dates set forth below are summarized as follows:

	Number of options	Weighted average exercise price per share
Outstanding January 1, 2022	8,166,667	$2.17
Granted	3,572,500	$3.51
Cancelled	(301,667)	$3.39
Expired	(6,667)	$3.99
Exercised	(1,074,500)	$0.67
Outstanding December 31, 2022	10,356,333	$2.75
Granted	**450,000**	**$2.95**
Cancelled	**(225,000)**	**$3.30**
Expired	**(50,000)**	**$3.99**
Exercised	**(733,750)**	**$0.54**
Outstanding, June 30, 2023	**9,797,583**	**$2.91**
Number of options exercisable	**6,725,916**	**$2.63**

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

As at June 30, 2023, the Company has stock options outstanding and exercisable as follows:

Number of options	Exercise price per option	Number of options exercisable	Exercise price per option	Vesting	Weighted average remaining contractual life (years)
903,750	$0.39	903,750	$0.39		1.4
620,000	$0.42	620,000	$0.42		0.5
398,000	$1.19	398,000	$1.19		1.9
250,000	$2.44	250,000	$2.44		2.6
150,000	$2.74	50,000	$2.74	(i)	4.8
1,350,000	$2.81	1,350,000	$2.81		2.5
832,500	$2.97	277,500	$2.97	(i)	4.5
300,000	$3.06	100,000	$3.06	(i)	4.7
250,000	$3.46	83,333	$3.46	(i)	4.3
1,840,000	$3.47	680,000	$3.47	(i)	3.9
2,503,333	$3.99	1,746,666	$3.99	(i)	3.2
400,000	$4.96	266,667	$4.96	(i)	3.7
9,797,583	**$2.91**	**6,725,916**	**$2.63**		**3.1**

i. Vest 1/3 on grant and 1/3 each year thereafter

The Company uses the Black-Scholes option pricing model to calculate the fair value of granted stock options. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect fair value estimates. The following weighted average assumptions were used to estimate the grant date fair values for the six months ended June 30, 2023:

Expected stock price volatility	81.36%
Expected life of options (years)	5
Risk free interest rate	3.34%
Expected dividend yield	0%
Weighted average exercise price	$2.95
Weighted average fair value per option granted	$1.97

The Company has share-based compensation related to options that vested or forfeited in the period. Share-based compensation in the three and six month periods are as follows:

	Three months ended June 30		Six months ended June 30	
	2023	**2022**	**2023**	**2022**
Capitalized to exploration and evaluation assets	**$ 369,059**	$ 401,280	**$ 576,777**	$ 788,653
Expensed to the statement of income/(loss) and comprehensive income/(loss)	**1,071,646**	1,116,062	**2,225,453**	2,736,450
	$ 1,440,705	**$ 1,517,342**	**$ 2,802,230**	$ 3,525,103

Warrants

As of June 30, 2023, the Company had no warrants outstanding.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

NexGen is a related party due to its ownership in the Company and the overlapping members of the Board of Directors between NexGen and the Company. Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel is summarized as follows:

Six months ended June 30, 2023		**Short term compensation**		**Share-based compensation**		**Total**
Expensed to the statement of income/(loss) and comprehensive income/(loss)	**$**	**408,322**	**$**	**1,951,745**	**$**	**2,360,067**
Capitalized to exploration and evaluation assets	**$**	**118,641**	**$**	**324,458**		**443,099**
	$	**526,963**	**$**	**2,276,203**	**$**	**2,803,166**

Six months ended June 30, 2022		**Short term compensation**		**Share-based compensation**		**Total**
Expensed to the statement of income/(loss) and comprehensive income/(loss)	$	340,194	$	2,524,101	$	2,864,295
Capitalized to exploration and evaluation assets		102,576		247,913		350,489
	$	442,770	$	2,772,014	$	3,214,784

As of June 30, 2023, $217 (December 31, 2022 – $17,317) was included in accounts payable and accrued liabilities owing to NexGen and directors and officers.

During the six months ended June 30, 2023, the Company paid NexGen $14,481 (June 30, 2022 - $12,465) for use of NexGen's office space.

On December 6, 2022, NexGen acquired 1,801,802 common shares of the Company (see Note 10).

On February 28, 2022, the former Chief Financial Officer resigned and was paid $175,997 in accordance with the terms of her employment contract. This is excluded from the table above for the six months ended June 30, 2022.

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, marketable securities, accounts payable, accrued liabilities and convertible debentures.

Fair Value Measurement

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data.

The fair values of the Company's cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their carrying value, due to their short-term maturities or liquidity.

The Debentures are re-measured at fair value at each reporting date with any change in fair value recognized in profit or loss, except the change in fair value that is attributable to change in credit risk is presented in other comprehensive loss (Note 8). The Debentures are classified as Level 2.

The marketable securities are re-measured at fair value at each reporting date with any change in fair value recognized in other comprehensive income (loss) (Note 5). The marketable securities are Level 1 and Level 2.

Financial instrument risk exposure

As at June 30, 2023, the Company's financial instrument risk exposure and the impact thereof on the Company's financial instruments are summarized below:

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at June 30, 2023, the Company has cash on deposit with a large Canadian bank. Credit risk is concentrated as a significant amount of the Company's cash and cash equivalents is held at one financial institution. Management believes the risk of loss to be remote.

The Company's accounts receivable consists of input tax credits receivable from the Government of Canada and interest accrued on cash equivalents. Accordingly, the Company does not believe it is subject to significant credit risk.

(b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its obligations under financial instruments. The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital to meet short-term obligations. As at June 30, 2023, the Company had a working capital balance of $18,109,856, including cash of $11,371,919.

(c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

12. FINANCIAL INSTRUMENTS (continued)

(i) Interest Rate Risk

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value of the Company's cash and cash equivalent balances as of June 30, 2023. The interest on the Debentures is fixed and not subject to market fluctuations.

(ii) Foreign Currency Risk

The functional currency of the Company is the Canadian dollar. The Company is affected by currency transaction risk and currency translation risk. Consequently, fluctuations of the Canadian dollar in relation to other currencies impact the fair value of financial assets, liabilities and operating results. Financial assets and liabilities subject to currency translation risk primarily include US dollar denominated cash, US dollar accounts payable and accrued liabilities, the Debentures and Australian dollar denominated marketable securities. The Company maintains Canadian and US dollar bank accounts in Canada.

The Company is exposed to foreign exchange risk on its US dollar denominated Debentures. At its respective maturity dates, the principal amounts of the Debentures are due in full, and prior to then at a premium upon the occurrence of certain events, including a change of control. The Company holds sufficient US dollars to make all cash interest payments due under the Debentures until maturity but not to pay the principal amount. Accordingly, the Company is subject to risks associated with fluctuations in the Canadian/US dollar exchange rate that may make the Debentures more costly to repay.

A 5% change in the US dollar exchange rate can result in a net increase or decrease in the Company's US dollar-based cash and debt of $1,173,101 that would flow through the statement of income/(loss) and comprehensive income/(loss).

The Company is also exposed to foreign exchange risk on its Australian dollar denominated investment in 92 Energy. Accordingly, the Company is subject to risks associated with fluctuations in the Canadian/Australian dollar exchange rate that may decrease the value of its investment in 92 Energy.

A 5% change is the Australian dollar can increase or decrease the value of the Company's investment in 92 Energy by $184,850 that would flow through other comprehensive income (loss).

(iii) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact of movements in individual equity prices or general movements in the level of the stock market on the Company's financial performance. Commodity price risk is defined as the potential adverse impact of commodity price movements and volatilities on financial performance and economic value. Future declines in commodity prices may impact the valuation of long-lived assets. The Company closely monitors the commodity prices of uranium, individual equity movements, and the stock market. The Company holds marketable securities which are subject to equity price risk.

13. SEGMENT INFORMATION

The Company operates in one reportable segment, being the acquisition, exploration and development of uranium properties. All of the Company's non-current assets are located in Canada.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There was no cash paid for income tax in the six months ended June 30, 2023 and 2022.

Non-cash transactions in the six months ended June 30, 2023 and 2022 included:

(a) A non-cash transaction of $576,777 (June 30, 2022 – $788,653) related to share-based payments was included in exploration and evaluation assets.

(b) Additions to exploration and evaluation assets are presented net of a non-cash increase in accounts payable of $339,039 (June 30, 2022 – $204,269) directly related to exploration and evaluation assets.

(c) The Company issued 57,870 shares valued at $166,666 (June 30, 2022: 29,644 shares valued at $96,047) to settle a portion of the interest owing on the Debentures (see Note 10).

15. SUBSEQUENT EVENTS

Option grant

On July 17, 2023, the Company granted 1,317,500 stock options to certain directors, officers, employees, and consultants of the Company. The options granted have a term of five years, vest in three annual installments commencing on the grant date, and are exercisable at a price of $2.61 per common share of the Company.

Mountain Lake option agreement

The Company and Consolidated Uranium agreed on August 2, 2023 to extend the expiry date of Consolidated Uranium's option to acquire the Company's Mountain Lake property in Nunavut, Canada from August 3, 2023 to December 31, 2023.