



Unaudited Condensed Consolidated Interim Financial Statements of

**ISOENERGY LTD.**

September 30, 2017 and 2016

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

	Note	September 30, 2017	December 31, 2016
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 4,158,496	\$ 6,491,460
Accounts receivable		10,547	159,440
Prepaid expenses		19,315	54,700
		<b>4,188,358</b>	<b>6,705,600</b>
<b>Non-Current</b>			
Deposit	8(b)	5,452	5,452
Equipment	6	65,721	88,754
Exploration and evaluation assets	7	38,554,483	32,991,814
<b>TOTAL ASSETS</b>		<b>\$ 42,814,014</b>	<b>\$ 39,791,620</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 221,753	\$ 289,097
Flow-through share premium liability	8(a)	147,718	179,212
		<b>369,471</b>	<b>468,309</b>
<b>Non-Current</b>			
Deferred income tax liability		251,128	136,588
<b>TOTAL LIABILITIES</b>		<b>620,599</b>	<b>604,897</b>
<b>EQUITY</b>			
Share capital	10	44,594,716	40,645,694
Share option reserve	10	2,230,073	1,086,333
Deficit		(4,631,374)	(2,545,304)
<b>TOTAL EQUITY</b>		<b>42,193,415</b>	<b>39,186,723</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 42,814,014</b>	<b>\$ 39,791,620</b>

Nature of operations (Note 2)  
Commitments (Note 8)

The accompanying notes are an integral part of the condensed consolidated interim financial statements  
These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 6, 2017

“Craig Parry”  
Craig Parry, CEO, Director

“Trevor Thiele”  
Trevor Thiele, Director

**ISOENERGY LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)  
(Unaudited)

	Note	For the three months ended September 30		For the nine months ended September 30	
		2017	2016	2017	2016
Share-based compensation	10	\$ 259,821	\$ -	\$ 840,758	\$ -
Administrative salaries, contract and director fees		172,592	189,651	536,373	277,895
Investor relations		39,378	-	150,734	-
Office and administrative		35,902	18,885	112,407	46,590
Professional and consultant fees		173,224	261,211	287,851	275,117
Travel		16,624	13,370	136,189	45,700
Public company costs		29,499	10,000	60,696	10,000
Employee relocation expense		-	8,578	-	72,658
Exploration costs		10	-	301	-
Interest income		(14,183)	-	(14,629)	-
<b>Loss from operations</b>		<b>(712,867)</b>	<b>(501,695)</b>	<b>(2,110,680)</b>	<b>(727,960)</b>
Deferred income tax recovery	9	95,885	72,199	24,610	72,199
<b>Loss and comprehensive loss</b>		<b>\$ (616,982)</b>	<b>\$ (429,496)</b>	<b>\$ (2,086,070)</b>	<b>\$ (655,761)</b>
<b>Loss per common share – basic and diluted</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.05)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<b>45,511,097</b>	<b>35,963,392</b>	<b>42,689,225</b>	<b>15,397,102</b>

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

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

	Note	Number of Common Shares	Share Capital	Share option reserve	Deficit	Total
<b>Balance as at February 2, 2016</b>	10(d)	1	\$ 1	\$ -	\$ -	\$ 1
Shares issued for exploration and evaluation assets	10(e)(f)	30,000,000	30,000,000	-	-	30,000,000
Shares issued for cash	10(j)	8,049,700	8,231,520	-	-	8,231,520
Premium on flow-through shares	8(a)	-	(181,820)	-	-	(181,820)
Shares issued for finder's fee	10(j)	8,580	8,580	-	-	8,580
Share issuance costs	10(j)	-	(398,849)	-	-	(398,849)
Shares issued to settle amounts due to NexGen	10(g)	450,000	450,000	-	-	450,000
Loss for the period		-	-	-	(655,761)	(655,761)
<b>Balance as at September 30, 2016</b>		<b>38,508,281</b>	<b>\$ 38,109,432</b>	<b>\$ -</b>	<b>\$ (655,761)</b>	<b>\$37,453,671</b>
<b>Balance as at January 1, 2017</b>		<b>41,060,549</b>	<b>\$ 40,645,694</b>	<b>\$ 1,086,333</b>	<b>\$ (2,545,304)</b>	<b>\$ 39,186,723</b>
Shares issued for exploration and evaluation assets	10(b)(c)	4,000,000	3,040,000	-	-	3,040,000
Shares issued for cash	10(a)	999,999	1,099,999	-	-	1,099,999
Premium on flow-through shares	8(a)	-	(130,000)	-	-	(130,000)
Share issuance costs	10(a)	-	(60,977)	-	-	(60,977)
Share-based payments	10	-	-	1,143,740	-	1,143,740
Loss for the period		-	-	-	(2,086,070)	(2,086,070)
<b>Balance as at September 30, 2017</b>		<b>46,060,548</b>	<b>\$ 44,594,716</b>	<b>\$ 2,230,073</b>	<b>\$ (4,631,374)</b>	<b>\$ 42,193,415</b>

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

**ISOENERGY LTD.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)  
(Unaudited)  
For the nine months ended

	September 30, 2017	September 30, 2016
<b>Cash flows from (used in) operating activities</b>		
Loss for the period	\$ (2,086,070)	\$ (655,761)
Items not involving cash:		
Share-based payments	840,758	-
Deferred income tax expense	(24,610)	(72,199)
Depreciation expense	3,713	-
Changes in non-cash working capital		
Account receivable	148,893	(60,978)
Prepaid expenses	35,385	(20,725)
Deposit	-	(5,452)
Accounts payable and accrued liabilities	(67,345)	283,569
	<b>\$ (1,149,276)</b>	<b>\$ (531,546)</b>
<b>Cash flows used in investing activities</b>		
Acquisition of exploration and evaluation assets	\$ (247,988)	\$ (100,000)
Additions to exploration and evaluation assets	(1,947,141)	(484,822)
Additions to equipment	(5,238)	(96,568)
	<b>\$ (2,200,367)</b>	<b>\$ (681,390)</b>
<b>Cash flows provided by (used in) financing activities</b>		
Share issued	\$ 1,099,999	\$ 8,681,521
Share issuance costs	(83,320)	(390,269)
Liability to issue shares	-	25,750
	<b>\$ 1,016,679</b>	<b>\$ 8,317,002</b>
<b>Change in cash</b>	<b>\$ (2,332,964)</b>	<b>\$ 7,104,066</b>
Cash, beginning of period	6,491,460	-
<b>Cash, end of period</b>	<b>\$ 4,158,496</b>	<b>\$ 7,104,066</b>

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

## ISOENERGY LTD.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 & 2016**

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#### 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 25<sup>th</sup> 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") (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 September 30, 2017 and after giving effect to a series of financings completed by way of private placement and shares issued on acquisition of exploration and evaluation assets, NexGen holds 63.9% 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 September 30, 2017, the Company had accumulated losses of \$4,631,374 and working capital of \$3,966,605 (working capital is defined as current assets less accounts payable and accrued liabilities). The Company depends on external financing for its operational expenses.

The business of exploring for and mining of minerals involves a high degree of risk. As an exploration company, 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; 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.

**ISOENERGY LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
(Unaudited)  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 & 2016**

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### **3. BASIS OF PRESENTATION**

#### **Statement of Compliance**

These condensed interim consolidated financial statements for the period ended September 30, 2017, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. They do not include all of the information required by International Reporting Standards ("IFRS") for annual financial statements and should be read in conjunction with the audited financial statements for the period ended and as at December 31, 2016.

#### **Basis of Presentation**

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. All monetary references expressed in these notes are references to Canadian dollar amounts ("\$"). These condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

#### **Critical accounting judgments, estimates and assumptions**

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that 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 are set out in Note 3 to the audited financial statements for the period ended December 31, 2016 and have been consistently followed in preparation of these condensed consolidated interim financial statements.

### **4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies followed by the Company are set out in Note 4 to the audited financial statements for the period ended December 31, 2016 and have been consistently followed in preparation of these condensed consolidated interim financial statements except for the following policies:

#### **Future Accounting Pronouncements:**

The following standards have not been adopted by the Company and are being evaluated:

IFRS 9 is a 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 has not yet been determined.

IFRS 16 is a new standard that will replace IAS 17 for the accounting and measurement of leases with a term of more than 12 months, effective for annual periods beginning on or after January 1, 2019. The Company does not expect the standard to have a material impact on its financial statements.

IFRS 2 is an amended standard to clarify how to account for certain types of share-based payment transactions, effective for annual periods beginning on or after January 1, 2018. The amendments provide for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations,

**ISOENERGY LTD.**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 & 2016**
**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The extent of the impact of adoption of the amended standard has not yet been determined.

**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. Pursuant to the Airesurf Transaction, 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 as a result of the transaction based on their 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 ended December 31, 2016 as a TSXV listing cost:

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

**6. EQUIPMENT**

The following is a summary of the equipment:

	Computing equipment	Software	Field equipment	Office furniture and leasehold improvements	Total
<b>Cost</b>					
Balance, February 2, 2016	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	8,439	64,947	27,092	11,776	112,254
<b>Balance, December 31, 2016</b>	<b>8,439</b>	<b>64,947</b>	<b>27,092</b>	<b>11,776</b>	<b>112,254</b>
Additions	3,911	-	-	1,327	5,238
<b>Balance, September 30, 2017</b>	<b>\$ 12,350</b>	<b>\$ 64,947</b>	<b>\$ 27,092</b>	<b>\$ 13,103</b>	<b>\$ 117,492</b>
<b>Accumulated depreciation</b>					
Balance, February 2, 2016	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	2,320	17,860	2,710	610	23,500
<b>Balance, December 31, 2016</b>	<b>2,320</b>	<b>17,860</b>	<b>2,710</b>	<b>610</b>	<b>23,500</b>
Depreciation	3,241	19,423	3,658	1,949	28,271
<b>Balance, September 30, 2017</b>	<b>\$ 5,561</b>	<b>\$ 37,283</b>	<b>\$ 6,368</b>	<b>\$ 2,559</b>	<b>\$ 51,771</b>
<b>Net book value:</b>					
Balance, December 31, 2016	\$ 6,119	\$ 47,087	\$ 24,382	\$ 11,166	\$ 88,754
<b>Balance, September 30, 2017</b>	<b>\$ 6,789</b>	<b>\$ 27,664</b>	<b>\$ 20,724</b>	<b>\$ 10,544</b>	<b>\$ 65,721</b>

**ISOENERGY LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
(Unaudited)  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 & 2016**

**7. EXPLORATION AND EVALUATION ASSETS**

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

	Note	For the nine months ended September 30, 2017	For the period from February 2, to December 31, 2016
<b><i>Acquisition costs:</i></b>			
Balance, opening		\$ 30,100,000	\$ -
Additions	a, b, c	3,287,988	30,100,000
Balance, closing		\$ 33,387,988	\$ 30,100,000
<b><i>Deferred exploration costs:</i></b>			
Balance, opening		\$ 2,891,814	\$ -
Additions:			
Drilling		1,150,051	1,197,163
Geological and geophysical		160,744	719,176
Labour and wages		340,261	375,920
Share-based compensation		302,982	256,420
Geochemistry and assays		140,146	151,190
Camp costs		107,557	119,460
Travel and other		72,940	72,485
Total additions		\$ 2,274,681	\$ 2,891,814
Balance, closing		\$ 5,166,495	\$ 2,891,814
<b>Total costs, closing</b>		<b>\$ 38,554,483</b>	<b>\$ 32,991,814</b>

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

- (a) On June 17, 2016, Old Iso entered into a transfer agreement with NexGen pursuant to which certain of its exploration assets were transferred to Old Iso. These assets included 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 (as amended), upon incurring \$10,000,000 of expenditures on the Radio Project by July 5, 2017, the Company had the right to earn a 70% right, title and interest in the Radio property. In May 2017 the Company paid the optionors \$105,000 in cash, pursuant to the terms of the option agreement and as consideration for a previous amendment to the terms thereof. On July 5, 2017 the Company acquired 100% of the Radio property in exchange for 3,000,000 common shares of Iso, valued at \$2,340,000 and the payment of the optionors' legal fees of \$15,050. The Radio property is subject to a 2% net smelter royalty and a 2% gross overriding royalty on production from the property. The gross overriding royalty applies only to gems and gemstones.

**ISOENERGY LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
(Unaudited)  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 & 2016**

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**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 Iso common shares.

**(c) Geiger property**

On August 8, 2017 Iso acquired a 100% interest in three mineral claims constituting the 4,188 hectare Geiger Property in the Eastern Athabasca Basin of Saskatchewan in exchange for 1,000,000 common shares in the Company, valued at \$700,000 and a cash payment of \$100,000.

**8. COMMITMENTS**

**(a) Flow-through expenditures**

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

The premium paid for a flow-through share, which is the price paid for the share over the market price of the share, is 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 a reduction of the deferred tax expense.

As of September 30, 2017, the Company must fulfil \$197,774 of the required eligible exploration expenditures before December 31, 2017 and a further \$1,100,000 by December 31, 2018. As the commitment is satisfied, the remaining balance of the flow-through premium liability will be recognized as income.

The flow-through share premium liability is comprised of:

	<b>For the nine months ended September 30, 2017</b>	<b>For the period from February 2 to December 31, 2016</b>
Balance, opening	\$ 179,212	\$ -
Liability incurred on flow-through shares issued	130,000	393,464
Settlement of flow-through share liability on expenditures made	(161,494)	(214,252)
Balance, closing	\$ 147,718	\$ 179,212

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
(Unaudited)  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 & 2016**

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**8. COMMITMENTS (continued)**

**(b) Office leases**

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

2017	\$ 16,356
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. INCOME TAXES**

Deferred income tax expense (recovery) comprises:

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
Deferred income taxes related to operations	\$ (82,212)	\$ -	\$ 136,884	\$ -
Release of flow-through share premium liability	(13,673)	(72,199)	(161,494)	(72,199)
	\$ (95,885)	\$ (72,199)	\$ (24,610)	\$ (72,199)

In the nine months ended September 30, 2017 the Company renounced \$1,776,429 (three months ended September 30, 2017 - \$150,423) of flow-through share expenditures. In the three and nine months ended September 30, 2016 the Company renounced \$793,487 of flow-through share expenditures.

**10. SHARE CAPITAL**

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

**Issued**

For the nine months ended September 30, 2017:

- (a) On May 26, 2017 the Company issued 999,999 flow-through common shares at a price of \$1.10 per share for gross proceeds of \$1,099,999. Share issuance costs were \$60,977 (net of tax of \$22,343).
- (b) On July 5, 2017 Iso issued 3,000,000 common shares valued at \$2,340,000 (\$0.78 per share) as consideration for the acquisition of 100% of the Radio property (Note 7(a)).
- (c) On August 8, 2017 the Company issued 1,000,000 common shares valued at \$700,000 (\$0.70 per share) as consideration for the acquisition of Geiger property (Note 7(c)).

For the period ended December 31, 2016:

- (d) Upon incorporation on February 2, 2016, one common share of Old Iso at a value of \$1 was issued to NexGen.
- (e) On June 16, 2016, Old Iso issued 29,000,000 common shares to NexGen for the Transferred Property Interests (Note 7(a)).
- (f) On June 30, 2016, Old Iso issued 1,000,000 common shares as consideration for the acquisition of Thorburn North property (Note 7(b)).

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
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**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 & 2016**

**10. SHARE CAPITAL (continued)**

- (g) 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 Old Iso's behalf.
- (h) On October 12, 2016, Old Iso issued 1 common share to NexGen as part of the Old Iso Merger and each of the Old Iso shareholders exchanged their common shares of Old Iso for common shares of the Company on a one-for-one basis (Note 1).
- (i) On October 13, 2016, Iso issued 302,881 common shares to former Airesurf shareholders pursuant to the Airesurf Transaction (Note 5).
- (j) In the period ended December 31, 2016, the following private placements were completed by Old Iso and Iso:

<b>Date issued by:</b>	<b>Shares issued</b>	<b>Proceeds per share</b>	<b>Gross proceed</b>	<b>Cash finders' fee</b>	<b>Other cash share issuance costs</b>	<b>Net proceeds</b>
June 30, 2016	2,033,000	\$ 1.00	\$ 2,033,000	\$ (3,300)	\$ -	\$ 2,029,700
August 4, 2016	2,106,000	\$ 1.00	2,106,000	-	(45,885)	2,060,115
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
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
	<u>10,299,086</u>		<u>\$ 10,692,550</u>	<u>\$ (365,892)</u>	<u>\$ (193,823)</u>	<u>\$ 10,132,835</u>

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:

	<b>Number of options</b>	<b>Weighted average exercise price per share</b>
Outstanding February 2, 2016	-	
Granted	3,775,000	\$ 1.00
Outstanding December 31, 2016	3,775,000	\$ 1.00
Granted	300,000	\$ 1.00
Outstanding September 30, 2017	4,075,000	\$ 1.00
Number of options exercisable	1,399,999	\$ 1.00

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**10. SHARE CAPITAL (continued)**

As at September 30, 2017, 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
50,000	\$ 1.00	16,666	\$ 1.00	(i)	4.65	May 25, 2022
250,000	\$ 1.00	83,333	\$ 1.00	(i)	4.27	January 4, 2022
3,675,000	\$ 1.00	1,225,000	\$ 1.00	(i)	4.07	October 25, 2021
100,000	\$ 1.00	75,000	\$ 1.00	(ii)	4.07	October 24, 2021
4,075,000	\$ 1.00	1,399,999	\$ 1.00			

(i) 1/3 annually with 1/3 vesting immediately

(ii) 25% quarterly starting one quarter after the grant date

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 nine months ended September 30, 2017:

Expected stock price volatility	88.59%
Expected life of options	5.00
Risk free interest rates	1.09%
Expected dividend yield	0.00%
Weighted average share price	\$ 1.00
Weighted average fair value per option granted	\$ 0.68

Share-based payments for options vested in the nine month ended September 30, 2017 amounted to \$1,143,740 of which \$840,758 was expensed to the statement of loss and comprehensive loss, and \$302,982 was capitalized to exploration and evaluation assets (Note 7). Share-based payments for options vested in the three months ended September 30, 2017 amounted to \$350,909 of which \$259,821 was expensed to the statement of loss and comprehensive loss, and \$91,088 was capitalized to exploration and evaluation assets. There were no options granted prior to September 30, 2016 and therefore the comparative amounts in the period ended September 30, 2016 were nil.

**11. RELATED PARTY TRANSACTIONS**

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 nine months ended September 30, 2017 is summarized as follows:

	Short term compensation	Share-based compensation	Total
Expensed in the statement of loss and comprehensive loss	\$ 426,825	\$ 691,862	\$ 1,118,687
Capitalized to exploration and evaluation assets	245,012	266,497	511,509
	\$ 671,837	\$ 958,359	\$ 1,630,196

As of September 30, 2017, \$nil (December 31, 2016 – \$70,012) was included in accounts payable and

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**11. RELATED PARTY TRANSACTIONS (continued)**

accrued liabilities owing to directors and officers for compensation.

In the nine months ended September 30, 2016 short-term compensation to key management personnel was \$316,377, of which \$213,509 was expensed and included in salaries and benefits on the statement of loss and comprehensive loss and \$102,868 was capitalized to exploration and evaluation assets

**12. 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.

**13. 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 September 30, 2017, the Company's financial instrument risk exposure and the impact thereof on the Company's financial instruments are summarized below:

**(a) Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at September 30, 2017, 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.

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**13. 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 manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital to meet short-term obligations. As at September 30, 2017, the Company had a working capital balance of \$3,966,605, including cash of \$4,158,496.

**(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 September 30, 2017.

**(ii) Foreign Currency Risk**

The functional currency of the Company is the Canadian dollar. Currency transaction risk and currency translation risk is the risk that fluctuations of the Canadian dollar in relation to other currencies may impact the fair value of financial assets, liabilities and operating results. As of September 30, 2017, the Company had no financial assets or 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 financial performance. Commodity price risk is defined as the potential adverse impact of commodity price movements and volatilities on financial performance and economic value. Future declines in commodity prices may impact the valuation of long-lived assets. The Company closely monitors the commodity prices of uranium, individual equity movements, and the stock market.

**14. 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.

**15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

There was no cash paid for income tax or interest in the period ended September 30, 2016 and 2017.

Non-cash transactions in the nine months ended September 30, 2017 included:

- (a)** A non-cash transaction of \$302,982 related to share-based payments was included in exploration and evaluation assets.
- (b)** Share issuance costs incurred by Iso are net of \$22,343 in non-cash deferred income taxes.
- (c)** Iso issued 4,000,000 of its common shares for the acquisition of mineral properties recorded at the

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**15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (continued)**

estimated fair value of the common shares of \$3,040,000 (Note 7(a) and (c)).

Non-cash transactions during the period ended September 30, 2016 included:

- (d)** Old Iso issued 30,000,000 of its common shares for the acquisition of mineral properties recorded at the estimated fair value of the common shares of \$30,000,000 (Note 7(a) and (b)).
- (e)** Old Iso issued 8,580 of its common shares as a finder's fee recorded at the estimated fair value of the common shares of \$8,580 (Note 10(i)).