



Unaudited Condensed Interim Financial Statements of

ISOENERGY LTD.

September 30, 2019 and 2018

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

	Note	September 30, 2019	December 31, 2018
ASSETS			
Current			
Cash		\$ 988,299	\$ 6,405,256
Accounts receivable		89,003	65,492
Prepaid expenses		111,720	89,317
		1,189,022	6,560,065
Non-Current			
Deposit		9,274	9,274
Property and equipment	5	249,923	28,198
Exploration and evaluation assets	6	47,484,041	43,473,242
TOTAL ASSETS		\$ 48,932,260	\$ 50,070,779
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 71,172	\$ 266,364
Current portion of lease liability	7	66,745	-
Flow-through share premium liability	8	35,667	550,392
		173,584	816,756
Non-Current			
Long-term lease liability	7	156,596	-
Deferred income tax liability		875,224	199,366
TOTAL LIABILITIES		1,205,404	1,016,122
EQUITY			
Share capital	10	52,573,981	52,533,694
Share option reserve	10	3,344,105	3,075,648
Warrant reserve	10	291,784	305,937
Deficit		(8,483,014)	(6,860,622)
TOTAL EQUITY		47,726,856	49,054,657
TOTAL LIABILITIES AND EQUITY		\$ 48,932,260	\$ 50,070,779

Nature of operations and going concern (Note 2)
Commitments (Notes 7 and 8)

The accompanying notes are an integral part of the condensed interim financial statements
These condensed interim financial statements were authorized for issue by the Board of Directors on October 25, 2019

"Craig Parry"
Craig Parry, CEO, Director

"Trevor Thiele"
Trevor Thiele, Director

ISOENERGY LTD.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)
For the three and nine months ended September 30

		For the three months ended September 30		For the nine months ended September 30	
	Note	2019	2018	2019	2018
General and administrative costs					
Share-based compensation	10,11	\$ 63,397	\$ 158,863	\$ 189,782	\$ 275,759
Administrative salaries, contract and director fees	11	139,304	155,737	445,071	479,031
Investor relations		207,799	261,313	416,055	353,409
Office and administrative		28,948	36,117	110,838	107,679
Professional fees		38,509	12,545	128,353	126,653
Travel		48,618	13,375	119,822	81,654
Public company costs		19,050	14,961	65,278	83,545
Depreciation expense		15,173	918	45,519	3,070
Total general and administrative costs		(560,798)	(653,829)	(1,520,718)	(1,510,800)
Interest income		8,975	7,972	46,093	21,250
Interest on lease liability	7	(3,045)	-	(9,363)	-
Rental income		7,576	-	22,729	-
Loss from operations		(547,292)	(645,857)	(1,461,259)	(1,489,550)
Deferred income tax recovery (expense)	9	(71,718)	128,856	(161,133)	182,429
Loss and comprehensive loss		\$ (619,010)	\$ (517,001)	\$ (1,622,392)	\$ (1,307,121)
Loss per common share – basic and diluted		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of common shares outstanding - basic and diluted		68,405,972	55,191,068	68,377,904	51,749,281

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

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

	Note	Number of Common Shares	Share Capital	Option reserve	Warrant reserve	Deficit	Total
Balance as at January 1, 2018		46,060,548	\$44,594,869	\$ 2,421,449	\$ -	\$(5,028,341)	\$41,987,977
Shares issued for cash	10	4,800,520	1,962,687	-	192,021	-	2,154,708
Premium on flow-through shares		-	(234,500)	-	-	-	(234,500)
Share issue cost		-	(32,573)	-	-	-	(32,573)
Shares issued for exploration and evaluation assets	10	4,330,000	1,632,050	-	-	-	1,632,050
Share-based payments	10	-	-	443,544	-	-	443,544
Loss for the period		-	-	-	-	(1,307,121)	(1,307,121)
Balance as at September 30, 2018		55,191,068	\$47,922,533	\$ 2,864,993	\$ 192,021	\$(6,335,462)	\$44,644,085
Balance as at January 1, 2019		68,363,868	\$52,533,694	\$ 3,075,648	\$ 305,937	\$(6,860,622)	\$49,054,657
Shares issued on the exercise of warrants	10	68,774	40,287	-	(14,153)	-	26,134
Share-based payments	10	-	-	268,457	-	-	268,457
Loss for the period		-	-	-	-	(1,622,392)	(1,622,392)
Balance as at September 30, 2019		68,432,642	\$52,573,981	\$ 3,344,105	\$ 291,784	\$(8,483,014)	\$47,726,856

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

ISOENERGY LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)
For the nine months ended September 30

	2019	2018
Cash flows from (used in) operating activities		
Loss for the period	\$ (1,622,392)	\$ (1,307,121)
Items not involving cash:		
Share-based payments	189,782	275,759
Deferred income tax (recovery) expense	161,133	(182,429)
Depreciation expense	45,519	3,070
Interest on lease liability	9,363	-
Changes in non-cash working capital		
Account receivable	(23,511)	(38,036)
Prepaid expenses	(22,403)	20,241
Deposits	-	(3,822)
Accounts payable and accrued liabilities	(232,192)	(97,408)
	\$ (1,494,701)	\$ (1,329,746)
Cash flows used in investing activities		
Additions to exploration and evaluation assets	\$ (3,875,043)	\$ (253,247)
Acquisition of exploration and evaluation assets	(13,477)	(2,001,190)
Additions to equipment	(14,336)	-
	\$ (3,902,856)	\$ (2,254,437)
Cash flows from (used in) financing activities		
Shares issued	\$ 26,134	\$ 2,154,708
Share issuance costs	-	(41,513)
Lease liability payments:		
Principal	(36,171)	-
Interest	(9,363)	-
	\$ (19,400)	\$ 2,113,195
Change in cash	\$ (5,416,957)	\$ (1,470,988)
Cash, beginning of period	6,405,256	3,324,582
Cash, end of period	\$ 988,299	\$ 1,853,594

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

ISOENERGY LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

1. REPORTING ENTITY

IsoEnergy Ltd. including its subsidiaries and predecessor companies (as described below, “**IsoEnergy**”, or the “**Company**”) is an exploration stage entity engaged in the acquisition, exploration and evaluation of uranium properties in Canada. The Company’s registered and records office is located on the 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5. The Company’s common shares are listed on the TSX Venture Exchange (the “**TSXV**”).

As of September 30, 2019, the Company did not have any subsidiaries and NexGen Energy Ltd (“**NexGen**”) holds 53.30% of IsoEnergy’s outstanding common shares.

2. NATURE OF OPERATIONS AND GOING CONCERN

As an exploration stage company, the Company does not have revenues and historically has recurring operating losses. As at September 30, 2019, the Company had accumulated losses of \$8,483,014 and working capital of \$1,051,105 (working capital is defined as current assets less accounts payable and accrued liabilities and the current portion lease liability). The Company depends on external financing for its operational expenses.

The business of exploring for and mining of minerals involves a high degree of risk. As an exploration company, IsoEnergy is subject to risks and challenges similar to companies at a comparable stage. These risks include, but are not limited to, negative operating cash flow and dependence on third party financing; the uncertainty of additional financing; the limited operating history of IsoEnergy; 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.

These 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, which represents a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

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

3. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements for the three and nine months ended September 30, 2019, 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 Financial Reporting Standards (“**IFRS**”) for annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended and as at December 31, 2018.

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3. BASIS OF PRESENTATION (continued)

Basis of Presentation

These condensed 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 interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. All monetary references expressed in these financial statements are references to Canadian dollar amounts ("\$/"). These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Critical accounting judgments, estimates and assumptions

The preparation of the condensed 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 require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Information about significant areas of judgement and estimation uncertainty considered by management in preparing the financial statements are set out in Note 3 to the audited financial statements for the period ended December 31, 2018 and have been consistently followed in preparation of these condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 4 to the audited financial statements for the year ended December 31, 2018 and have been consistently followed in preparation of these condensed interim financial statements except as noted below.

New standards adopted:

The Company has applied IFRS16 *Leases* ("**IFRS 16**"), effective January 1, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 *Leases* and IFRIC 4 *Determining whether an arrangement contains a lease*.

For the purpose of applying the modified retrospective approach to its office lease, the Company elected to measure the right-of-use asset at an amount equal to the lease liability at the date of initial application. At January 1, 2019, the Company recognized a right-of-use asset (Note 5) and lease liability of \$259,512 (Note 7) in respect of its office lease.

Policy applicable from January 1, 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of the property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method.

The Company presents the right-of-use asset related to its office lease in property and equipment.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Subleased office space

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of the sub-lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

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5. PROPERTY AND EQUIPMENT

The following is a summary of the carrying values of equipment:

	Right-of- use asset	Computing equipment	Software	Field equipment	Office furniture	Total
Cost						
Balance, January 1, 2018 and December 31, 2018	\$ -	\$ 12,350	\$ 64,947	\$ 27,092	\$ 13,103	\$ 117,492
Additions	-	-	-	14,336	-	14,336
Asset recognized on adoption of IFRS 16 (Notes 4 and 7)	259,512	-	-	-	-	259,512
Balance, September 30, 2019	\$ 259,512	\$ 12,350	\$ 64,947	\$ 41,428	\$ 13,103	\$ 391,340
Accumulated depreciation						
Balance, January 1, 2018	\$ -	\$ 9,514	\$ 43,849	\$ 7,586	\$ 3,963	\$ 64,912
Depreciation	-	2,836	11,156	6,458	3,932	24,382
Balance, December 31, 2018	-	12,350	55,005	14,044	7,895	89,294
Depreciation	44,098	-	3,728	2,876	1,421	52,123
Balance, September 30, 2019	\$ 44,098	\$ 12,350	\$ 58,733	\$ 16,920	\$ 9,316	\$ 141,417
Net book value:						
Balance, December 31, 2018	\$ -	\$ -	\$ 9,942	\$ 13,048	\$ 5,208	\$ 28,198
Balance, September 30, 2019	\$ 215,414	\$ -	\$ 6,214	\$ 24,508	\$ 3,787	\$ 249,923

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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6. EXPLORATION AND EVALUATION ASSETS

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

	Note	For the nine months ended September 30, 2019	For the year ended December 31, 2018
<i>Acquisition costs:</i>			
Balance, opening		\$ 35,284,839	\$ 33,398,942
Additions	a,b,c	13,477	1,885,897
Balance, closing		\$ 35,298,316	\$ 35,284,839
<i>Deferred exploration costs:</i>			
Balance, opening		\$ 8,188,403	\$ 5,666,863
Additions:			
Drilling		1,877,331	1,103,960
Geological and geophysical		581,626	152,007
Labour and wages		465,337	693,611
Share-based compensation		78,675	235,852
Geochemistry and assays		244,933	104,217
Camp costs		662,068	142,069
Travel and other		87,352	89,824
Total additions		\$ 3,997,322	\$ 2,521,540
Balance, closing		\$ 12,185,725	\$ 8,188,403
Total costs, closing		\$ 47,484,041	\$ 43,473,242

All claims are subject to minimum expenditure commitments. The Company expects to incur the minimum expenditures to maintain the claims.

(a) Geiger property

On March 29, 2018, the Company expanded the Geiger property in the Eastern Athabasca Basin of Saskatchewan with the acquisition of 33 claims comprised of 6,800 hectares in the Dawn Lake North Block which is contiguous with the Company's Geiger property acquired in 2017. The combined set of claims are referred to as Geiger henceforth. The Company acquired the claims in exchange for 3,330,000 common shares of the Company (at \$0.385 per common share or \$1,282,050) and cash of \$200,000.

(b) Larocque East

On May 9, 2018, the Company acquired a 100% interest in 6 mineral claims constituting the 3,200-hectare Larocque East property in the Eastern Athabasca Basin of Saskatchewan, in exchange for \$20,000 in cash and 1,000,000 common shares valued at \$0.35 per common share or \$350,000.

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6. EXPLORATION AND EVALUATION ASSETS (continued)

(c) New claim staking

During 2019 the Company spent \$13,477 to acquire, through staking, a new 8,538-hectare uranium exploration property called Collins Bay Extension, plus a new 4,218-hectare uranium exploration property located north of Larocque East called Edge. During the first quarter of 2018, the Company spent \$19,383 to acquire, through staking, a new 100% owned uranium exploration property called Whitewater in the Eastern Athabasca Basin of Saskatchewan. IsoEnergy has also staked additional claims in 2018 that have been allocated to the Geiger property. The total area of all new claims combined was 25,966 hectares.

7. LEASE LIABILITY

Lease liability recognized on adoption of IFRS 16 on January 1, 2019	\$ 259,512
Interest on lease liability	9,363
Payments	(45,534)
Lease liability, September 30, 2019	223,341
Less Current portion	(66,745)
Long-term lease liability	\$ 156,596

On January 1, 2019 the Company adopted IFRS 16 – Leases retrospectively with the cumulative effect on initially applying the standard recognized at the date of initial application (see Note 4).

The lease is for an office space lease that extends to May 31, 2023. The discount rate applied to the lease is 5%. See Note 5 for information related to the leased asset. In addition to the lease payments the Company pays approximately \$47,000 annually related to operating costs and realty taxes of the leased office space. This amount is reassessed annually based on actual costs incurred.

IsoEnergy has a Facilities and Shared Services Agreement (“**NxGold Agreement**”) with NxGold Ltd. (“**NxGold**”), a related company. IsoEnergy sub-leases approximately 50% of its office space to NxGold in exchange for \$2,500 per month. The NxGold Agreement can be terminated with 30-days’ notice but is expected to be renewed for the term of the lease. The Company accounts for the sublease as an operating lease with amounts received from NxGold recognized as rental income from January 1, 2019. In the comparative period, amounts received were netted against the related office and administrative expense.

Minimum future lease payments relating to the leased asset are as follows:

2019	\$ 16,686
2020	66,745
2021	66,745
2022	66,745
2023	27,810
	<u>\$ 244,731</u>

In addition to the leased asset above, the Company engages a drilling company to carry out its drilling programs on its exploration and evaluation properties. The drilling company provides all required equipment. These contracts are short-term, and the Company has elected not to apply the recognition and measurement requirements of IFRS 16 to them. Payments to the drilling company in the nine months ended September 30, 2019 were \$1,620,832.

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8. COMMITMENTS

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

The premium received for a flow-through share, which is the price received for the share in excess of the market price of the share, is recorded as a flow-through share premium liability. This liability is subsequently reduced when the required exploration expenditures are made, on a pro rata basis, and accordingly, a recovery of flow-through premium is then recorded as a reduction in the deferred tax expense to the extent that deferred income tax assets are available.

As of September 30, 2019, the Company is obligated to spend \$260,664 on eligible exploration expenditures by the end of 2019. As the commitment is satisfied, the remaining balance of the flow-through premium liability is derecognized.

The flow-through share premium liability is comprised of:

	For the nine months ended September 30, 2019	For the year ended December 31, 2018
Balance, opening	\$ 550,392	\$ 109,251
Liability incurred on flow-through shares issued	-	784,892
Settlement of flow-through share liability on expenditures made	(514,725)	(343,751)
Balance, closing	\$ 35,667	\$ 550,392

9. INCOME TAXES

Deferred income tax recovery (expense) comprises:

	For the three months ended September 30 2019	September 30 2018	For the nine months ended September 30 2019	September 30 2018
Deferred income taxes related to operations	\$ 130,892	\$ 138,659	\$ 343,539	\$ 331,917
Flow-through renunciation	(408,989)	(191,179)	(1,019,397)	(493,239)
Release of flow-through share premium liability	206,379	181,376	514,725	343,751
	\$ (71,718)	\$ 128,856	\$ (161,133)	\$ 182,429

In the three and nine months ended September 30, 2019 the Company incurred \$1,514,329 and \$3,775,544 respectively, (2018 - \$704,882 and \$1,823,620, respectively) eligible exploration expenditures in respect of its flow-through share commitments (Note 8). A deferred income tax expense is recognized due to the taxable temporary difference arising from capitalized exploration and evaluation assets with no tax basis as a result of the renunciation of the tax attributes to the investors in the flow-through shares.

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10. SHARE CAPITAL

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

Issued

During the nine months ended September 30, 2019 the Company issued 68,774 shares on the exercise of warrants for proceeds of \$26,134.

For the year ended December 31, 2018:

- (a) On March 29, 2018, the Company issued 3,330,000 common shares valued at \$1,282,050 to expand the Geiger property (see Note 6(a)).
- (b) On April 19, 2018, the Company closed a flow through and non-flow through non-brokered private placement. The Company issued 1,675,000 flow-through units (the "**FT Units**") at \$0.54 per FT Unit and 3,125,520 non flow-through units (the "**Units**") at \$0.40 per Unit raising aggregate gross proceeds of \$2,154,708. Each FT Unit consisted of one flow-through common share and one-half of a share purchase warrant (each whole warrant, a "**Warrant**"), with each Warrant entitling the holder to purchase an additional common share for a period of three years at an exercise price of \$0.60. Each Unit consisted of one non-flow through common share and one-half of a Warrant. Share issuance costs were \$30,304, net of \$11,209 of tax. The Warrants were valued using the residual method, whereby the proceeds received (net of the flow-through premium) in excess of the fair value of the share amounting to \$192,021 was allocated to the warrant and included in the Warrant reserve account in Equity.
- (c) On May 3, 2018, the Company issued 1,000,000 common shares valued at \$350,000 to acquire the Larocque East exploration property (see Note 6(b))
- (d) On December 20, 2018, the Company issued 9,173,200 flow-through shares (the "**FT Shares**") at a price of \$0.44 per FT Share for aggregate gross proceeds of \$4,036,208 and 3,999,600 non flow-through common shares (the "**Common Shares**") at a price of \$0.38 per Common Share for gross proceeds of \$1,519,848. Share issuance costs were \$396,772, net of \$104,618 of tax. Share issuance costs includes \$113,916 related to 553,548 brokers' warrants which were valued using the Black-Scholes model with a corresponding amount added to the Warrant reserve account in Equity.

Stock Options

Pursuant to the Company's stock option plan, directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 10 years and are subject to vesting provisions as determined by the Board of Directors of the Company.

Stock option transactions and the number of stock options outstanding on the dates set forth below are summarized as follows:

	Number of options	Weighted average exercise price per share
Outstanding January 1, 2018	4,075,000	\$ 1.00
Granted	2,860,000	\$ 0.42
Forfeited or cancelled	(615,000)	\$ 0.97
Outstanding December 31, 2018	6,320,000	\$ 0.74
Granted	100,000	\$ 0.50
	6,420,000	\$ 0.74
Number of options exercisable	5,005,819	\$ 0.82

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10. SHARE CAPITAL (continued)

As at September 30, 2019, the Company has stock options outstanding and exercisable as follows:

Number of options	Exercise price per option	Number of options exercisable	Exercise price per option	Vesting	Remaining contractual life (years)	Expiry date
3,100,000	\$1.00	3,100,000	\$1.00		2.1	October 25, 2021
100,000	\$1.00	100,000	\$1.00		2.1	October 24, 2021
250,000	\$1.00	250,000	\$1.00		2.3	January 4, 2022
50,000	\$1.00	50,000	\$1.00		2.7	May 25, 2022
400,000	\$0.57	266,663	\$0.57	(i)	3.3	January 8, 2023
1,080,000	\$0.36	719,994	\$0.36	(i)	3.8	July 30, 2023
40,000	\$0.36	40,000	\$0.36		3.8	July 30, 2023
1,250,000	\$0.42	416,662	\$0.42	(i)	4.3	December 28, 2023
50,000	\$0.42	37,500	\$0.42	(ii)	4.3	December 28, 2023
100,000	\$0.50	25,000	\$0.50	(ii)	4.7	June 5, 2024
6,420,000	\$0.74	5,005,819	\$0.82			
(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, 2019:

Expected stock price volatility	84%
Expected life of options	5 years
Risk free interest rates	1.30%
Expected dividend yield	0.00%
Weighted average exercise price	\$ 0.50
Weighted average fair value per option granted	\$ 0.33

Share-based payments for options vested in the nine months ended September 30, 2019 amounted to \$268,457 (2018 - \$443,544) of which \$189,782 (2018 - \$275,759) was expensed to the statement of loss and comprehensive loss, and \$78,675 (2018 - \$167,785) was capitalized to exploration and evaluation assets. Share-based payments for options vested in the three months ended September 30, 2019 amounted to \$85,873 (2018 - \$230,721), of which \$63,397 (2018 - \$158,863) was expensed to the statement of loss and comprehensive loss, and \$22,476 (2018 - \$71,858) was capitalized to exploration and evaluation assets. In addition, in the second quarter of 2018 forfeitures of unvested options resulted in a reversal of \$96,202 of charges recorded in prior periods.

Warrants

As of September 30, 2019, the Company has the following warrants outstanding:

Expiry Date	January 1, 2019	Exercised	September 30, 2019	Weighted average exercise price per warrant
April 19, 2021	2,400,260		2,400,260	\$0.60
December 20, 2020	553,548	(68,774)	484,774	\$0.38
	2,953,808	(68,774)	2,885,034	\$0.56

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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 is summarized as follows:

Nine months ended September 30, 2019	Short term compensation	Share-based compensation	Total
Expensed in the statement of loss and comprehensive loss	\$ 379,267	\$ 161,652	\$ 540,919
Capitalized to exploration and evaluation assets	294,815	27,669	322,484
	\$ 674,082	\$ 189,321	\$ 863,403

Nine months ended September 30, 2018	Short term compensation	Share-based compensation	Total
Expensed in the statement of loss and comprehensive loss	\$ 358,611	\$ 305,442	\$ 664,053
Capitalized to exploration and evaluation assets	279,424	125,576	405,000
	\$ 638,035	\$ 431,018	\$ 1,069,053

As of September 30, 2019, nil (December 31, 2018 – nil) was included in accounts payable and accrued liabilities owing to directors and officers for compensation.

During the nine months ended September 30, 2019, the Company leased equipment from NexGen for \$nil (2018 – \$6,267).

The Company charges office lease and administrative expenditures to NxGold, a company with officers and directors in common. During the nine months ended September 30, 2019, office lease and administrative expenditures charged to NxGold amounted to \$79,600 (2018 – \$32,200).

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12. 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 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 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 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 at their amortized costs.

Financial instrument risk exposure

As at September 30, 2019, 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, 2019, the Company has cash on deposit with a large Canadian bank. Credit risk is concentrated as a significant amount of the Company's cash and cash equivalents is held at one financial institution. Management believes the risk of loss to be remote. The Company's accounts receivable consists of input tax credits receivable from the Government of Canada and interest accrued on cash equivalents. Accordingly, the Company does not believe it is subject to significant credit risk.

(b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its obligations under financial instruments. The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital to meet short-term obligations. As at September 30, 2019, the Company had a working capital balance of \$1,051,105, including cash of \$988,299.

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13. FINANCIAL INSTRUMENTS (continued)

(c) Market Risk

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

(i) Interest Rate Risk

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value of the Company's cash and cash equivalent balances as of September 30, 2019.

(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, 2019, 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 three months ended September 30, 2019 and 2018.

Non-cash transactions in the nine months ended September 30, 2019 and 2018 included:

- (a)** A non-cash transaction of \$78,675 (2018 – \$167,785) related to share-based payments was included in exploration and evaluation assets.
- (b)** In the nine months ended September 30, 2018 the Company issued 3,330,000 common shares valued at \$1,282,050 to expand its interest in the Geiger property, and 1,000,000 common shares valued at \$350,000 to acquire Larocque East property (see Note 5(a) and (b)).
- (c)** The lease liability of \$259,512 and related lease asset recorded in the nine months ended September 30, 2019 were non-cash (see Note 5 and 7).