Consolidated Financial Statements of

ISOENERGY LTD.

For the Period Ended
December 31, 2016

Independent auditors' report

To the Shareholders of
IsoEnergy Ltd.

We have audited the accompanying financial statements of **IsoEnergy Ltd.**, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **IsoEnergy Ltd.** as at December 31, 2016, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP
Chartered Professional Accountants

Vancouver, Canada
March 7, 2017

ISOENERGY LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Audited)
As at

	Note	December 31, 2016
ASSETS		
Current		
Cash		$ 6,491,460
Accounts receivable		159,440
Prepaid expenses		54,700
		6,705,600
Non-Current		
Deposit	8(b)	5,452
Equipment	6	88,754
Exploration and evaluation assets	7	32,991,814
TOTAL ASSETS		$ 39,791,620
LIABILITIES		
Current		
Accounts payable and accrued liabilities		$ 289,097
Flow-through share premium liability	8(a)	179,212
		468,309
Non-Current		
Deferred income tax liability	15	136,588
TOTAL LIABILITIES		$ 604,897
EQUITY		
Share capital	9	40,645,694
Share option reserve	9	1,086,333
Deficit		(2,545,304)
TOTAL EQUITY		39,186,723
TOTAL LIABILITIES AND EQUITY		$ 39,791,620

Nature of operations (Note 2)
Commitments (Note 8)
Subsequent events (Note 16)

The accompanying notes are an integral part of the consolidated financial statements
These consolidated financial statements were authorized for issue by the Board of Directors on March 7, 2017

"Craig Parry"	**"Trevor Thiele"**
Craig Parry, CEO, Director	**Trevor Thiele, Director**

ISOENERGY LTD.
CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Audited)

	Note		For the period from February 2 to December 31, 2016
Share-based compensation	9	$	829,913
Administrative salaries, contract and director fees	10(a)		457,806
Investor relations			171,412
Office and administrative			80,527
Employee relocation expense	10(a)		72,998
Professional fees			124,617
Travel			64,710
Public company costs			80,596
Exploration costs			21,870
Airesurf acquisition and listing costs	5		565,079
Release of flow-through share premium liability	8(a)		(214,252)
Loss from operations			**(2,255,276)**
Deferred income tax expense	15		**(290,028)**
Loss and comprehensive loss for the period		**$**	**(2,545,304)**
Loss per common share – basic and diluted		**$**	**(0.12)**
Weighted average number of common shares outstanding – basic and diluted			**21,814,512**

The accompanying notes are an integral part of the consolidated financial statements

ISOENERGY LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Audited)

	Note	Number of Common Shares	Share Capital	Share option reserve	Deficit	Total
Balance as at February 2, 2016	9(a)	**1**	**$ 1**	**$ -**	**$ -**	**$ 1**
Shares issued for exploration and evaluation assets	9(b)(c)	30,000,000	30,000,000	-	-	30,000,000
Shares issued for cash	9(g)	10,299,086	10,692,550	-	-	10,692,550
Premium on flow-through shares	8(a)	-	(393,464)	-	-	(393,464)
Shares issued for finder's fee	9(g)	8,580	8,580	-	-	8,580
Shares issued to settle amounts due to NexGen	9(d)	450,000	450,000	-	-	450,000
Shares issued to Airesurf shareholders	9(f)	302,881	302,881	-	-	302,881
Share issued to NexGen	9(e)	1	1	-	-	1
Share issuance costs	9(g)	-	(414,855)	-	-	(414,855)
Share-based payments				1,086,333		1,086,333
Loss for the period		-	-	-	(2,545,304)	(2,545,304)
Balance as at December 31, 2016		**41,060,549**	**$ 40,645,694**	**$ 1,086,333**	**$ (2,545,304)**	**$ 39,186,723**

The accompanying notes are an integral part of the consolidated financial statement

ISOENERGY LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)
(Audited)

		For the period from February 2 to December 31, 2016
Cash flows from (used in) operating activities		
Loss for the period	$	(2,545,304)
Items not involving cash:		
Share-based payments		829,913
Release of flow-through share liability		(214,252)
Deferred income tax expense		290,028
Depreciation expense		1,254
Airesurf acquisition and listing costs		302,881
Changes in non-cash working capital		
Account receivable		(159,440)
Prepaid expenses		(54,700)
Deposit		(5,452)
Accounts payable and accrued liabilities		289,097
		(1,265,975)
Cash flows used in investing activities		
Acquisition of exploration and evaluation assets		(100,000)
Additions to exploration and evaluation assets		(2,613,148)
Additions to equipment		(112,254)
	$	**(2,825,402)**
Cash flows from (used in) financing activities		
Shares issued		11,142,552
Share issuance costs		(559,715)
	$	**10,582,837**
Change in cash	**$**	**6,491,460**
Cash, beginning of period		-
Cash, end of period	**$**	**6,491,460**

1. REPORTING ENTITY

IsoEnergy Ltd. including its subsidiaries and predecessor companies as described below, ("Iso", 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 25th Floor, 700 West Georgia Street, Vancouver, BC, V7Y 1B3.

Iso is the product of an amalgamation completed on October 12, 2016 between a company also called "IsoEnergy Ltd." ("Old Iso") and 1089338 B.C. Ltd. (a wholly owned subsidiary of NexGen Energy Ltd.), pursuant to section 269 of the British Columbia *Business Corporations Act* (the "Old Iso Merger"). Old Iso was incorporated on February 2, 2016 as a wholly owned subsidiary of NexGen Energy Ltd., ("NexGen") to hold certain exploration assets of NexGen. On June 17, 2016, certain exploration and evaluation assets were transferred from NexGen to Old Iso in consideration for 29 million common shares of Old Iso.

Pursuant to the Old Iso Merger, each outstanding common share of Old Iso was exchanged for one common share of Iso, which has the same business and capital structure as Old Iso. Pursuant to the Old Iso Merger, NexGen was issued one common share of the amalgamated entity in exchange for its one common share of 1089338 B.C. Ltd.

On October 13, 2016, Airesurf Network Holdings Inc. ("Airesurf") and 2532314 Ontario Ltd., a wholly owned subsidiary of Iso created for this purpose, amalgamated under the Ontario *Business Corporations Act* to form IsoOre Ltd., a wholly owned subsidiary of Iso (the "Airesurf Transaction"). See Note 5.

Both the Airesurf Transaction and the Old Iso Merger were part of a series of transactions completed in connection with the Company's application to list its common shares on the TSX-Venture Exchange (the "**TSXV**").

On October 19, 2016, Iso was listed on the TSXV as a Tier 2 Mining Issuer.

As of December 31, 2016 and after giving effect to a series of financings completed by way of private placement, NexGen holds 71.72% of Iso'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 December 31, 2016, the Company had accumulated losses of $2,545,304 and working capital of $6,416,503. The Company depends on external financing for its operational expenses. Under the Radio Option Agreement (refer to Note 7), the Company is required to spend $10 million prior to May 31, 2017 in order to earn a 70% interest in the Radio property. Therefore, in order to meet this requirement, the Company will need to raise additional funds or seek an amendment to the agreement. There is no guarantee the Company will be successful in doing so.

The business of exploring for and mining of minerals involves a high degree of risk. As an exploration company, Iso 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; potential forfeiture of the Radio Option Agreement; the limited operating history of Iso; the lack of known mineral resources or 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.

The underlying value of Iso's exploration and evaluation assets is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future business conditions or the failure to raise additional funds could require material write-downs of the carrying value of Iso's exploration and evaluation assets.

3. BASIS OF PRESENTATION

Statement of Compliance

These financial statements for the period ended December 31, 2016 including comparatives, are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

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. All monetary references expressed in these notes are references to Canadian dollar amounts ("$").

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 under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Information about significant areas of estimation uncertainty considered by management in preparing the financial statements is as follows:

i. Impairment

At the end of each financial reporting period the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss or reversal of previous impairment. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. With respect to exploration and evaluation assets, the Company is required to make estimates and judgments about future events and circumstances and whether the carrying amount of intangible exploration assets exceeds its recoverable amount. Recoverability depends on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or its ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

ii. Share-based payments

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate share-based payment expenses. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payment expenses. Refer to Note 9 for further details.

3. BASIS OF PRESENTATION (continued)

In situations where equity instruments are issued to settle amounts due or for goods or services received by the entity as consideration which cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the amount settled or goods or services received. The only significant share-based payment transactions occurring during the period ended December 31, 2016 was the acquisition of the Transferred Property Interests (as defined below), Thorburn North property, settlement of the NexGen payable and the Airesurf Transaction (see Note 9(b),(c),(e) and (g)), all by Old Iso. Old Iso was a private company, and therefore, the determination of the value of these share-based payments is considered a significant accounting estimate, as there was no active market for the issued shares. The value of these transactions was measured with reference to the price per share paid by external third party investors at approximately the same time.

Information about significant areas of judgment exercised by management in preparing the financial statements are as follows:

i. Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern as disclosed in Note 2, and is satisfied that the Company has the resources to continue its business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

ii. Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of mineral reserves or resources. The determination of mineral reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company as set out below have been consistently followed in the preparation of these financial statements.

(a) Functional and Presentation Currency

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

Translation of transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rate prevailing at the date of the transaction or the date of valuation (where items are re-measured). Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot rate of exchange in effect as at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated into the reporting currency using the exchange rate as at the date of the initial transaction.

(b) Cash

Cash includes deposits held with banks and which are available on demand.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Exploration and Evaluation Assets

Once the legal right to explore a property has been obtained, exploration and evaluation costs are capitalized as exploration and evaluation assets on an area of interest basis, pending determination of the technical feasibility and commercial viability of the property. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a claim is relinquished or a project is abandoned, the related deferred costs are recognized in profit or loss immediately.

Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition and deferred exploration costs will be written off to operations.

Although the Company has taken steps to verify its title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for similarly advanced exploration properties, these procedures do not guarantee the Company's title. A property may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Management regularly assesses the carrying value of non-producing properties and properties for which events and circumstances may indicate possible impairment.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest is demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining assets and development assets within property, plant and equipment.

(d) Equipment

(i) Recognition and measurement

Items of equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

(ii) Subsequent costs

The cost of replacing part of an item of equipment is recognized when that cost is incurred, if it is probable that the future economic benefits of the item will flow to the Company and the cost of the item can be measured reliably.

(iii) Depreciation

The carrying amount of equipment (including initial and subsequent capital expenditures) is amortized to the estimated residual value over the estimated useful life of the specific assets. Depreciation is calculated over the estimated useful life of each significant component of equipment as follows:

- Computing equipment	55% declining balance basis
- Software	55% declining balance basis
- Field equipment	20% declining balance basis
- Office equipment	5 years straight-line

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation methods, useful lives, and residual values are reviewed at least annually and adjusted if appropriate.

(iv) Disposal

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in profit or loss.

(e) Impairment

An impairment loss is recognized when the carrying amount of an asset, or a cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of an asset is the greater of an asset's fair value less the cost to sell the asset and its value in use. In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment.

(f) Decommissioning and Restoration Provisions

Decommissioning and restoration provisions are recorded when a present legal or constructive obligation exists as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and discount rates. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows discounted for the market discount rate.

Over time, the discounted liability is increased for changes in present value based on the current market discount rates and liability risks. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in reclamation estimates are accounted for prospectively as a change in the corresponding capitalized cost.

The Company did not have any decommissioning and restoration provisions for the period presented.

(g) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

(h) Share-based payments

The Company's stock option plan allows Company employees, directors, officers and consultants to acquire common shares of the Company. The fair value of options granted is recognized as a share-based payments expense with a corresponding increase in equity reserves.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of granted options is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to settle amounts due or for goods or services received by the Company as consideration which cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the amount settled or goods or services received.

(i) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors paid for the flow-through feature, which is recognized as a liability and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax deduction renounced to shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. To the extent that eligible deferred income tax assets are available, the Company will reduce the deferred income tax liability and record a deferred income tax recovery. Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years. Failure to expend such funds as required under the Canadian income tax legislation will result in a Part XII.6 tax to the Company on flow-through proceeds renounced under the "Look-back" Rule. If applicable, this tax is classified as a financial expense.

(j) Financial Instruments

The Company classifies its financial assets into one of the following categories:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. Cash is included in this category of financial assets.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

effective interest method less any provision for impairment. Accounts receivable are included in this category of financial assets.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

The Company classifies its financial liabilities into one of two categories as follows:

FVTPL - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method. Accounts payable and accrued liabilities are included in this category of financial liabilities.

(k) Loss per Share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year.

The Company uses the treasury stock method to compute the dilutive effect of options and other similar instruments. Under this method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

Existing stock options have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share is the same for the years presented.

(l) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Future accounting pronouncements:

The following standards have not been adopted by the Company and are being evaluated to determine their impact:

(a) IFRS 9 - *Financial Instruments:* New standard that replaced IAS 39 for classification and measurement of financial instruments, effective for annual periods beginning on or after January 1, 2018. The extent of the impact of adoption of this standard has not yet been determined.

(b) IFRS 16 – *Leases:* In January 2016, the IASB issued IFRS 16 – Leases. IFRS 16 brings most leases onto a lessee's balance sheet by eliminating the distinction between operating and finance leases. Lessor accounting remains largely unchanged by IFRS 16 and the distinction between operating and finance leases is retained. Under IFRS 16, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and is depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. Lessees are permitted to make an accounting policy election, by class of underlying asset, to apply a method like IAS 17's operating lease accounting and not recognize lease assets and lease liabilities for leases with a lease term of 12 months or less and on a lease-by-lease basis or to apply a method similar to current operating lease accounting to leases for which the underlying asset is of low value. IFRS 16 supersedes IAS 17 – Leases and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. The Company is currently evaluating the impact of the adoption of IFRS 16 on the Company's financial statements along with the timing of adoption.

5. AIRESURF TRANSACTION

On October 13, 2016, pursuant to the Airesurf Transaction, each issued and outstanding Airesurf common share was exchanged for 0.020833 Iso common shares. Iso issued 302,881 common shares to former shareholders of Airesurf, representing approximately 1% of the then issued and outstanding common shares of Iso. The Airesurf Transaction did not have any effect on the business or financial condition of Iso. For a further description of the Airesurf Transaction see the Form 2B on www.sedar.com, under Iso's profile.

The purchase price has been allocated to the assets acquired and the liabilities assumed based on their

(Expressed in Canadian Dollars)

5. AIRESURF TRANSACTION (continued)

fair values on the closing date of the Airesurf Transaction. The excess of the purchase price over the fair value of the identifiable net assets acquired was included in the statement of loss and comprehensive loss for the period as a TSXV listing cost:

Purchase price:	
Fair value of shares issued	$ 302,881
Transaction costs	210,141
	$ 513,022
Purchase price allocation:	
Cash	1,057
Accounts payable	(53,114)
	$ (52,057)
Net purchase price expensed	$ 565,079

6. EQUIPMENT

The following is a summary of the equipment:

	Computing equipment	Software	Field equipment	Office furniture and leasehold improvements	Total
Cost					
Balance, February 2, 2016	$ -	$ -	$ -	$ -	$ -
Additions	8,439	64,947	27,092	11,776	112,254
Balance, December 31, 2016	$ 8,439	$ 64,947	$ 27,092	$ 11,776	$ 112,254
Accumulated depreciation					
Balance, February 2, 2016	$ -	$ -	$ -	$ -	$ -
Depreciation	2,320	17,860	2,710	610	23,500
Balance, December 31, 2016	$ 2,320	$ 17,860	$ 2,710	$ 610	$ 23,500
Net book value:					
Balance, December 31, 2016	$ 6,119	$ 47,087	$ 24,382	$ 11,166	$ 88,754

7. EXPLORATION AND EVALUATION ASSETS

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

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

	Note		
Acquisition costs:			
Balance, February 2, 2016		$	-
Additions	a, b		30,100,000
Balance, December 31, 2016		$	30,100,000
Deferred exploration costs:			
Balance, February 2, 2016		$	-
Additions:			
Drilling			1,197163
Geological and geophysical			719,176
Labour and wages			375,920
Share-based compensation			256,420
Geochemistry and assays			151,190
Camp costs			119,460
Travel and other			72,485
Balance, December 31, 2016		$	2,891,814
Total costs, December 31, 2016		**$**	**32,991,814**

All licenses are subject to minimum expenditure commitments and annual reviews. Annual review dates for each license are staggered over the year. The Company expects to incur the minimum expenditures to maintain the licences.

(a) On June 17, 2016, Old Iso entered into a transfer agreement with NexGen to have certain of its exploration assets transferred to Old Iso. These assets include the following mineral properties: Radio, Thorburn Lake, 2Z Lake, Madison and Carlson Creek (collectively, the “Transferred Property Interests”). Old Iso issued 29,000,000 common shares, valued at $29,000,000, in exchange for the Transferred Property Interests.

Radio property

The Radio property is located in Northern Saskatchewan and was acquired from NexGen on June 17, 2016. Pursuant to an option agreement, most recently amended February 21, 2014, upon incurring $10,000,000 of expenditures on the Radio Project by May 31, 2017, the Company has the right to earn a 70% right, title and interest in the Radio property (the “Radio Option Agreement”). As of December 31, 2016, the Company has incurred $1,343,743 of expenditures on the Radio project.

Upon Iso earning a 70% interest in the Radio Project, Iso and the Radio optionors will be deemed to have formed a joint venture with Iso having an initial 70% interest therein and the Radio optionors having an initial 30% interest and the parties shall proceed in good faith to negotiate the terms of a joint venture

agreement. The Radio optionors’ 30% interest shall be free carried until the commencement of commercial production after which all costs and expenses (other than those incurred in connection with an expansion in respect of which the Radio optionors shall be free carried) shall be pro rata to the parties’ respective interest in the joint venture.

The Radio Option Agreement provides that the Radio optionors shall retain a 2% net smelter royalty and a 2% gross overriding royalty on production from the property, calculated in accordance with the Radio Option Agreement. The gross overriding royalty applies only to gems and gemstones.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Thorburn Lake property

Iso holds a 100% interest in the Thorburn Lake property, subject to a 1% net smelter return royalty (NSR) and a 10% carried interest. The carried interest can be converted to an additional 1% NSR at the holder's option upon completion of a bankable feasibility study.

(b) Thorburn North property

On June 30, 2016, Old Iso acquired a 100% interest in the Thorburn North property in exchange for a cash payment of $100,000 and $1,000,000 worth of common shares.

8. COMMITMENTS

(a) Flow-through expenditures

The Company issued flow-through shares with any resulting flow-through share premium recorded as a flow-through share premium liability. The liability is subsequently reduced when the required exploration expenditures are made, and accordingly, a recovery of flow-through premium is then recorded as income.

During the period ended December 31, 2016, the Company raised $4,328,100 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, 2017. A $393,464 flow-through share premium liability was recorded during the period ended December 31, 2016.

As of December 31, 2016, the Company fulfilled $2,356,776 of the commitment to spend the required eligible exploration expenditures and as such the commitment has been reduced to $1,971,324. As the commitment is met, the remaining balance of the flow-through premium liability will be recognised as income.

The flow-through share premium liability is comprised of:

Balance, February 2, 2016	$ -
Liability incurred on flow-through shares issued	393,464
Settlement of flow-through share liability on expenditures made	(214,252)
Balance, December 31, 2016	$ 179,212

(b) Office leases

The Company has total office lease commitments at its Vancouver office as follows:

2017	$ 65,424
2018	$ 65,424
2019	$ 43,616

In connection with the Company's Vancouver office lease, the Company paid a deposit of $5,452 which will be applied to the final month's rent at the end of the term.

9. SHARE CAPITAL

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

Issued

For the period ended December 31, 2016:

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

(a) Upon incorporation on February 2, 2016, one common share at a value of $1 was issued to NexGen.

(b) On June 16, 2016, Old Iso issued 29,000,000 common shares to NexGen for the Transferred Property Interests (Note 7(a)).

(c) On June 30, 2016, Old Iso issued 1,000,000 common shares as consideration for the acquisition of Thorburn North property (Note 7(b)).

(d) On August 16, 2016, Old Iso issued 450,000 common shares to NexGen to settle $450,000 due to NexGen for operational expenses paid by NexGen on Iso's behalf.

(e) On October 12, 2016, Old Iso issued 1 common share to NexGen as part of the Old Iso Merger (see note 1).

(f) On October 13, 2016, Iso issued 302,881 common shares to former Airesurf shareholders pursuant to the Airesurf Transaction (see note 5).

(g) In the period ended December 31, 2016, the following private placements were completed:

Date issued by:	Shares issued	Proceeds per share	Gross proceed	Cash finders' fee	Other cash share issuance costs	Net proceeds
June 30, 2016	2,033,000	$ 1.00	$2,033,000	$ (3,300)	$ -	$2,029,700
August 5, 2016	2,092,500	$ 1.00	2,092,500	(95,550)	(64,185)	1,932,765
August 5, 2016	1,818,200	$ 1.10	2,000,020	(120,001)	(61,348)	1,818,671
August 4, 2016	2,106,000	$ 1.00	2,106,000	-	(45,885)	2,060,115
October 11, 2016	132,950	$ 1.00	132,950	(7,356)	-	125,594
November 2, 2016	2,116,436	$ 1.10	2,328,080	(139,685)	(22,405)	2,165,990
	10,299,086		$10,692,550	$ (365,892)	$ (193,823)	$10,132,835

In addition to the cash finders' fees of $365,892 and other cash share issuance costs of $193,823, 8,580 common shares were issued as a finders' fee thereby increasing the total share issuance costs to $568,295 ($414,855, net of tax).

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 February 2, 2016	-	
Granted	3,775,000	$ 1.00
Outstanding December 31, 2016	3,775,000	$ 1.00
Number of options exercisable	1,225,000	$ 1.00

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

As at December 31, 2016, 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	Remaining contractual life (years)	Expiry date
3,675,000	$ 1.00	1,225,000	$ 1.00	1/3 annually with 1/3 vesting immediately	4.82	October 25, 2021
100,000	$ 1.00	-	$ 1.00	25% quarterly starting one quarter after grant date	4.82	October 24, 2021
3,775,000	$ 1.00	1,225,000	$ 1.00			

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 period ended December 31, 2016:

Expected stock price volatility	89.72%
Expected life of options	5.00
Risk free interest rates	0.66%
Expected dividend yield	0.00%
Weighted average share price	$ 1.00
Weighted average fair value per option granted	$ 0.69

The fair value of the options granted in the period ended December 31, 2016, was $2,602,298. Share-based payments for options vested in the current period amounted to $1,086,333 of which $829,913 was expensed to the statement of loss and comprehensive loss, and $256,420 was capitalized to exploration and evaluation assets (Note 7).

10. RELATED PARTY TRANSACTIONS

(a) 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 for the period from February 2, 2016 to December 31, 2016 is summarized as follows:

	Short term compensation	Share-based compensation	Total
Expensed in the statement of loss and comprehensive loss	$ 325,045	$ 717,974	$ 1,043,019
Capitalized to exploration and evaluation assets	268,913	234,441	503,354
	$ 593,958	$ 952,415	$ 1,546,373

In addition, in the period from incorporation to December 31, 2016, $72,998 was paid by the Company to or on behalf of the President and Chief Executive Officer to relocate to Vancouver, where the corporate office is based. These were included as relocation expenses on the statement of loss and comprehensive loss.

10. RELATED PARTY TRANSACTIONS (continued)

As of December 31, 2016, there was $70,012 included in accounts payable and accrued liabilities owing to directors and officers for compensation.

(b) During the period ended December 31, 2016, Old Iso issued 29,000,000 common shares to NexGen as consideration for the Transferred Property Interests (Note 7).

(c) On August 16, 2016, Old Iso issued 450,000 shares to NexGen to settle $450,000 due to NexGen for costs paid by NexGen on Old Iso's behalf (Note 9(e)).

11. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of assets. The Board of Directors does not impose quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

In the management of capital, the Company considers all types equity and is dependent on third party financing, whether through debt, equity, or other means. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Company.

The properties in which the Company currently has an interest are in the exploration stage. As such the Company, has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it determines that there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

12. FINANCIAL INSTRUMENTS

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

The fair values of the Company's financial instruments approximate their carrying value, due to their short-term maturities or liquidity. The Company's cash and accounts receivable are classified as loans and receivables and are initially recorded at fair value and subsequently at amortized cost with accrued interest recorded in accounts receivable.

Financial instrument risk exposure

As at December 31, 2016, the Company's risk exposures and the impact 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 December 31, 2016 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.

12. FINANCIAL INSTRUMENTS (continued)

(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 attempts to manage 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 December 31, 2016 the Company had a working capital balance of $6,416,503, including cash of $6,491,460.

(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 December 31, 2016.

(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 may impact the fair value of financial assets, liabilities and operating results. As of

December 31, 2016, the Company had no financial assets and liabilities that were subject to currency translation risk. The Company maintains a Canadian dollar bank account in Canada.

(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 earnings. Commodity price risk is defined as the potential adverse impact of commodity price movements and volatilities on earnings 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.

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 or interest in the period ended December 31, 2016. The significant non-cash transactions during the period from inception to December 31, 2016 included:

(a) Old Iso issued 30,000,000 common shares for the acquisition of mineral properties recorded at the estimated fair value of the common shares of $30,000,000 (Note 7).

(b) Old Iso issued 8,580 common shares as a finder's fee recorded at the estimated fair value of the common shares of $8,580 (Note 9(d)).

(Expressed in Canadian Dollars)

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (continued)

(c) Share issuance costs incurred by Old Iso and Iso in the period are net of $153,440 of non-cash deferred income taxes.

(d) Iso issued 302,881 shares pursuant to the Airesurf Transaction valued at $302,881 (Note 5).

15. INCOME TAXES

A reconciliation of income taxes of statutory rates with the reported income taxes is as follows:

		2016
Loss from operations	$	(2,255,276)
Statutory rate		27%
Expected income tax recovery	$	(608,925)
Permanent differences		
Share-based compensation		224,077
Release of flow-through share premium liability		(57,848)
Airesurf acquisitions (before transaction costs)		95,833
Other		561
Flow-through share renunciation		636,330
Total deferred income tax expense	$	290,028

The tax effects of temporary differences between amounts recorded in the Company's accounts and the corresponding amounts as calculated for income tax purposes gives rise to the following deferred tax assets and liabilities:

		December 31, 2016
Tax loss carry forwards	$	367,725
Financing costs		125,442
Flow-through share effect on exploration and evaluation assets		(636,330)
Exploration and evaluation assets		230
Property and equipment		6,345
Deferred tax liabilities	$	(136,588)

Movement in the Company's deferred tax balance in the year is as follows:

December 31, 2016	Opening Balance	Recognized in Income Tax Expense	Recognized in Shareholders Equity	Closing Balance
Deferred tax assets:				
Tax loss carry forwards	$ -	$ 367,725	$ -	$ 367,725
Financing costs	-	(27,998)	153,440	125,442
Deferred tax liabilities:				
Exploration and evaluation assets	-	230	-	230
Flow-through shares	-	(636,330)	-	(636,330)
Equipment	-	6,345	-	6,345
	$ -	$(290,028)	$ 153,440	$ (136,588)

(Expressed in Canadian Dollars)

15. INCOME TAXES (continued)

The Company has non-capital losses of $1,361,943 which expire in 2036. Tax attributes are subject to review, and potential adjustment, by tax authorities.

The transferred tax base of the exploration and evaluation assets relating to the Transferred Property Interests at the time of acquisition from NexGen was $22,773,810, being the net book value of the Transferred Property Interests as recorded in NexGen's financial statements immediately prior to the transfer, compared to the consideration paid by the Company of $29,000,000 (refer the Note 7). The difference has not been recognized as a deferred tax liability pursuant to the "initial recognition exemption" under IFRS 12: Income Taxes.

16. SUBSEQUENT EVENTS

(a) Subsequent to December 31, 2016, the Company acquired, at minimal cost, the Mountain Lake uranium deposit in the Hornby Bay Basin, Nunavut. The property consists of five claims totaling 5,625 hectares and was acquired by staking. Mountain Lake is located 100 kilometres southwest of the coastal community of Kugluktuk.

(b) On January 4, 2017, the Company granted the following stock options:

Number of options	Exercise price per option	Number of options exercisable as of March 7, 2017	Expiry date
250,000	$ 1.00	83,333	January 4, 2022