



MANAGEMENT'S DISCUSSION AND ANALYSIS

ISOENERGY LTD.

For the Three Months Ended

March 31, 2017 and 2016

Dated: May 15, 2017

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 three months ended March 31, 2017 and includes events up to the date of this MD&A. This discussion should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2017 and the notes thereto (together, the "**Interim Financial Statements**") and other corporate filings, including the audited financial statements for the period ended December 31, 2016 (the "**Annual Financial Statements**"), all of which are 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 "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 for the year ended December 31, 2016 (the "**Annual 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* ("**NI 43-101**"). 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 entitled "Technical Report for the Radio Project, Northern Saskatchewan" dated effective August 19, 2016 and the technical report entitled "Technical Report for the Thorburn Lake Project, Northern Saskatchewan" dated effective September 26, 2016, respectively, in each case, on the Company's profile at www.sedar.com. Mr. Blower has verified the sampling, analytical, and test data underlying the information or opinions contained herein by reviewing original data certificates and monitoring all of the data collection protocols.

The historical mineral resource estimate in respect of the Mountain Lake project referred to below, was reported in the technical report entitled "Mountain Lake Property, Nunavut" and dated February 15, 2005. This resource is a historical estimate and a qualified person has not done sufficient work to classify the historical estimate as current mineral resources. As a result, the historical estimate is not being treated as a current mineral resource. However, the Company believes that the historical estimate is relevant and reliable, as it was prepared by a "qualified person" (as defined in NI 43-101) with significant experience with the project, using methods that were standard in the industry. In order to upgrade or verify the historical estimate as a current mineral resource estimate, the Company anticipates that it will need to incorporate the drilling data collected by Triex Minerals Corp and Pitchstone Exploration Ltd. between

2006 and 2008. The historical resource uses the “inferred mineral resource” category set out in section 1.2 of NI 43-101. There are no more recent estimates available to the Company.

The historical estimate was prepared with the polygonal method using only intervals greater than 0.1% U₃O₈ with a vertical thickness of at least 1.0 metre. Polygon sides were determined by drawing lines perpendicular to, and one half the distance to each adjacent drill hole. Estimated uranium was then obtained by multiplying the polygon areas by their thickness, a specific gravity of 2.5, and the grade of the drill hole interval. The mineral resource was classified as inferred.

BACKGROUND

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. (then 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 under the *Business Corporations Act* (British Columbia) as a wholly-owned subsidiary of NexGen Energy Ltd. (“**NexGen**”) to acquire certain exploration assets of 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.

Pursuant to the Old Iso Merger, each outstanding common share of Old Iso was exchanged for one common share of the amalgamated entity, namely Iso or the Company, which had 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.

Prior to the Iso Merger, and pursuant to a transfer agreement between Old Iso and NexGen, Old Iso acquired all of 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, effective June 17, 2016, (collectively, the “**Transferred Property Interests**”). As consideration for the Transferred Property Interests, Old Iso issued 29 million common shares to NexGen at a price of \$1.00 per common share.

In addition, on June 30, 2016 Old Iso acquired the North Thorburn property in exchange for one million common shares at a price of \$1.00 per common share and a cash payment of \$100,000.

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

On October 13, 2016, Airesurf Network Holdings Inc. (“**Airesurf**”) and 2532314 Ontario Ltd., a wholly-owned subsidiary of the Company incorporated for the purpose of this transaction with Airesurf, amalgamated under the Ontario *Business Corporations Act* to form IsoOre Ltd., a wholly-owned subsidiary of the Company (the “**Airesurf Transaction**”).

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.

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 March 31, 2017, the Company has incurred \$2,110,661 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.

OVERALL PERFORMANCE

General

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 and a 10% carried interest which can be reduced to 1% 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 in Saskatchewan.

Figure 1 – Property Location Map



In February 2017, the Company also acquired 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. The property contains a historical inferred mineral resource estimate of 8.2 million pounds U_3O_8 with an average grade of 0.23% U_3O_8 contained in 1.6 million tonnes of mineralization.

As an exploration stage company, the Company does not have revenues and is expected to generate operating losses. As at March 31, 2017, the Company had cash of \$4,488,235, an accumulated deficit of \$3,356,532 and working capital (defined as current assets less accounts payable and accrued liabilities) of \$4,484,839. 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.

Industry and Economic Factors that May Affect the Business

The business of mining for minerals involves a high degree of risk. Iso is an exploration company and 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.

In particular, 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. 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 MD&A for the period ended December 31, 2016.

SELECTED FINANCIAL INFORMATION

The following financial data is derived from the Interim Financial Statements and should be read in conjunction with Iso's audited Annual Financial Statements.

	For the three months ended March 31, 2017	For the period from February 2 to March 31, 2016
Share-based compensation	\$ 317,350	\$ -
Administrative salaries, contract and director fees	169,097	-
Investor relations	52,831	-
Office and administrative	44,503	-
Professional fees	18,064	-
Travel	9,139	-
Public company costs	19,572	-
Exploration costs	50	-
Loss from operations	(630,606)	-
Deferred income tax expense	(180,622)	-
Loss and comprehensive loss	\$ (811,228)	\$ -

During the three months ended March 31, 2017 the Company had a loss of \$811,228. There was no activity in the period from inception on February 2, 2016 to March 31, 2016.

Share-based compensation charged to the statement of loss and comprehensive loss was \$317,350 in the three months ended March 31, 2017. These are non-cash charges derived by the graded vesting method of the Black-Scholes values. Stock options granted to directors and employees vest over two years with the corresponding share-based compensation expense being recognized over this period. Variances in share-based compensation expense are expected from period to period depending on many factors, including whether options are granted in a period and whether options have fully vested or have been cancelled in a period. During the three months ended March 31, 2017, 250,000 stock options were granted with a weighted average fair value per option of \$0.69. This brings the total options outstanding to 4,025,000 of which 1,333,333 have vested.

Administrative salaries, contractor and directors' fees were \$169,097 for the three months ended March 31, 2017. Additional salaries and contractor fees are included in exploration and evaluation assets.

Investor relations expenses were \$52,831 for the three months ended March 31, 2017 and relate primarily to costs incurred in dealing with existing and prospective shareholders. Office and administrative

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For the three months ended March 31, 2017 and 2016

expenses were \$44,503 for the three months ended March 31, 2017 and consists of rent and communication costs. Professional fees were \$18,064 for the three months ended March 31, 2017 and consist of legal and accounting fees primarily related to tax advice and periodic review of the Company's continuous disclosure material.

Travel expenses were \$9,139 for the three months ended March 31, 2017 and relate to general corporate travel in connection with capital raising activities and general corporate activities.

Public company costs were \$19,572 for the three months ended March 31, 2017 and consist primarily of costs associated with the Company's continuous disclosure obligations and listing fees, transfer agent costs, press releases and other shareholder communication.

During the period ended December 31, 2016, the Company raised \$4,328,100 through the issuance of flow-through shares. Pursuant to Canadian tax law, the Company is required to spend this amount on eligible exploration expenditures by December 31, 2017. As of March 31, 2017, the Company incurred \$3,834,774 of the required eligible exploration expenditures. A \$393,464 flow-through share premium liability was recorded during the period ended December 31, 2016.

The Company has recorded a deferred tax expense of \$180,622 which reflects a deferred tax recovery on losses recognized in the period, offset by the renunciation of the flow-through shares and the release of the flow-through share premium liability. Release of flow-through share premium liability was \$134,363 in the three months ended March 31, 2017 and is related to the fulfillment of the commitment to spend the required exploration expenditures.

A reconciliation of income taxes based statutory rates and reported taxes is as follows:

Loss from operations	\$ (630,606)
Statutory rate	27%
Expected income tax recovery	(170,264)
Permanent differences	
Share-based compensation	85,685
Other	505
Flow-through share renunciation	399,059
Release of flow-through share premium liability	(134,363)
	\$
Deferred income tax expense	180,622

The following financial data is derived from the Interim Financial Statements and should be read in conjunction with Iso's audited Annual Financial Statements.

	March 31, 2017	December 31, 2016	March 31, 2016
Exploration and evaluation assets	\$ 34,632,477	\$ 32,991,814	\$ -
Total assets	\$ 39,502,456	\$ 39,791,620	\$ 1
Total current liabilities	\$ 244,938	\$ 468,309	\$ -
Total non-current liabilities	\$ -	\$ -	\$ -
Working capital ⁽¹⁾	\$ 4,584,839	\$ 6,416,503	\$ 1
Cash dividend declared per share	Nil	Nil	Nil

During the period ended March 31, 2017, the Company capitalized \$1,640,663, of exploration, of which \$1,519,377 was cash expenditures which also impacted working capital (see Exploration and Evaluation Spending below). In addition, the Company incurred an loss of \$811,228, of which \$312,287 was cash based (see discussion above).

DISCUSSION OF OPERATIONS

Exploration and Evaluation Spending

During the three months ended March 31, 2017, Iso incurred an aggregate of \$1,640,663 on deferred exploration on its properties as follows:

	Radio	Thorburn	Other	Total
Drilling	\$ 550,778	\$ 591,901	\$ (3,621)	\$ 1,139,058
Geological and geophysical	-	2,535	180	2,715
Labour and wages	55,885	56,975	10,588	123,448
Camp costs	44,951	58,079	-	103,030
Geochemistry and assays	49,485	68,419	-	117,904
Travel and Other	13,823	19,329	70	33,222
	714,922	797,238	7,217	1,519,377
Share-based compensation	56,550	56,550	-	113,100
Depreciation	-	-	8,186	8,186
	\$ 771,472	\$ 853,788	\$ 15,403	\$ 1,640,663

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

Radio

At the Radio property, drilling was carried out between January 17 and February 9, 2017 with two core rigs completing 10 drill holes totaling 3,913 metres. Eight of the 10 drill holes targeted a zone of basement clay alteration identified in 2016. Some of the drilling infilled gaps on sections tested in 2016, but most consisted of 200 metre step-outs along-strike or 50-100 metre step-outs up-dip and down-dip. Drill hole RD17-27, a 50-metre step-out up-dip of 2016 drill hole RD16-21A, is the first drill hole at Radio to encounter elevated uranium geochemistry. It intersected 143 ppm uranium over 0.2 metres (240.5-240.7 metres) in a clay altered graphitic fault within the broader zone of basement clay alteration. Although the alteration zone was extended along strike to the northeast, it is waning in volume and intensity in that direction. As well, no significant basement alteration was observed in step-outs to the southwest. Additionally, one hole was drilled to complete a 2013 drill fence along the Roughrider trend, and another was completed on a DC-resistivity anomaly in the northern part of the property.

Thorburn Lake

Drilling began at Thorburn Lake on February 4, 2017 and was completed on February 28, 2017. Two core rigs completed 4,512 metres of drilling in 10 drill holes. The main objective of the program was to locate a uranium deposit beneath Thorburn Lake along strike of weak uranium mineralization observed in the 2011 and 2016 drilling campaigns. Both of those campaigns were completed during the summer months and were therefore limited to land based targets. The current program has been successful in extending graphitic structures to the northeast beneath the lake ice, but no significant mineralization was observed. Results of geochemical analyses on the 2017 drill core have just been received and a review is ongoing.

Overall, the Company's strategy of focusing exploration on the Thorburn Lake and Radio properties with a combination of DC-Resistivity geophysics and core drilling was largely realized and/or is still being

completed. Geophysical surveys at Thorburn Lake and North Thorburn were completed in 2016. As well, initial drilling programs in 2016 at Radio and Thorburn Lake were successful in identifying uranium mineralization or indications of uranium mineralization and have been followed up with more drilling in 2017.

The Company plans to explore the North Thorburn property by completing the balance of the activities set forth below. The nature and extent of further exploration will depend on the results of these planned exploration activities and the Company's financial resources.

	Forecast	Comments
North Thorburn – 2,400 m Drilling (6 holes)	\$617,000	Scheduled for Summer 2017

SUMMARY OF QUARTERLY RESULTS

The information should be read in conjunction with the Company's Annual Financial Statements as well as the unconsolidated interim financial statements for the period ended September 30, 2016 and the unconsolidated audited financial statements for the period ended June 30, 2016.

	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Revenue	Nil	Nil	Nil	Nil
Loss	\$ (881,228)	\$ (1,889,543)	\$ (429,496)	\$ (226,265)
Basic loss per share	\$ (0.02)	\$ (0.05)	\$ (0.01)	\$ (0.05)
Diluted loss per share	\$ (0.02)	\$ (0.05)	\$ (0.01)	\$ (0.05)

Iso does not derive any revenue from its operations. Its primary focus is the acquisition, exploration and evaluation of resource properties.

The loss per period has fluctuated depending on the Company's activity level and periodic variances in certain items. Quarterly periods are therefore not comparable.

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 March 31, 2017, the Company had an accumulated deficit of \$3,356,352.

As at the date of this MD&A, the Company has approximately \$4.2 million in cash. The Company's working capital balance as at the date of this MD&A is approximately \$4.3 million. As a result, as at the date hereof the Company has sufficient funds to finance its general and administrative costs for the next 12 months and complete its planned exploration activities as set forth above. Excess available funds will be allocated to exploration programs based upon the results of completed programs after an assessment of all results to date and any untested targets.

As previously stated however, 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.

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.

As previously stated, the Company is dependent on external financing, including equity issuances and debt financing, to fund its activities. Management will determine whether to accept any offer to finance weighing such things as the financing terms, the results of exploration, the Company's share price at the time and current market conditions, among others. Circumstances that could impair the Company's ability to raise additional funds include general economic conditions, the price of uranium and the other factors set forth under "Risk Factors" in the MD&A for the period ended December 31, 2016 and above under "Industry and Economic Factors that May Affect the Business". 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 March 31, 2017 or as at the date hereof.

TRANSACTIONS WITH RELATED PARTIES

Except as noted below, 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.

Remuneration attributed to key management personnel for the three months ended March 31, 2017 can be summarized as follows:

	Short term compensation	Share-based compensation	Total
Expensed in the statement of loss and comprehensive loss	\$ 132,215	\$ 246,956	\$ 379,171
Capitalized to exploration and evaluation assets	91,434	106,725	198,159
	\$ 223,649	\$ 353,681	\$ 577,330

As of March 31, 2017, \$26,385 (included in accounts payable and accrued liabilities) was owing to directors and officers for compensation.

OUTSTANDING SHARE DATA

The authorized capital of Iso consists of an unlimited number of common shares. As of May 15, 2017, there were 41,060,549 common shares outstanding and 4,025,000 stock options outstanding, each entitling the holder to purchase one common share of Iso at the prices set forth below.

Stock options outstanding at May 15, 2017 are as follows:

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	50,000	\$ 1.00	October 24, 2021

250,000	\$	1.00	83,333	\$	1.00	January 4, 2022
4,025,000	\$	1.00	1,358,333	\$	1.00	

PROPOSED TRANSACTIONS

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. At present however, no transactions have been approved by the Board or in respect of which such approval is probable.

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

CHANGES IN ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 4 to the Annual Financial Statements.

Release of flow-through share premium

In the prior year, the proceeds allocated to the flow-through premium was recognized as “release of flow-through premium liability” in the consolidated statement of loss and comprehensive loss over the period that the flow-through proceeds were spent on eligible exploration expenditures. In the current period, this premium is measured on the same basis, however, it is recorded as a deferred tax benefit. The Company voluntarily changed this classification with a view to better present the results of the Company. There is no impact on the statement of loss and comprehensive loss or on the statement of cash flows for the period ended March 31, 2016 nor on the balance sheet as at December 31, 2016 as flow-through shares were not issued until the third quarter of 2016.

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*:** IFRS 9 is a new standard that replaced IAS 39 for the 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 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 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 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 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 ongoing 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.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, amounts 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 amounts 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 March 31, 2017, the Company's financial instrument risk exposure and impact thereof on the Company's financial instruments is summarized below:

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at March 31, 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 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 its obligations under financial instruments. The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital to meet short-term obligations. As at March 31, 2017, the Company had a working capital balance of \$4,584,839, including cash of \$4,488,235.

(c) Market Risk

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

(i) Interest Rate Risk

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that

earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value of the Company's cash and cash equivalent balances as of March 31, 2017.

(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 March 31, 2017, 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 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.

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 MD&A for the period ended December 31, 2016. 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 Interim Financial Statements for the three months ended March 31, 2017, which is available 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 Iso’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 Iso 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.