



Unaudited Condensed Interim Financial Statements of

ISOENERGY LTD.

For the three months ended March 31, 2023 and 2022

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

	Note	March 31, 2023	December 31, 2022
ASSETS			
Current			
Cash		\$ 16,616,033	\$ 19,912,788
Accounts receivable		162,773	46,061
Prepaid expenses		345,209	167,279
Marketable securities	5	5,385,416	5,774,617
		22,509,431	25,900,745
Non-Current			
Property and equipment		45,038	48,927
Exploration and evaluation assets	6	75,019,364	71,165,630
TOTAL ASSETS		\$ 97,573,833	\$ 97,115,302
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 1,897,435	\$ 552,957
Flow-through share premium liability	7	569,144	2,068,785
		2,466,579	2,621,742
Non-Current			
Convertible debentures	8	31,109,724	27,405,961
Deferred income tax liability		1,537,535	866,909
TOTAL LIABILITIES		\$ 35,113,838	\$ 30,894,612
EQUITY			
Share capital	10	\$ 90,960,990	\$ 90,640,338
Share option and warrant reserve	10	16,633,245	15,405,672
Accumulated deficit		(46,621,326)	(41,721,615)
Other comprehensive income		1,487,086	1,896,295
TOTAL EQUITY		62,459,995	66,220,690
TOTAL LIABILITIES AND EQUITY		\$ 97,573,833	\$ 97,115,302

Nature of operations (Note 2)
Commitments (Note 7)
Subsequent event (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 May 2, 2023

“Tim Gabruch”
Tim Gabruch, CEO, Director

“Trevor Thiele”
Trevor Thiele, Director

ISOENERGY LTD.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)

(Expressed in Canadian Dollars)

For the three months ended March 31

	Note	2023	2022
General and administrative costs			
Share-based compensation	10,11	\$ 1,153,807	\$ 1,620,388
Administrative salaries, contract and director fees	11	300,986	455,014
Investor relations		124,054	104,626
Office and administrative		35,039	28,076
Professional and consultant fees		111,873	76,051
Travel		51,957	8,681
Public company costs		118,164	75,843
Total general and administrative costs		(1,895,880)	(2,368,679)
Interest income		159,536	10,031
Interest on convertible debentures	8	(307,717)	(161,441)
Fair value loss on convertible debentures	8	(3,631,213)	(7,178,291)
Foreign exchange loss		(910)	(27,112)
Loss from operations		(5,676,184)	(9,725,492)
Deferred income tax recovery	9	776,473	249,811
Loss		\$ (4,899,711)	\$ (9,475,681)
Other comprehensive (loss)/gain			
Change in fair value of convertible debentures attributable to the change in credit risk	8	(72,550)	15,671
Change in fair value of marketable securities	5	(389,201)	(923,401)
Deferred tax recovery	9	52,542	124,659
Total comprehensive loss for the period		\$ (5,308,920)	\$ (10,258,752)
Loss per common share – basic and diluted		\$ (0.04)	\$ (0.09)
Weighted average number of common shares outstanding – basic and diluted		110,484,053	106,357,353

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	847,500	761,582	(293,622)	-	-	467,960
Share-based payments	10	-	-	2,007,761	-	-	2,007,761
Loss for the period		-	-	-	(9,475,681)	-	(9,475,681)
Other comprehensive loss for the period	5,8	-	-	-	-	(783,071)	(783,071)
Balance as at March 31, 2022		106,756,270	\$ 79,663,526	\$ 8,183,282	\$(43,822,635)	\$ 4,106,465	\$ 48,130,638
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	160,000	320,652	(133,952)	-	-	186,700
Share-based payments	10	-	-	1,361,525	-	-	1,361,525
Loss for the period		-	-	-	(4,899,711)	-	(4,899,711)
Other comprehensive loss for the period	5,8	-	-	-	-	(409,209)	(409,209)
Balance as at March 31, 2023		110,552,130	\$ 90,960,990	\$ 16,633,245	\$(46,621,326)	\$ 1,487,086	\$ 62,459,995

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 months ended March 31

	Note	2023	2022
Cash flows used in operating activities			
Loss for the period		\$ (4,899,711)	\$ (9,475,681)
Items not involving cash:			
Share-based compensation		1,153,807	1,620,388
Deferred income tax recovery		(776,473)	(249,811)
Interest on convertible debentures		307,717	161,441
Fair value loss on convertible debentures		3,631,213	7,178,291
Foreign exchange loss		2,878	22,733
Changes in non-cash working capital			
Accounts receivable		(116,712)	(26,277)
Prepaid expenses		(177,930)	(163,924)
Accounts payable and accrued liabilities		30,075	20,219
		\$ (845,136)	\$ (912,621)
Cash flows used in investing activities			
Additions to exploration and evaluation assets		\$ (2,633,757)	\$ (2,492,289)
Acquisition of exploration and evaluation assets		(1,843)	-
		\$ (2,635,600)	\$ (2,492,289)
Cash flows from financing activities			
Shares issued for option exercise		186,700	467,960
		\$ 186,700	\$ 467,960
Effects of exchange rate changes on cash		(2,719)	(24,850)
Change in cash		\$ (3,296,755)	\$ (2,961,800)
Cash, beginning of period		19,912,788	13,617,066
Cash, end of period		\$ 16,616,033	\$ 10,655,266

Supplemental disclosure with respect to cash flows (Note 14)

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

ISOENERGY LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
For the three months ended March 31, 2023 and 2022

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 2T5. The Company's common shares are listed on the TSX Venture Exchange (the "**TSXV**").

As of March 31, 2023, the Company did not have any subsidiaries and NexGen Energy Ltd ("**NexGen**") holds 50.0% 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 March 31, 2023, the Company had accumulated losses of \$46,621,326 and working capital of \$20,611,996 (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 months ended March 31, 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.

ISOENERGY LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
For the three months ended March 31, 2023 and 2022

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.

5. MARKETABLE SECURITIES

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**") and 193,300 common shares of Labrador Uranium Inc. ("**Labrador Uranium**"). As at March 31, 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 Labrador Uranium, which trades on the Canadian Securities Exchange, in exchange for 16,000,000 common shares of Labrador Uranium. Consolidated Uranium subsequently distributed the 16,000,000 common shares of Labrador Uranium to its shareholders and the Company received 193,300 Labrador Uranium common shares.

The carrying value of marketable securities is based on the estimated fair value of the common shares and determined using published closing prices.

	92 Energy	Consolidated Uranium	Labrador Uranium	Total
Balance, January 1, 2023	\$ 4,252,828	\$ 1,458,000	\$ 63,789	\$ 5,774,617
Change in fair value recorded in Other comprehensive income	(160,335)	(225,000)	(3,866)	(389,201)
Balance, March 31, 2023	\$ 4,092,493	\$ 1,233,000	\$ 59,923	\$ 5,385,416

ISOENERGY LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
For the three months ended March 31, 2023 and 2022

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	March 31, 2023	December 31, 2022
Acquisition costs:			
Acquisition costs, opening		\$ 35,290,505	\$ 35,322,962
Additions	a	1,843	10,249
Dispositions and derecognition	b	-	(42,706)
Acquisition costs, closing		\$ 35,292,348	\$ 35,290,505
Exploration and evaluation costs:			
Exploration costs, opening		\$ 35,875,125	\$ 25,632,628
Additions:			
Drilling		2,029,345	4,480,515
Camp costs		806,220	705,447
Geological and geophysical		379,073	1,593,079
Labour and wages		207,121	836,965
Share-based compensation	10	207,718	1,831,449
Extension of claims		67,455	470,021
Geochemistry and assays		72,669	190,177
Travel and other		82,290	177,524
Disposal and derecognition of assets	b	-	(42,680)
Total exploration and evaluation in the period		\$ 3,851,891	\$ 10,242,497
Exploration and evaluation, closing		\$ 39,727,016	\$ 35,875,125
Total costs, closing		\$ 75,019,364	\$ 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 three months ended March 31, 2023, the Company spent \$1,843 to stake several property extensions, adding approximately 2,670 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.

ISOENERGY LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
For the three months ended March 31, 2023 and 2022

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 \$ 3,675,702 in eligible exploration expenditures to March 31, 2023. As of March 31, 2023, the Company is obligated to spend \$1,353,298 by December 31, 2023 on eligible exploration expenditures. As the commitment is satisfied, the remaining balance of the flow-through premium liability is derecognized.

The flow-through share premium liability is comprised of:

	March 31, 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	(1,499,641)	(46,215)
Balance, closing	\$ 569,144	\$ 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 months ended March 31, 2023, the Company incurred interest expense of \$172,457 (2022: \$161,441) 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%, 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.

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 months ended March 31, 2023, the Company incurred interest expense of \$135,260 on the 2022 Debentures (2022: Nil).

ISOENERGY LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
For the three months ended March 31, 2023 and 2022

8. CONVERTIBLE DEBENTURES (continued)

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.

Three months ended March 31, 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	92,879	3,538,334	3,631,213
Change in fair value in the period included in OCI	23,815	48,735	72,550
Fair value, end of period	\$ 5,253,254	\$ 25,856,470	\$ 31,109,724

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

ISOENERGY LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
For the three months ended March 31, 2023 and 2022

8. CONVERTIBLE DEBENTURES (continued)

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

	2022 Debentures		2020 Debentures	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Expected stock price volatility	50.00%	52.80%	50.00%	52.80%
Expected life (years)	4.7	4.9	2.4	2.6
Risk free interest rate	3.42%	3.76%	4.04%	4.27%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Credit spread	23.34%	23.85%	23.34%	23.85%
Underlying share price of the Company	\$3.08	\$2.91	\$3.08	\$2.91
Conversion price	\$4.33	\$4.33	\$0.88	\$0.88
Exchange rate (C\$:US\$)	1.3516	1.3554	1.3516	1.3554

9. INCOME TAXES

Deferred income tax recovery/(expense) for the three months ended March 31 comprises:

	For the three months ended March 31	
	2023	2022
Deferred income tax (expense)/recovery related to operations	\$ (723,168)	\$ 249,811
Flow-through renunciation	1,499,641	-
Deferred income tax recovery/(expense)	\$ 776,473	\$ 249,811

In the three months ended March 31, 2023, the Company recognized a deferred tax recovery of \$52,542 (2022: \$124,659) related to the change in the fair value of the marketable securities recorded in OCI. In the three months ended March 31, 2023, the Company incurred \$3,565,813 (2022: Nil) of eligible exploration expenditures in respect of its flow-through share commitments.

10. SHARE CAPITAL

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

Issued

For the three months ended March 31, 2023

- (a) During the three months ended March 31, 2023, the Company issued 160,000 common shares on the exercise of stock options for proceeds of \$186,700. As a result of the exercises, \$133,952 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.

ISOENERGY LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
For the three months ended March 31, 2023 and 2022

10. SHARE CAPITAL (continued)

(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	300,000	\$3.06
Cancelled	(225,000)	\$3.30
Expired	(50,000)	\$3.99
Exercised	(160,000)	\$1.17
Outstanding, March 31, 2023	10,221,333	\$2.77
Number of options exercisable	6,882,999	\$2.43

ISOENERGY LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
For the three months ended March 31, 2023 and 2022

10. SHARE CAPITAL (continued)

As at March 31, 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)
510,000	\$0.36	510,000	\$0.36		0.3
967,500	\$0.39	967,500	\$0.39		1.6
620,000	\$0.42	620,000	\$0.42		0.7
398,000	\$1.19	398,000	\$1.19		2.1
250,000	\$2.44	250,000	\$2.44		2.9
1,350,000	\$2.81	983,333	\$2.81	(i)	2.8
832,500	\$2.97	277,500	\$2.97	(i)	4.7
300,000	\$3.06	100,000	\$3.06	(i)	4.9
250,000	\$3.46	83,333	\$3.46	(i)	4.6
1,840,000	\$3.47	680,000	\$3.47	(i)	4.1
2,503,333	\$3.99	1,746,666	\$3.99	(i)	3.4
400,000	\$4.96	266,667	\$4.96	(i)	3.9
10,221,333	\$2.77	6,882,999	\$2.43		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 assumptions were used to estimate the grant date fair values for the three months ended March 31, 2023:

Expected stock price volatility	89.23%
Expected life of options (years)	5
Risk free interest rate	3.52%
Expected dividend yield	0%
Weighted average exercise price	\$3.06
Weighted average fair value per option granted	\$2.17

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

	2023	2022
Capitalized to exploration and evaluation assets	\$ 207,718	\$ 387,373
Expensed to the statement of loss and comprehensive loss	1,153,807	1,620,388
	\$ 1,361,525	\$ 2,007,761

Warrants

As of March 31, 2023, the Company had no warrants outstanding.

ISOENERGY LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
For the three months ended March 31, 2023 and 2022

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:

Three months ended March 31, 2023	Short term compensation	Share-based compensation	Total
Expensed to the statement of loss and comprehensive loss	\$ 204,161	\$ 1,016,863	\$ 1,221,024
Capitalized to exploration and evaluation assets	47,654	243,541	291,195
	\$ 251,815	\$ 1,260,404	\$ 1,512,219

Three months ended March 31, 2022	Short term compensation	Share-based compensation	Total
Expensed to the statement of loss and comprehensive loss	\$ 154,193	\$ 1,534,152	\$ 1,688,345
Capitalized to exploration and evaluation assets	50,672	124,641	175,313
	\$ 204,865	\$ 1,658,793	\$ 1,863,658

As of March 31, 2023, \$5,671 (December 31, 2022 – \$17,317) was included in accounts payable and accrued liabilities owing to NexGen and directors and officers.

During the three months ended March 31, 2023, the Company paid NexGen \$7,153 (March 31, 2022 - \$5,272) 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 three months ended March 31, 2022.

ISOENERGY LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
For the three months ended March 31, 2023 and 2022

12. FINANCIAL INSTRUMENTS

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

Financial instrument risk exposure

As at March 31, 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 March 31, 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 March 31, 2023, the Company had a working capital balance of \$20,611,996, including cash of \$16,616,033.

ISOENERGY LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
For the three months ended March 31, 2023 and 2022

12. FINANCIAL INSTRUMENTS (continued)

(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.

(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 March 31, 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 \$1,391,084 that would flow through the statement of loss and comprehensive 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 in the Australian dollar can increase or decrease the value of the Company's investment in 92 Energy by \$204,624 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.

ISOENERGY LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
For the three months ended March 31, 2023 and 2022

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There was no cash paid for income tax in the three months ended March 31, 2023 and 2022.

Non-cash transactions in the three months ended March 31, 2023 and 2022 included:

- (a) A non-cash transaction of \$207,718 (March 31, 2022 – \$387,373) 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 \$1,006,527 (March 31, 2022 – \$1,054,379) directly related to exploration and evaluation assets.

15. SUBSEQUENT EVENT

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

The Subscription Receipts were issued in connection with a proposed transaction with ValOre Metals Corp. (“**ValOre**”) whereby Labrador Uranium will indirectly acquire a 100% interest in the Angilak Uranium Project in Nunavut Territory (the “**Transaction**”). Completion of the Transaction is subject to the approval of ValOre shareholders as well as customary court, regulatory, stock exchange and other approvals and the satisfaction of other closing conditions. The Transaction is expected to close in the second quarter of 2023.

Upon the satisfaction or waiver, as applicable, of the specified escrow release conditions (principally that all conditions to the completion of the Transaction have been satisfied or waived and receipt of all required approvals in connection with the Transaction), each Subscription Receipt shall be deemed to be exercised into one unit of Labrador Uranium (each, a “**Unit**”). Each Unit will consist of one common share of Labrador 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.