ISOENERGY LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

For the period from incorporation to and the three months ended September 30, 2016

GENERAL

This management's discussion and analysis ("MD&A") is management's interpretation of the results and financial condition of IsoEnergy Ltd. ("Iso" or the "Company") for the period from incorporation to and the three months ended September 30, 2016 and includes events up to the date of this MD&A. This discussion should be read in conjunction with the unaudited condensed interim consolidated financial statements as at and for the period from incorporation to and the three months ended September 30, 2016 and the notes thereto (together, the "Interim Financial Statements") and the audited financial statements for the period ended June 30 (the "Audited Financial Statements") appended to Iso's *Form 2B - Application for the Listing of Common Shares of IsoEnergy Ltd* dated October 13, 2016 ("Form 2B"), which is available under the Company's profile on SEDAR at www.sedar.com. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified. This MD&A contains forward-looking information. Please see the section, "Note Regarding Forward-Looking Information" for a discussion of the risks, uncertainties and assumptions used to develop the Company's forward-looking information.

Financial Statements

Management is responsible for the Interim Financial Statements referred to in this MD&A. The Audit Committee of the Company's Board of Directors has been delegated the responsibility to review and approve the Interim Financial Statements and MD&A.

The Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and should be read in conjunction with Iso's Audited Financial Statements, which have also been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Based on the nature of the Company's activities, both presentation and functional currency is Canadian dollars.

The Company's Interim Financial Statements have been prepared using 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. The ability of the Company to continue as a going concern is dependent on its ability to obtain financing and achieve future profitable operations.

TECHNICAL INFORMATION

All scientific and technical information herein has been reviewed and approved by Mr. Steve Blower, P.Geo., Vice President – Exploration for Iso. Mr. Blower is a qualified person for the purposes of National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. For additional information regarding the Company's Radio project and Thorburn Lake project, including its quality assurance and quality control procedures, please see the technical report dated effective August 19, 2016 and September 26, 2016, respectively, in each case, on the Company's profile at www.sedar.com.

OVERALL PERFORMANCE

The principal business activity of Iso is the acquisition and exploration of uranium mineral properties, principally in the Athabasca Basin of Saskatchewan.

Iso's principal assets are: (i) a right to earn a 70% interest in the Radio Project; (ii) a 100% interest in the Thorburn Lake Project (subject to a 1% net smelter return royalty ("NSR") and a 10% carried interest which can be converted to an additional 1% NSR at the holder's option upon completion of a bankable feasibility study); and (iii) a 100% interest, in each of the Madison, 2Z, Carlson Creek and North Thorburn properties. Figure 1 below sets forth the location of the Company's properties.

Figure 1 – Property Location Map

Background

Iso was incorporated on February 2, 2016 pursuant to the *Business Corporations Act* (British Columbia). Iso was incorporated as a wholly-owned subsidiary of NexGen Energy Ltd. ("NexGen") for the purpose of acquiring a portfolio of early stage mineral exploration properties from NexGen. NexGen is a Canadian based uranium exploration company focused on the advancement of its Rook 1 Project in the Athabasca Basin, Saskatchewan. NexGen's common shares are listed and posted for trading on the Toronto Stock Exchange. As of the date hereof, NexGen holds 71.7% of the outstanding Iso common shares.

Effective June 17, 2016, and pursuant to a transfer agreement (the "Transfer Agreement") between Iso and NexGen, Iso acquired all NexGen's interest in the Radio Project (including by way of assignment, the Radio Option Agreement (as defined below)), the Thorburn Lake Project and the Madison, 2Z and Carlson Creek properties, all early stage exploration properties located in the Athabasca Basin, Saskatchewan (collectively, the "Acquired Properties"). As consideration for the Acquired Properties, Iso issued 29 million Iso common shares to NexGen at a price of $1.00 per Iso common share. In addition, on June 30, 2016

Iso acquired its North Thorburn property for consideration of one million Iso common shares at a price of $1.00 per Iso common share and a cash payment of $100,000.

On August 30, 2016, Iso and 2532314 Ontario Ltd, a newly-formed wholly-owned subsidiary of Iso ("Iso Subco") and Airesurf Networks Holdings Inc. ("Airesurf') entered into an amalgamation agreement (the "Amalgamation Agreement") pursuant to which Airesurf and Iso Subco would amalgamate (the "Amalgamation") to form a new corporation ("Amalco"). Pursuant to the Amalgamation Agreement, each issued and outstanding Airesurf common share would be exchanged for 0.20833 Iso common shares. As a result of the Amalgamation Iso would become a reporting issuer in the Province of Alberta.

On October 12, 2016, and in connection with the Amalgamation, Iso amalgamated with 10889338 B.C. Ltd., a wholly-owned subsidiary of NexGen (the "Iso Merger"). Pursuant to the IsoMerger, all of the issued and outstanding Iso common shares were exchanged for an equivalent number of common shares of the amalgamated entity. The Iso Merger did not have any effect on the business or financial condition of Iso.

On October 13, 2016, the Amalgamation was completed and in connection therewith Iso (as it existed after the Iso Merger) issued an aggregate of 302,881 common shares to former shareholders of Airesurf, representing approximately 1% of the issued and outstanding common shares of Iso. The Amalgamation did not have any effect on the business or financial condition of Iso, other than the issue of 302,881 common shares of Iso to former Airesurf shareholders. Upon the completion of the Amalgamation, the Company had 38,944,113 common shares issued and outstanding and no convertible securities, of which 29,450,002 common shares were held by NexGen.

On October 19, 2016, Iso's common shares commenced trading on the TSX Venture Exchange.

Radio Option Agreement

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 September 30, 2016, the Company has incurred $556,525 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.

Financial

As an exploration stage company, the Company does not have revenues and is expected to generate operating losses. As at September 30, 2016, the Company had cash of $7,104,066, an accumulated deficit of $655,761 and working capital of $6,253,475. Under the Radio Option Agreement, the Company is required to spend $10 million prior to May 31, 2017 to earn a 70% interest. Therefore, 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 Interim Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In the period from incorporation to approximately August 15, 2016, pending completion of the brokered and non-brokered private placements, NexGen financed Iso's operational expenses. As of August 15, 2016, approximately $458,400 was owing by Iso to NexGen in that regard. On August 16, 2016, NexGen converted $450,000 of the amount owing by Iso to NexGen into 450,000 Iso common shares at a price of $1.00 per share.

During the period since inception to September 30, 2016, the Company received net proceeds of $8,317,002 related to the issue of common shares (see the *Liquidity and Capital Resources* section below).

On October 11, 2016, the Company issued 132,950 common shares for proceeds of $132,950 in order to meet the TSX listing requirements. On November 2, 2016, the Company issued 2,116,436 flow-through shares at a price of $1.10 per share for net proceeds of $2,178,395.

Industry and Economic Factors that May Affect the Business

The business of exploring for minerals involves a high degree of risk. As an exploration company Iso is subject to risks and challenges similar to companies in a comparable stage and industry. These risks include, but are not limited to, the challenges of securing adequate capital, exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary permitting; as well as global economic and uranium price volatility; all of which are uncertain.

The underlying value of the Company'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 conditions could require material write-downs of the carrying value of the Company's exploration and evaluation assets. The Company does not generate revenue. As a result, the Company continues to be dependent on third party financing to continue exploration activities on the Company's properties, maintain capacity and satisfy contractual obligations. Accordingly, the Company's future performance will be most affected by its access to financing, whether debt, equity or other means. Access to such financing, in turn, is affected by general economic conditions, the price of uranium, exploration risks and the other factors described in the section entitled "Risk Factors" in the Company's Form 2B.

SELECTED FINANCIAL INFORMATION

The following financial information is derived from the Company's Interim Financial Statements, prepared in accordance with IFRS applicable to interim financial reporting including IAS 34 and presented in Canadian dollars. It should be read in conjunction with the Company's Interim Financial Statements as well as the Audited Financial Statements.

	For the quarter ended September 30, 2016	For the quarter ended June 30, 2016	For the period from inception to September 30, 2016
Revenue	Nil	Nil	Nil
Loss from operations	$ (429,496)	$ (226,265)	$ (655,761)
Basic loss per share	$ (0.01)	$ (0.05)	$ (0.04)
Diluted loss per share	$ (0.01)	$ (0.05)	$ (0.04)
Exploration and evaluation assets	$ 31,105,185	$ 30,228,197	$ 31,105,185
Total assets	$ 38,385,965	$ 32,297,248	$ 38,385,965
Total current liabilities	$ 932,294	$ 493,812	$ 932,294
Total non-current liabilities	$ -	$ -	$ -
Working capital	$ 6,253,475	$ 1,569,787	$ 6,253,475
Shareholders' equity	$ 37,453,671	$ 31,803,436	$ 37,453,671
Cash dividend declared per share	Nil	Nil	Nil

RESULTS OF OPERATIONS

Loss from Operations

During the three months ended September 30, 2016 and the period from inception to September 30, 2016 the Company had a loss of $429,496 and $655,761, respectively comprised of:

	For the three months ended September 30, 2016	**For the period from February 2 to September 30, 2016**
Administrative salaries, contract and directors' fees	$ 189,651	$ 277,895
Office and administrative	18,885	46,590
Employee relocation expense	8,578	72,658
Professional fees	261,211	275,117
Travel	13,370	45,700
Listing fee	10,000	10,000
Release of flow-through share premium liability	(72,199)	(72,199)
Loss from operations	**(429,496)**	**(655,761)**

Administrative salaries, contract and directors' fees relate to costs incurred by employees and contractors to manage the head office in Vancouver as well as directors' fees. Additional salaries and contract costs are included in exploration and evaluation assets.

Office and administrative expenses are primarily comprised of rent and communication costs. The employee relocation expense was a one-time cost related to relocating the President and Chief Executive Officer from Melbourne, Australia to Vancouver, British Columbia, where Iso's head office is located.

Professional fees consist of legal and accounting fees related to the Company's application to list its common shares on the TSXV and the completion of the Amalgamation (including the transaction contemplated thereby).

Travel expenses relate to general corporate travel in connection with marketing of the non-brokered private placement and brokered private placement completed during that period and travel to sites in preparation of the commencement of exploration activities.

Release of flow-through share premium liability is related to the fulfillment of the commitment to spend the required exploration expenditures under the flow-through share arrangement. 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 recorded as income. 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 pay 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 reduction renounced to the shareholders. The premium is recognized into income as release of flow-through share premium liability 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. When applicable, this tax is expensed as a financial expense.

During the period ended September 30, 2016, the Company raised $2,000,020 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 $181,820 flow-through share premium liability was recorded during the period ended September 30, 2016. As of September 30, 2016, the Company fulfilled $793,487 of the obligation to spend the required eligible exploration expenditures and as such the liability has been reduced by $72,199 to $109,621.

Exploration and evaluation spending

During the period from incorporation (February 2, 2016) to September 30, 2016, Iso spent an aggregate of $1,005,185 on deferred exploration on its properties as follows:

	Radio	Thorburn Lake	North Thorburn	Other	Total
Drilling	$417,872	$ 13,397	$ -	$ 79	$ 431,348
Geological and geophysical	-	268,799	47,400	-	316,199
Labour and wages	99,480	89,562	10,100	3,712	202,854
Camp costs	23,715	-	-	1,473	25,188
Geochemistry and assay	8,560	-	-	-	8,560
Travel and other	6,898	980	2,189	10,969	21,036
	$556,525	$372,738	$ 59,689	$ 16,233	$1,005,185

During the period, Iso actively explored three of its six properties, Radio, Thorburn Lake, and North Thorburn. A description of these exploration activities is set forth below.

Radio

At the Radio property, a program of core drilling was started on September 19, 2016. The program consisted of 13 drill holes totalling 4,946 metres and was completed on October 14, 2016, subsequent to the end of the reporting period. The program evaluated three metasedimentary corridors for the presence of features indicative of nearby uranium mineralization. Results from several drill holes in the southern corridor were positive, as they encountered a large volume of basement clay alteration associated with graphitic fault zones. Further exploration in this area is warranted. Drilling in the other two corridors did not encounter any features indicative of nearby uranium mineralization, however large stretches of these corridors remain unevaluated.

This drilling program is part of an exploration that will also include a program of surficial geochemistry consisting of soil sampling and radon emanometry, using the DC resistivity grid generated in 2012.

Thorburn Lake

Work at Thorburn Lake consisted of a direct current resistivity ("DC-Res") survey that began on August 31, 2016 and was completed on October 12, 2016, subsequent to the end of the reporting period. Approximately 84 line-kilometres of surveying was completed on grid lines spaced 200 metres apart. The survey was designed to locate areas of basement conductivity that may be related to graphitic structures, and other areas of low resistivity that might indicate clay alteration zones in the sandstone or basement. Preliminary results are encouraging, as graphitic structures observed in drilling in 2008 and 2011 are coincident with conductive features in the survey results. Also, other local areas of low resistivity are observed in the data that may indicate the presence of clay alteration zones.

The Thorburn Lake core drilling program began on October 14, 2016 and is expected to be complete by November 10, 2016. A total of 2,520 metres is planned in six drill holes. Several targets will be evaluated in an area characterized by widespread elevated uranium geochemistry and local weak uranium mineralization previously drilled in 2011 by a previous operator. The best assay result from the 2011 drilling was 0.43% U_3O_8 over 0.6 metres in drill hole TBN-11-05A associated with pitchblende filled fractures in basement pelitic gneiss, immediately beneath the sub-Athabasca unconformity.

This was completed as part of a larger exploration program that will also consist of a DC resistivity survey on the remaining southwest half of the property; and a 4,200-metre drill program focused on targets identified by the DC-Res survey.

North Thorburn

A program of ground gravity geophysical surveying was completed at the North Thorburn property in June, 2016. During the survey, gravity was measured at 380 new stations spaced 50 metres apart along 200 metre spaced grid lines. Results of this survey will be integrated with results from other geophysical surveys (including a DC-Res program currently underway) to develop drill targets at North Thorburn. No previous drilling has been completed on the property.

This 50.4 line-kilometre DC-Res geophysical survey is underway and is expected to be finished in mid-November. As with the recently completed survey at Thorburn Lake, the objective is to locate areas of basement conductivity that may be related to graphitic structures, and other areas of low resistivity that might indicate clay alteration zones in the sandstone or basement. The survey results will be integrated with other datasets to generate drill targets. No previous drilling has been completed on the property.

The Company plans on completing a 2,400-metre diamond drill program on Thorburn North in 2017.

LIQUIDITY AND CAPITAL RESOURCES

Iso has no revenue-producing operations, earns only minimal interest income on cash, and is expected to have recurring operating losses. As at September 30, 2016, the Company had an accumulated deficit of $655,761.

In the period ended September 30, 2016, the Company completed the following private placements:

Date issued by:	Shares issued	Proceeds per share	Gross proceed	Cash finders' fee	Other cash share issuance costs	Net proceeds
June 21/30, 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
	8,049,700		$8,231,520	$ (218,851)	$ (171,418)	$7,841,251

Iso does not have any commitments for capital expenditures. However, pursuant to the Radio Option Agreement in order to exercise its option to acquire a 70% interest in the Radio Project, Iso must incur $10 million of expenditures thereon by May 31, 2017. As of September 30, 2016, $556,525 has been incurred and approximately an additional $1,100,000 was then budgeted. Additional expenditures will depend on exploration results from the current and planned exploration programs.

As at the date of this MD&A, the Company has approximately $8,025,000 million in cash and approximately $1,165,000 million in current liabilities. The Company's working capital balance as at the date of this MD&A is approximately $7,050,000 million. As the date of this report the Company has sufficient funds to complete the plans to continue exploration activities at its Radio, Thorburn Lake and Thorburn North projects, as discussed above and finance its general and administrative costs for the next 12 months. As such, the Company has adequate working capital to complete its planned exploration and maintain corporate capacity for the ensuing 12 months. Excess available funds will be allocated to exploration programs based upon the results of completed programs.

On an ongoing basis, and particularly in light of current market conditions for mineral exploration, management evaluates and adjusts its planned level of activities, including planned, exploration and committed administrative costs, to maintain adequate levels of working capital.

The Company has not paid any dividends and management does not expect that this will change in the near future.

Working capital is held almost entirely in cash, significantly reducing any liquidity risk of financial instruments held by Iso.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at September 30, 2016 or as at the date hereof.

TRANSACTIONS WITH RELATED PARTIES

The only transactions between the Company and related parties are transactions between the Company and its key management personnel. 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, corporate officers and related companies. The aggregate remuneration attributed to key management personnel can be summarized as follows:

	For the period ended September 30, 2016
Short-term compensation[1]	$ 316,377

[1] Short-term compensation to key management personnel for the period from February 2, 2016 to September 30, 2016 amounted to $316,3777, $213,509 of which was expensed and included in administrative salaries, contracts and directors' fees on the statement of loss and comprehensive loss, and $102,868 was capitalized to exploration and evaluation assets.

In addition, $72,658 of relocation expenses were paid by the Company to relocate key management personnel to Vancouver, where the corporate office is located. These were included in relocation expenses on the statement of loss and comprehensive loss. As of September 30, 2016, no stock options were issued.

OUTSTANDING SHARE DATA

The authorized capital of Iso consists of an unlimited number of common shares. As of November 8, there were 41,060,549 common shares outstanding and 3,775,000 stock options.

As at November 8, 2016, there were no warrants outstanding. Stock options outstanding at November 8, 2016 are as follow:

Number of options	Exercise price per option	Number of options exercisable	Exercise price per option	Expiry date
3,675,000	$ 1.00	1,225,000	$ 1.00	October 25, 2021
100,000	$ 1.00	-	$ 1.00	October 24, 2021
3,775,000	$ 1.00	1,225,000	$ 1.00	

PROPOSED TRANSACTIONS

Other than the transaction set out above which occurred subsequent to September 30, 2016, there are no proposed acquisitions or dispositions before the Board for consideration. As is typical in the mineral exploration and development industry, the Company continually reviews potential merger, acquisition and investment transactions and opportunities that could enhance shareholder value.

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.

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 about the future events and circumstances regarding whether the carrying amount of intangible exploration assets exceeds its recoverable amount. Recoverability is dependent 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 the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets and properties.

(ii) *Share-based payments*

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 amount settled or goods or services received. The only significant share based payment transactions occurring during the period ended September 30, 2016 was the acquisition of the Acquired Properties and Thorburn North property. At the time of these transactions, 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 these shares. The value of these transactions was measured with reference to the price per share paid by external third party investors at around the same time.

CHANGES IN ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 4 to the Audited Financial Statements and have been consistently followed in the preparation of the Interim Financial Statements.

Future accounting pronouncements:

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

- 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 the standard on the Company's financial statements has not yet been determined.

- IFRS 16 – *Leases:* In January 2016, the IASB issued IFRS 16 – Leases. IFRS 16 brings most leases on-balance sheet for lessees by eliminating the distinction between operating and finance leases. Lessor accounting remains largely unchanged 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 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, 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.

CAPITAL MANAGEMENT

The Company manages its capital structure, and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of assets. The Board does not establish 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 components of 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 the 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 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. 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 ended September 30, 2016.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and a liability to issue shares.

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 September 30, 2016, the Company's risk exposure 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 September 30, 2016 the Company holds cash 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 amounts 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 commitments associated with 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 September 30, 2016 the Company had a working capital balance of $6,253,475, including cash of $7,104,066.

(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 of 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 values of the Company's cash and cash equivalent balances as of September 30, 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 the Company's financial assets, liabilities and operating results. As of September 30, 2016, the Company had no financial assets or liabilities that were subject to currency translation risk. The Company will maintain 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 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.

RISK FACTORS

The operations of the Company are speculative due to the high-risk nature of its business which is the exploration of mineral properties. For a comprehensive list of the risks and uncertainties facing the Company, please see “Risk Factors” in the Company’s Form 2B. These are not the only risks and uncertainties that Iso faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

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.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning Iso’s general and administrative expenses and exploration and evaluation expenses is provided in the Company’s statement of loss and comprehensive loss contained in its audited financial statements for the period ended June 30, 2016, which is all available in the Form 2B on Iso’s website or on its profile at www.sedar.com.

NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains “forward-looking statements” (also referred to as “forward-looking information”) within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that IsoEnergy expects or anticipates will or may occur in the future, including, without limitation, statements about the future exploration activities; sources, and proposed uses, of funds; capital and operating cost estimates, including general and administrative expenses; expectations regarding the ability to raise capital for future activities; and other such matters are forward-looking statements. When used in this MD&A, the words “estimate”, “plan”, “anticipate”, “expect”, “intend”, “believe” and similar expressions are intended to identify forward-looking statements.

Forward-looking information and statements are based on the then current expectations, beliefs, assumptions, estimates and forecasts about Iso’s business and the industry and markets in which it operates. Forward-looking information and statements are made based upon certain assumptions and other important factors that could cause the actual results, performances or achievements of Iso to be materially different from future results, performances or achievements expressed or implied by such information or statements. Such information and statements are based on numerous assumptions including, among others, that the results of planned exploration activities are as anticipated, the price of uranium, the anticipated cost of planned exploration activities, that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms and that third party contractors, equipment, supplies and governmental and other approvals required to conduct IsoEnergy’s planned exploration activities will be available on reasonable terms and in a timely manner.

Forward-looking information and statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of IsoEnergy to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks related to the 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 licences; environmental and other regulatory requirements; political regulatory risks; competition; and the volatility of share prices, all as more particularly described in the "Risk Factors" above.

Although Iso has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

APPROVAL

The Audit Committee and the Board of Iso have approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be located, along with additional information, on the Company's profile SEDAR website at www.sedar.com or by contacting the corporate office, located at 970-1055 West Hasting Street Vancouver, BC, V6E 2E9.