ISOENERGY LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2020 and 2019

Dated: March 2, 2021

GENERAL

This management's discussion and analysis ("**MD&A**") is management's interpretation of the results and financial condition of IsoEnergy Ltd. ("**IsoEnergy**" or the "**Company**") for the year ended December 31, 2020 and includes events up to the date of this MD&A. This discussion should be read in conjunction with the financial statements for the years ended December 31, 2020 and 2019 and the notes thereto (together, the "**Annual Financial Statements**") and other corporate filings, 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.

Technical Disclosure

All scientific and technical information in this MD&A has been reviewed and approved by Mr. Steve Blower, P.Geo., Vice President – Exploration for IsoEnergy. Mr. Blower is a qualified person for the purposes of National Instrument 43-101 *Standards of Disclosure for Mineral Projects ("***NI 43-101***")*. Mr. Blower has verified the sampling, analytical, and test data underlying the information or opinions contained herein by reviewing original data certificates or reviewing the data collection protocols.

For additional information regarding the Company's Radio, Thorburn Lake and Larocque East projects, including its quality assurance and quality control procedures, please see the technical reports entitled "Technical Report for the Radio Project, Northern Saskatchewan" dated effective August 19, 2016,"Technical Report for the Thorburn Lake Project, Northern Saskatchewan" dated effective September 26, 2016, and "Technical Report for the Larocque East Project, Northern Saskatchewan" dated effective May 15, 2019, respectively, in each case, on the Company's profile at www.sedar.com.

The historical mineral resource estimate at 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 a current mineral resource estimate. 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.

The historical estimate was prepared with the polygonal method using only intervals greater than 0.1% U_3O_8 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.

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. There are no more recent estimates available to the Company.

BACKGROUND

Overview

IsoEnergy 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. On October 19, 2016, IsoEnergy was listed on the Toronto Stock Exchange Venture ("**TSXV**"). NexGen's common shares are listed and posted for trading on the Toronto Stock Exchange and NYSE American LLC. As of the date hereof, NexGen holds 51.08% of the outstanding IsoEnergy common shares.

The principal business activity of IsoEnergy is the acquisition and exploration of uranium mineral properties, principally in the Athabasca Basin of Saskatchewan. IsoEnergy's uranium mineral properties are summarized in Table 1 below.

Table 1 – Summary of Uranium Mineral Properties

Area	Project	Hectares	Date Acquired	Acquisition Type	Encumbrances
Saskatchewan	Radio	805	2016	Spun-out from NexGen	2% NSR*
	Thorburn Lake	2,802	2016	Spun-out from NexGen	1% NSR and 10% CI**
	2Z	354	2016	Spun-out from NexGen	2% NSR*
	Carlson Creek	759	2016/20	Spun-out from NexGen/Staked	1% NSR and 10% CI**
	Madison	1,347	2016	Spun-out from NexGen	2% NSR*
	North Thorburn	1,708	2016	Purchased	None
	Geiger	13,861	2017/18/20	Purchased	NPI applies to some claims***
	East Rim	25,111	2017/20	Staked	None
	Full Moon	11,107	2017/20	Staked	None
	Whitewater	7,833	2018	Staked	None
	Larocque East	15,878	2018/19/20	Purchased/Staked	None
	Whitewater East	1,147	2018	Staked	None
	Edge	6,515	2019/20	Staked	None
	Collins Bay Extension	9,337	2019/20	Staked	None
	Cable	44,152	2020	Staked	None
	Clover	23,959	2020	Staked	None
	Evergreen	33,516	2020	Staked	None
	Gemini	5,782	2020	Staked	None
	Hawk	5,961	2020	Staked	None
	Eagle	5,887	2020	Staked	None
	Horizon	15,748	2020	Staked	None
	Larocque West	509	2020	Staked	None
	Ranger	15,619	2020	Staked	None
	Spruce	4,836	2020	Staked	None
	Tower	6,301	2020	Staked	None
	Trident	15,874	2020	Staked	None
	Sparrow	374	2020	Staked	None
	subtotal	277,082			
Nunavut	Mountain Lake	5,625	2016	Staked	None
		282,707			

* 2% Net Smelter Royalty ("**NSR**") on minerals other than diamonds, plus a 2% Gross Overriding Royalty on diamonds

** 1% NSR plus a 10% Carried Interest ("**CI**"). The CI can be converted to an additional 1% NSR at the Holder's option.

*** Sliding scale Net Profits Interest ("**NPI**") ranging between 0% and 20% applies to a 7.5% interest in certain claims.

Figure 1 shows the location of the Company's properties in Saskatchewan.

Figure 1 – Property Location Map

OVERALL PERFORMANCE

General

In the year ended December 31, 2020, the Company carried out exploration work on the Larocque East property in the Athabasca Basin as described below under “Discussion of Operations”.

As an exploration stage company, IsoEnergy does not have revenues and is expected to generate operating losses. As at December 31, 2020, the Company had cash of $14,034,565, an accumulated deficit of $18,566,260 and working capital of $13,994,556.

Industry and Economic Factors that May Affect the Business

The business of mining for minerals involves a high degree of risk. IsoEnergy 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, IsoEnergy 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" included below.

DISCUSSION OF OPERATIONS

Corporate Activities in 2020

In the year ended December 31, 2020 the Company was focused primarily on exploration activities at the Hurricane Zone on the Larocque East property in the Eastern Athabasca as discussed below. Additionally, several property extensions and 12 new properties were staked in the Eastern Athabasca. The new exploration properties are Cable, Clover, Evergreen, Gemini, Hawk, Horizon, Larocque West, Ranger, Sparrow, Spruce, Tower and Trident. During the year, 199,740 hectares of mineral tenure in the Eastern Athabasca was added to the Company’s exploration property portfolio through staking.

92 Energy Agreement

On October 27, 2020, IsoEnergy announced that it has entered into a binding Heads of Agreement (the “**Agreement**”) with 92 Energy Pty. Ltd. (“**92 Energy**”) for 92 Energy to acquire a 100% interest in IsoEnergy’s Clover, Gemini, and Tower uranium properties in Saskatchewan, Canada (the “**Properties**”).

The Properties are located in the Eastern Athabasca Basin, Saskatchewan, and were staked by IsoEnergy in May 2020. The Clover property is 23,959 hectares and contains over 40 kilometres of electromagnetic geophysical conductors. The Gemini property is 5,782 hectares and is located along the eastern basin margin 60 kilometres northeast of the Key Lake uranium mill. The Tower property is 6,301 hectares and is located 11 kilometres southeast of the Cigar Lake uranium mine.

92 Energy is a privately held Australian company currently planning an initial public offering ("**IPO**") of its common shares on the Australian Stock Exchange (the "**ASX**") in early 2021.

Pursuant to the Agreement, 92 Energy will acquire a 100% interest in the Clover, Gemini, and Tower uranium properties in consideration for the issuance of common shares equivalent to 16.25% of the issued capital of 92 Energy following the IPO. The shares will be issued at a price of A$0.20, and it is anticipated that approximately 6,500,000 common shares will be issued to IsoEnergy. Additional consideration to IsoEnergy includes milestone cash payments of A$100,000 within 60 days of 92 Energy's IPO, and an additional A$100,000 within 6 months of that date. IsoEnergy will retain a 2% NSR on the Properties and will be entitled to nominate a member to 92 Energy's Board of Directors, provided IsoEnergy maintains a minimum ownership position of 5%. 92 Energy will be required to spend an aggregate of A$1,000,000 on exploration expenditures on the Properties prior to May 1st, 2022.

The terms of the Agreement and the transaction contemplated are subject to requisite regulatory approval.

Mountain Lake Option Agreement

On August 7, 2020, IsoEnergy entered into an agreement with International Consolidated Uranium Inc. ("**ICU**") (formerly NxGold Limited, a company with common directors) to grant ICU the option to acquire a 100% interest in IsoEnergy's Mountain Lake uranium property in Nunavut, Canada ("**Option Agreement**"). The Option Agreement is subject to TSXV approval and hence the terms of the Option Agreement are not reflected in the financial statements other than the $20,000 deposit paid prior to 30 September, 2020.

The Mountain Lake property consists of 5,625 hectares and was staked by IsoEnergy in 2016. The property contains an 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. Uranium mineralization is hosted within sandstone and dips shallowly from the top of the bedrock down to approximately 180 metres below surface.

Under the terms of the Option Agreement, ICU has the option to acquire a 100% interest in the Mountain Lake uranium property for consideration comprised of 900,000 ICU common shares and $20,000 cash (paid). The option is exercisable at ICU's election on or before the second anniversary of receipt of TSXV and ICU shareholder approval, for additional consideration of $1,000,000, payable in cash or shares of ICU. If ICU elects to acquire the Mountain Lake property, IsoEnergy will be entitled to receive the following contingency payments in cash or shares of ICU:

- If the uranium spot price reaches USD$50, IsoEnergy will receive an additional $410,000
- If the uranium spot price reaches USD$75, IsoEnergy will receive an additional $615,000
- If the uranium spot price reaches USD$100, IsoEnergy will receive an additional $820,000

The spot price contingent payments will expire 10 years following the date the option is exercised.

The transaction contemplated by the Option Agreement is subject to ICU obtaining the requisite shareholder or TSXV approval.

Financings

<u>Private Placement</u>

On August 10, 2020, the Company completed a non-brokered private placement for gross proceeds of $4 million (the "**Private Placement**"). Pursuant to the terms of the Private Placement, the Company issued 5,882,352 common shares at a price of $0.68 per share (the "**Private Placement Price**"), of which NexGen subscribed for 4,411,764 common shares.

Convertible debt

On August 18, 2020, IsoEnergy entered into an agreement with Queen's Road Capital Investment Ltd. (the "**Debentureholder**") for a US$6 million private placement of unsecured convertible debentures (the "**Debentures**"). The Debentures will be convertible at the holder's option at a conversion price of $0.88 (the "**Conversion Price**") into a maximum of 9,206,311 common shares (the "**Maximum Conversion Shares**") of the Company.

On conversion of any portion of the principal amount of the Debentures, if the number of common shares to be issued on such conversion, taking into account all common shares issued in respect of all prior conversions would result in the common shares to be issued exceeding the Maximum Conversion Shares, on such conversion the Debentureholder shall be entitled to receive a payment (the "**Exchange Rate Fee**") equal to the number of common shares that are not issued as a result of exceeding the Maximum Conversion Shares, multiplied by the 20-day volume-weighted average trading price ("**VWAP**"). IsoEnergy can elect to pay the Exchange Rate Fee in cash or, subject to the TSXV approval, in common shares of the Company.

Terms of the Debentures

The Debentures carry an 8.5% coupon (the "**Interest**") over a 5-year term and are convertible at the holder's option into common shares of the Company at a conversion price of $0.88, which Conversion Price is equal to a 30% premium to the Private Placement Price.

The Company is entitled, on or after the third anniversary of the date of issuance of the Debentures, at any time the 20-day VWAP on the TSXV exceeds 130% of the Conversion Price, to redeem the Debentures at par plus accrued and unpaid Interest.

The Interest is payable semi-annually with 6% payable in cash and 2.5% payable in common shares of the Company, subject to TSXV approval, at a price equal to the 20-day VWAP of the Company's common shares on the TSXV on the twenty days prior to the date such Interest is due.

The Interest can be reduced to 7.5% per annum on the public dissemination by the Company of an economically positive preliminary economic assessment study, at which point the cash component of the Interest will be reduced to 5% per annum.

Upon completion of a change of control (which includes in the case of the holders' right to redeem the Debentures, a change in the Chief Executive Officer of the Company), the holders of the Debentures or the Company may require the Company to purchase or the holders to redeem, as the case may be, any outstanding Debentures in cash at: (i) on or prior to August 18, 2023, 130% of the principal amount; and (ii) at any time thereafter, 115% of the principal amount, in each case plus accrued but unpaid interest, if any. In addition, upon the public announcement of a change of control that is supported by the Board, the Company may require the holders of the Debentures to convert the Debentures into common shares at the Conversion Price provided the consideration payable upon the change of control exceeds the Conversion Price and is payable in cash.

A "change of control" of the Company is defined as consisting of: (i) the acquisition, directly or indirectly, by a person or group of persons acting jointly or in concert of voting control or direction over 50% or more of the outstanding common shares, (ii) the amalgamation, consolidation or merger of the Company with or into another entity as a result of which the holders of common shares immediately prior to such transaction, directly or indirectly, hold less than 50% of voting control or direction over the entity carrying on the business of the Company following such transaction, (iii) the sale, assignment, transfer or other disposition of all or substantially all of the property or assets of the Company to another entity in which the holders of common shares immediately prior to such transaction, directly or indirectly, hold less than 50% of voting control or direction following such transaction, (iv) the removal by resolution of the shareholders of the Company, of a majority of the then incumbent directors of the Company, which removal has not been recommended in the Company's management information circular, or the failure to elect to the Company's board of directors a majority of the directors proposed for election by management in the Company's management information circular; or (v) the acquisition by any transaction, directly or indirectly, by a person or group of persons acting jointly or in concert of voting control or direction over more of the common shares than are then held by NexGen.

Flow-through shares

On December 22, 2020 the Company issued 2,702,703 flow-through shares (the "**2020 FT Shares**") at a price of $1.48 per 2020 FT Share for aggregate gross proceeds of $4,000,000.

Corporate Activities in 2019

In the year ended December 31, 2019, the Company was focused primarily on exploration activities at the Hurricane Zone on the Larocque East property in the Eastern Athabasca as discussed below.

In 2019, two new uranium exploration properties were staked in the eastern Athabasca basin of northern Saskatchewan. An 8,577-hectare property named Collins Bay Extension was staked along trend seven kilometres to the northeast of the Eagle Point – Collins Bay – Rabbit Lake uranium mine and mill complex. Also, a 4,218-hectare property named Edge was staked nine kilometres northeast of the Company's Larocque East property to cover a large area of low magnetic susceptibility that is likely caused by the presence of prospective metasedimentary rocks in the basement.

On December 3, 2019, the Company issued 7,778,000 flow-through shares (the "**2019 FT Shares**") at a price of $0.45 per 2019 FT Share for aggregate gross proceeds of $3,500,100.

On December 9, 2019. the Company issued 8,056,858 units at a price of $0.40 per Unit for aggregate gross proceeds of $3,222,743 (the "**Unit**"). Each Unit consisted of one non-flow through common share and one-half of a share purchase warrant (the "**Warrant**") with each Warrant entitling the holder to purchase an additional common share for a period of two years at an exercise price of $0.60.

Exploration and Evaluation Spending

During the year ended December 31, 2020, IsoEnergy completed a winter (January to March) drill program and a summer (August to October) drill program at the Hurricane Zone of the Larocque East property, drilling 19,900 metres in 48 drill holes and incurred the following exploration and evaluation expenditures:

	Larocque East	Other properties	Total
Drilling	$ 2,787,007	$ 13,357	$ 2,800,364
Geological and geophysical	-	30,500	30,500
Labour and wages	1,114,729	25,886	1,140,615
Geochemistry and assays	317,508	-	317,508
Environmental	133,949	3,134	137,083
Engineering	224,620	-	224,620
Camp costs	594,539	-	594,539
Travel and other	128,625	4,136	132,761
Cash expenditures	5,300,977	77,013	5,377,990
Share-based compensation	234,956	-	234,956
Depreciation	9,599	-	9,599
Total expenditures	$ 5,545,532	$ 77,013	$ 5,622,545

During the year ended December 31, 2019, IsoEnergy established a camp at the Larocque East property, completed a winter drilling program and then completed a summer drilling program. During the year ended December 31, 2019, the Company incurred the following exploration and evaluation expenditures:

	Larocque East	Other properties	Total
Drilling	$ 1,913,216	$ 8,687	$ 1,921,903
Geological and geophysical	371,552	228,701	600,253
Labour and wages	772,946	52,914	825,860
Geochemistry and assays	244,195	-	244,195
Camp costs	657,620	7,520	665,140
Travel and other	128,876	-	128,876
Cash expenditures	$ 4,088,405	$ 297,822	$ 4,386,227
Share-based compensation	94,012	4,462	98,474
Depreciation	9,222	-	9,222
Total expenditures	$ 4,191,639	$ 302,284	$ 4,493,923

A description of exploration activities during the years ended December 31, 2020 by property is set forth below.

Larocque East

Summer 2020 – Drilling

A 20-hole drill program was started in August and after being expanded to 24 drill holes due to strong results, was completed by October 23, 2020. The objective was to extend mineralization to the south on the western, strongly mineralized portion of the zone, plus evaluate the eastern side of the zone for additional uranium mineralization. Results of the program are encouraging, with several strong intersections on the western side that significantly extend the mineralized footprint to the south. Examples include drill holes LE20-57 (10.0 metres @ 11.7% U_3O_8), LE20-62 (4.5 metres @ 6.2% U_3O_8), LE20-64 (5.0 metres @ 48.8% U_3O_8), LE20-68 (11.0 metres @ 6.9% U_3O_8), LE20-72 (6.0 metres @ 6.2% U_3O_8), and LE20-76 (7.5 metres @ 38.8% U_3O_8). At the end of the summer drilling program the zone now measures at least 575 metres long, up to 75 metres across, and up to 11 metres thick. Several sections on the western end of the Hurricane zone remain open for expansion.

During the summer 2020 exploration drilling program the Company also collected downhole geotechnical and hydrogeological engineering data. This information will improve the understanding of the mineralized zone properties and support potential future extraction studies. In addition, environmental data collection was initiated on specific areas of the ecosystem (i.e. aquatic, atmospheric) where multi-year and multi-season data would be required to support potential future environmental studies.

Winter 2020 – Drilling

An originally planned 20-hole drilling program at the Larocque East property was expanded to 24 drill holes due to encouraging results at the Hurricane Zone. Utilizing two drills, the Company evaluated the potential to expand mineralization along-strike to the western property boundary with one rig and also evaluated the potential for additional mineralization well to the east of the current Hurricane zone footprint. Drilling toward the western property boundary was particularly successful, with thick and high-grade uranium mineralization intersected in several drill holes. Examples include drill holes LE20-34 (8.5 metres @ 33.9% U_3O_8), LE20-32A (8.5 metres @ 19.6% U_3O_8), LE20-40 (4.0 metres @ 20.5% U_3O_8), LE20-51 (7.5 metres @ 14.5% U_3O_8), LE20-52 (7.5 metres @ 22.7% U_3O_8) and LE20-53 (10.5 metres @ 11.7% U_3O_8). The zone now measures at least 575 metres long, 40 metres across, and up to 11 metres thick. Most sections, including all of those on the higher-grade western end of the Hurricane zone footprint, are open for expansion.

Summer 2019 - Drilling

IsoEnergy completed a 17 hole, 7,600 metre program of core drilling at the Hurricane Zone in Larocque East to follow up on the positive results from the Winter 2019 drilling program.

Several of the drill holes intersected high-grade uranium mineralization including LE19-14B, LE19-16A, LE19-18, LE19-18C1, LE19-23, LE19-28 and LE19-29. The program successfully expanded the Hurricane zone to 500 metres long, 40 metres wide and up to 10 metres thick. The zone is still open in both strike directions and on most cross sections. Further, drill hole LE19-26 was completed as an under-cutting step-out hole 200 metre east of the zone. It intersected significant sandstone alteration and elevated uranium geochemistry on the western edge of a large DC-resistivity anomaly that extends for several kilometres to the east of the current footprint of the Hurricane zone.

Spring 2019 - DC-Resistivity Geophysical Surveying

A program of DC-Resistivity ground geophysical surveying was completed during the period April to June, 2019. Approximately 54 line-km of surveying was completed on 20 survey lines spaced 200 metre apart covering the western half of the Larocque conductor system on the Larocque East property. The survey successfully tracked the Larocque conductor system east of the Hurricane zone and highlighted several areas with apparent sandstone breaches that may be indicative of enhanced sandstone alteration.

Winter 2019 - Drilling

During the period January to March 2019, IsoEnergy completed a 5,046 metre, 12-hole drilling campaign on the Larocque East property. The program was designed to evaluate the potential for expansion of the Hurricane Zone mineralization discovered in the summer of 2018. The program was successful, as 11 of the 12 drill holes intersected significant uranium mineralization. Results included several high-grade intersections, including 3.5 metres @ 10.4% U_3O_8 in drill hole LE19-02, 4.0 metres @ 3.8% U_3O_8 in drill hole LE19-06, 4.5 metres @ 4.2% U_3O_8 in drill hole LE19-09 and 8.5 metres @ 3.2% U_3O_8 in drill hole LE19-12. The zone now extends at least 150 metres long and 38 metres wide and is up to 8.5 metres thick.

East Rim and Full Moon Airborne Geophysical Surveying – Summer 2019

Two Versatile Time Domain Electromagnetic (VTEM-Plus) airborne geophysical surveys were carried out during the quarter ended December 31, 2019, one each at the East Rim and Full Moon properties. The surveying totaled 1,291 line-kilometres; 547 line-kilometres at Full Moon and 744 line-kilometres at East Rim.

Outlook

The Company intends to actively explore all of its projects as and when resources permit. The nature and extent of further exploration on any of the Company's properties however will depend on the results of completed exploration activities, an assessment of its recently acquired properties and the Company's financial resources.

As of the date hereof, the Company's exploration priorities are the Larocque East, Geiger, Thorburn Lake and Radio properties.

A program of core drilling at the Hurricane Zone on the Larocque East property was planned for the winter 2021 drilling season, however, due to concerns over COVID-19, the Company has decided to postpone the program at this time. The program was focused on expansion of the higher-grade mineralization at the western end of the Hurricane zone. The Company is revisiting the plans including the potential to expand its summer program. The scope and timing of that revised plan has not yet been finalized, but will take into consideration any restrictions related to the COVID-19 pandemic at that time.

Several other exploration activities are planned in the future but are not currently scheduled due to the Company's current focus on the Hurricane Zone drilling at Larocque East. These activities include additional exploration drilling on several target areas at the Geiger property. Future work on the Thorburn Lake property will include follow-up drilling in the area of TBN17-23 and 27, drill evaluations of other geophysical anomalies generated in 2016 and geophysical anomalies generated by the survey recently completed in 2017. At Radio, additional drilling is required to continue to evaluate high priority geophysical targets on the property.

SELECTED FINANCIAL INFORMATION

Management is responsible for the Annual 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 the Annual Financial Statements and MD&A and make recommendations to the Company's Board. It is the Board which has final approval of the Annual Financial Statements and MD&A.

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and the International Financial Reporting Interpretations Committee ("**IFRIC**"). Based on the nature of the Company's activities, both presentation and functional currency is Canadian dollars.

The Company's Annual 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.

Results of Operations

During the year ended December 31, 2020, the Company capitalized $5,622,545 of exploration and evaluation costs to exploration and evaluation assets compared to $4,493,923 in the year ended December 31, 2019. The costs of these activities are capitalized to exploration and evaluation assets and are described in the Discussion of Operations section above.

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

	For the three months ended December 31		**For the year ended December 31**	
	2020	**2019**	**2020**	**2019**
General and administrative costs				
Share-based compensation	**$ 87,942**	$ 49,067	**$ 469,473**	**$ 238,849**
Administrative salaries, contract and director fees	**528,335**	253,575	**1,082,459**	**698,646**
Investor relations	**341,184**	152,498	**860,402**	**568,553**
Office and administrative	**25,434**	31,242	**112,491**	**142,080**
Professional fees	**75,768**	51,731	**266,340**	**180,084**
Travel	**-**	68,912	**40,446**	**188,734**
Public company costs	**28,889**	14,905	**123,550**	**80,183**
Depreciation expense	**15,528**	15,173	**62,112**	**60,692**
Total general and administrative costs	**(1,103,080)**	(637,103)	**(3,017,273)**	**(2,157,821)**
Interest income	**19,745**	10,419	**57,411**	**56,512**
Interest on lease liability	**(1,123)**	(2,499)	**(8,976)**	**(11,862)**
Interest on convertible debentures	**(168,924)**	-	**(248,962)**	**-**
Fair value loss on convertible debentures	**(7,451,317)**	-	**(6,331,940)**	**-**
Foreign exchange gain	**(123,546)**	-	**(86,351)**	**-**
Impairment	**-**	(14,354)	**-**	**(14,354)**
Rental income	9,087	7,576	34,837	**30,305**
Loss from operations	**(8,819,158)**	(635,961)	**(9,601,254)**	**(2,097,220)**
Deferred income tax recovery (expense)	**331,390**	96,088	**57,881**	**(65,045)**
Loss and comprehensive loss	**$(8,487,768)**	$ (539,873)	**$(9,543,373)**	**$(2,162,265)**

During the three months and year ended December 31, 2020, the Company recorded a loss of $8,487,768 and $9,543,373, respectively compared to losses $539,873 and $2,162,265 in the three months and year ended December 31, 2019. The increased loss was predominantly the result of the fair value loss on the Debentures that were issued in August 2020.

General and administrative costs

Share-based compensation charged to the statement of net income (loss) and comprehensive income (loss) was $87,942 and $469,473 in the three months and year ended December 31, 2020, respectively, compared to $49,067 and $238,849 in the three months and year ended December 31, 2019, respectively. The share-based compensation expense is a non-cash charge calculated using the graded vesting method of the Black-Scholes values. Stock options granted to directors, consultants 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. In the year ended December 31, 2020 there were 2,510,000 options granted compared to 100,000 options granted in the year ended December 31, 2019.

Administrative salaries, contracts and directors' fees at $528,335 and $1.082,459 for the three months and year ended December 31, 2020, respectively were higher than the three months and year ended December 31, 2019 which were $253,575 and $698,646, respectively. The increase is due to a change in allocation of salaries from exploration and evaluation to general and administrative costs to reflect the activities, an increase in the number of employees and higher annual bonuses due to the strong performance by the Company.

Investor relations expenses were $341,184 and $860,402 for the three months and year ended December 31, 2020, respectively, compared to $152,498 and $568,553 in the three months and year ended December 31, 2019 and related primarily to costs incurred in communicating with existing and potential shareholders and marketing. The costs were higher in the year ended December 31, 2020 due to increased marketing undertaken in Europe and a digital marketing campaign.

Office and administrative expenses were $25,434 and $112,491 for the three months and year ended December 31, 2020, respectively compared to $31,242 and $142,080 in the three months and year ended December 31, 2019, and consisted of office operating costs, Part XII.6 tax, and other general administrative costs. Other general administrative expenses included communication, professional membership dues, donations, bank charges and staff training. The decrease was due to a decrease in the Part XII.6 tax which was $nil, in both the three months and year ended December 31, 2020, compared to $837 and $24,970 in the three months and year ended December 31, 2019, respectively and relates to a tax on flow through funds raised in the prior year but not yet spent. In July 2020, the federal government announced relief on the timing of spending of flow through funds including a one-year deferral on spending flow through funds raised in 2019 and 2020. In addition, the requirement to calculate and pay Part XII.6 tax will also be deferred one year, and therefore the no Part XII.6 tax was recorded in the year ended December 31, 2020.

Professional fees were $75,768 and $266,340 for the three months and year ended December 31, 2020, respectively, compared to $51,731 and $180,084 for the three months and year ended December 31, 2019, respectively. Professional fees consisted of legal fees related to the Company's business development activities, as well as accounting and tax fees related to regulatory filings. Professional fees were higher in 2020 due primarily to the issuance of the Debentures as well as other opportunities the Company is undertaking.

Travel expenses were $nil and $40,446 for the three months and year ended December 31, 2020, respectively, compared to $68,912 and $188,734 in the three months and year ended December 31, 2019, respectively. Travel expenses relate to business development and general corporate activities and amounts vary depending on projects and activities being undertaken. Travel has been significantly reduced due to the COVID-19 pandemic.

Public company costs were $28,889 and $123,550 for the three months and year ended December 31, 2020, respectively compared to $14,905 and $80,183 in the three months and year ended December 31, 2019, respectively, and consisted primarily of costs associated with the Company's continuous disclosure obligations, listing fees, transfer agent costs, press releases and other shareholder communications. Costs were higher in the year ended December 31, 2020 due to fees associated with the Debentures and an increase in press releases.

Depreciation expense was $15,528 and $62,112 in the three months and year ended December 31, 2020, respectively compared to $15,173 and $60,692 in the three months and year ended December 31, 2019, respectively, and relates primarily to the right-of-use asset, which is an office lease that was valued at $259,512 on adoption of IFRS 16 and is being depreciated over the life of the lease.

Other items

The Company recorded interest income of $19,745 and $57,411 in the three months and year ended December 31, 2020, respectively, compared to $10,419 and $56,512 in the three months and year ended December 31, 2019, respectively, which represents interest earned on cash balances. The amounts were higher in the three months ended and year ended December 31, 2020 due to an increase in cash from financing activities in the quarter, partially offset by lower interest rates.

Interest expense on lease liability was $1,123 and $8,976 for the three months and year ended December 31, 2020, respectively, compared to $2,499 and $11,862 in the three months and year ended December 31, 2019, respectively, and relates to the lease liability.

Interest expense on Debentures was $168,924 and $248,962 in the three months and year ended December 31, 2020, respectively, compared to $nil in each of the three months and year ended December 31, 2019, and relates to the interest owing on the Debentures which were issued on August 18, 2020. The Debentures bear interest of 8.5% per annum. The interest was paid December 31, 2020, with 6% settled in cash of $174,114 (US$135,021) and 2.5% or $74,848 (US$56,259) settled in 40,026 common shares in the Company.

The fair value of the Debentures on December 31, 2020 was $14,033,992 compared to $7,629,586 at inception on August 18, 2020. This resulted in a fair value loss on Debentures of $7,451,317 and $6,331,940 in the three months and year ended December 31, 2020, respectively, compared to $nil in each of the three months and year ended December 31, 2019. The Company's Debentures are classified as measured at fair value through profit and loss. In accordance with IFRS 9 – Financial Instruments, the part of a fair value change due to an entity's own credit risk is presented in other comprehensive income (loss). The fair value of the Debentures on issuance date was determined to be $7,629,586, which is gross proceeds received of $7,902,000 (US$6,000,000), net of the 3% establishment fee of $272,414 (US$180,000) paid to the Debentureholders through the issuance of 219,689 common shares. The value of the Debentures changed in the period since issuance to December 31, 2020 due primarily to the increase in the share price from $1.24 to $1.87 and other market inputs as set out below. As of December 31, 2020, the time to maturity of the Debentures was 4.6 years. The following assumptions were used to estimate the fair value of the Debentures:

	August 18, 2020	December 31, 2020
Expected stock price volatility	48%	46%
Expected life	5 years	4.6 years
Risk free interest rate	0.76%	0.79%
Expected dividend yield	0.00%	0.00%
Credit spread	22.80%	21.70%
Underlying share price of the Company	$ 1.24	$ 1.87
Conversion price	$ 0.88	$ 0.88
Exchange rate (C$:US$)	1.3168	1.2725

The foreign exchange loss was $123,546 and $86,351 in of the three months and year ended December 31, 2020, respectively, compared to $nil in each of the three months and year ended December 31, 2019, and relates to exchange movements on United States dollars held by the Company. The Company received US dollars on the issue of the Debentures on August 18, 2020. The majority was converted to Canadian dollars but enough was held in US dollars to cover future interest as well as other US dollar payments. The foreign exchange loss was due to the stronger Canadian dollar compared to the US dollar.

IsoEnergy recognized rental income of $9,087 and $34,837 in the three months and year ended December 31, 2020, respectively, compared to $7,576 and $30,305 in the three months and year ended December 31, 2019, respectively. The Company leases a portion of its office space to another company.

In the year ended December 31, 2019 the Company recorded an impairment of $14,354 for mineral properties it elected to let lapse.

The Company raises some of its 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 shares are issued. The premium received for each flow-through share, which is the price received for the flow-through share in excess of the market price of an ordinary 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 deferred tax benefit. As of December 31, 2020, the Company has fulfilled its spending obligations related to its flow through shares issued prior to 2020 and has a spending obligation of $4,000,000 related to flow-through funds raised in the fourth quarter of 2020, which must be spent prior to December 31, 2022.

The Company records a deferred tax recovery or expense which is comprised of a recovery on losses recognized in the period and the release of flow-through share premium liability which is offset by the renunciation of flow-through share expenditures to shareholders. In the three months and year ended December 31, 2020, this resulted in a recovery of $331,390 and $57,881, respectively compared to a recovery of $96,088 in the three months ended December 31, 2019 and an expense of $65,045 in the year ended December 31, 2019, respectively. In the three months and year ended December 31, 2020 the Company renounced flow-through share expenditures of $nil and $3,416,939, respectively, compared to $347,957 and $4,123,501 in the three months and year ended December 31, 2019, respectively. The high income tax recovery in the three months ended December 31, 2020 is due to higher administrative costs, interest expense and foreign exchange loss in the fourth quarter of 2020.

A reconciliation of income taxes at statutory rates with the reported income taxes for the year ended December 31, 2020 and 2019 is as follows:

		2020		2019
Loss from operations	$	**(9,601,254)**	$	**(2,097,220)**
Statutory rate		**27%**		**27%**
Expected tax recovery	$	**(2,592,339)**	$	**(566,249)**
Permanent differences:				
Share-based compensation		**126,758**		**64,489**
Convertible debt		**1,709,624**		**-**
Other		**3,721**		**8,862**
Release of flow-through share premium liability		**(227,522)**		**(556,210)**
Flow-through renunciation		**921,877**		**1,114,153**
Income tax recovery	$	**(57,881)**	$	**65,045**

Financial Position

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

	December 31, 2020	December 31, 2019	December 31, 2018
Exploration and evaluation assets	$ 53,731,796	$ 47,966,888	$ 43,473,242
Total assets	$ 68,223,460	$ 55,004,153	$ 50,070,779
Total current liabilities	$ 305,395	$ 649,602	$ 816,756
Total non-current liabilities	$ 14,830,474	$ 867,552	$ 199,366
Working capital [(1)]	$ 13,994,556	$ 6,373,779	$ 6,293,701
Cash dividends declared per share	Nil	Nil	Nil

(1) Working capital is defined as current assets less accounts payable and accrued liabilities and the current portion of the lease liability. The working capital at December 31, 2020 and December 31, 2019 is after deducting the current lease liability of $66,745 related to the adoption of IFRS 16 which was not on the balance sheet in periods prior to adoption of IFRS 16 on January 1, 2019.

During the year ended December 31, 2020, the Company capitalized $5,764,908 of exploration and evaluation costs, which includes acquisition costs of $142,363 compared to $4,493,646 in the year ended December 31, 2019, which includes $4,493,923 of exploration costs, $14,077 of acquisition costs and $14,354 of impairment charges. See "Discussion of Operations" above.

SUMMARY OF QUARTERLY RESULTS

The following information is derived from the Company's Interim and Annual financial statements prepared in accordance with IFRS for the annual and IFRS applicable to interim financial reporting including IAS 34 for the interim periods. The information below should be read in conjunction with the Company's Interim and Annual financial statements for each of the past seven quarters.

Consistent with the preparation and presentation of the Annual Financial Statements, these unaudited quarterly results are presented in Canadian dollars.

	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	Mar. 31, 2019
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income (loss)	($8,487,768)	$351,334	($472,175)	($934,763)	($539,8730)	($619,010)	($450,514)	($552,868)
Net income (loss) per share:								
Basic	($0.03)	Nil	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)
Diluted	($0.03)	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)

IsoEnergy does not derive any revenue from its operations. Its primary focus is the acquisition, exploration and evaluation of mineral properties. As a result, 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. In the third quarter of 2020, the Company issued the Debentures which are accounted for as measured at fair value through profit and loss. This resulted in a fair value loss of $7,451,317 in the three months ended December 31, 2020.

LIQUIDITY AND CAPITAL RESOURCES

IsoEnergy has no revenue-producing operations, earns only minimal interest income on cash, and is expected to have recurring operating losses. As at December 31, 2020, the Company had an accumulated deficit of $18,566,260.

As at the date of this MD&A, the Company has approximately $14.1 million in cash and $13.0 million in working capital.

On August 18, 2020, the Company issued the Debentures raising gross proceeds of US$6 million. The funds raised positions the Company to continue its planned exploration and development activities at the Larocque East Project and planned pre-development activities, while maintaining current corporate capacity, which includes wages, consulting fees, professional fees, costs associated with the Company's office in Vancouver and fees and expenditures required to maintain all of its tenements.

The ability of the Company to continue as a going concern is dependent on its ability to obtain financing and achieve future profitable operations.

In June 2020, the Government of Saskatchewan announced amendments to *The Mineral Tenure Registry Regulations* that grant relief to the mining sector in response to impacts from the COVID-19 pandemic, which includes waiving expenditure requirements for the current term and subsequent 12 months for mineral claims and leases that were active on March 18, 2020, State of Emergency declaration date. The Company's properties are in good standing with the applicable governmental authority until between August, 2021 and August, 2042 and the Company does not have any contractually imposed expenditure requirements.

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" below and above under "Industry and Economic Factors that May Affect the Business". A failure to obtain financing as and when required could require the Company to further reduce its exploration and corporate activity levels.

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 IsoEnergy.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at December 31, 2020 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 consist 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:

Year ended December 31, 2020	**Short term compensation**	**Share-based compensation**	**Total**
Expensed in the statement of loss and comprehensive loss	**$ 846,197**	**$ 400,851**	**$1,247,048**
Capitalized to exploration and evaluation assets	**551,727**	**81,684**	**633,411**
	$ 1,397,924	**$ 482,535**	**$1,880,459**

Year ended December 31, 2019	**Short term compensation**	**Share-based compensation**	**Total**
Expensed in the statement of loss and comprehensive loss	$ 635,860	$ 178,552	$ 814,412
Capitalized to exploration and evaluation assets	520,490	59,257	579,747
	$ 1,156,350	$ 237,809	$ 1,394,159

As of December 31, 2020, $47,000 (December 31, 2019 – $34,500) was included in accounts payable and accrued liabilities owing to directors and officers for compensation.

On August 10, 2020, NexGen acquired 4,411,764 common shares of the Company. On December 9, 2019, NexGen acquired 7,371,858 Units of the Company. NexGen also holds 3,685,929 warrants with an exercise price of $0.60 that expire on December 6, 2021.

Up until March 31, 2020, the Company charged office lease and administrative expenditures to ICU, a company with common directors. During the year ended December 31, 2020, office lease and administrative expenditures charged to ICU amounted to $26,533 (2019 – $79,600). At December 31, 2020, ICU owes IsoEnergy nil (December 31, 2019 – $8,844). In addition, on August 7, 2020, the Company entered into the Option Agreement with ICU.

Subsequent to year end, the Chief Executive Officer resigned and was paid $897,254 in accordance with the terms of his employment contract.

OUTSTANDING SHARE DATA

The authorized capital of IsoEnergy consists of an unlimited number of common shares. As of March 2, 2021, there were 95,260,777 common shares outstanding, 8,040,000 stock options outstanding and 6,533,798 warrants, each stock option and warrant entitling the holder to purchase one common share of IsoEnergy at the prices set forth below. In addition, there is the Debenture of US$6 million which is convertible to IsoEnergy shares at $0.88 per share.

Stock options outstanding at March 2, 2021 together and exercise price thereof are set forth below:

Number of options	Exercise price per option	Number of options exercisable	Exercise price per option
3,100,000	$ 1.00	3,100,000	$ 1.00
340,000	$ 0.57	340,000	$ 0.57
890,000	$ 0.36	890,000	$ 0.36
1,160,000	$ 0.42	1,160,000	$ 0.42
1,550,000	$0.385	988,334	$0.385
750,000	$ 1.19	233,333	$1.19
250,000	$2.44	83,333	$2.44
8,040,000	$ 0.77	6,795,000	$ 0.73

Warrants outstanding at March 2, 2021 together with the exercise price thereof are set forth below:

Number of warrants	Exercise price per share	Expiry Date
4,028,429	$ 0.60	December 6, 2021
5,447	$ 0.45	December 3, 2021
2,337,760	$ 0.60	April 19, 2021
162,162	$ 1.48	December 22, 2022
6,533,798	$ 0.62	

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 outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

CRITICAL ACCOUNTING ESTIMATES

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

i. Impairment

At the end of each financial reporting period, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that an impairment loss or reversal of previous impairment should be recorded. Where such an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. With respect to exploration and evaluation assets, the Company is required to make estimates and judgments about future events and circumstances and whether the carrying amount of exploration assets exceeds its recoverable amount. Recoverability depends on various factors, including the discovery of economically recoverable reserves, the ability of the

Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or its ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

ii. Share-based payments

The Company uses the Black-Scholes option pricing model to determine the fair value of options to calculate share-based payment expenses. The Black-Scholes model involves six key inputs to determine the 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 expense. Refer to Note 12 for further details.

In situations where equity instruments are issued to settle amounts due or for goods or services received by the entity the transaction is measured at the fair value of the goods or services received unless that fair value cannot be estimated reliably, in which case the good or services received and corresponding increase in equity are measured at the fair value of the equity instrument issued. The significant share-based payment transactions are listed in note 12.

iii. Convertible debentures

The Company uses a model based on a system of two coupled Black-Scholes equations to determine the fair value of the convertible debentures. This model involves five key inputs to determine the fair value of the convertible debentures: risk-free interest rate, credit spread, market price at valuation date, expected dividend yield 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. Refer to Note 9 for further details.

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

iv. Going concern

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

v. Exploration and evaluation expenditures

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

CAPITAL MANAGEMENT

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

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.

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 and convertible debentures.

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 initially recorded at fair value and subsequently at amortized cost with accrued interest recorded in accounts receivable.

Fair Value Measurement

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data.

The fair values of the Company's cash and cash equivalents amounts receivable and accounts payable and accrued liabilities approximate their carrying value, due to their short-term maturities or liquidity.

The Debentures are re-measured at fair value at each reporting date with any change in fair value recognized in profit or loss, except the change in fair value that is attributable to change in credit risk is presented in other comprehensive income(loss). The Debentures are classified as Level 2.

Financial instrument risk exposure

As at December 31, 2020, 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 December 31, 2020, 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 December 31, 2020, the Company had a working capital balance of $13,994,556 including cash of $14,034,565.

(c) **Market Risk**

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

(i) **Interest Rate Risk**

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value of the Company's cash and cash equivalent balances as of December 31, 2020. The Debentures, in an aggregate principal amount of US$6 million, carry a fixed interest rate of 8.5% and hence, are not subject to interest rate fluctuations.

(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 impact the fair value of financial assets, liabilities and operating results. Financial assets and liabilities subject to currency translation risk primarily include US dollar denominated cash and US dollar accounts payable and accrued liabilities and Debentures. The Company maintains Canadian and US dollar bank accounts in Canada.

The Company is exposed to foreign exchange risk on its US dollar denominated Debentures. At maturity the US$6 million principal amount of the Debentures is due in full, and prior to then at a premium upon the occurrence of certain events, including a change of control. The Company holds sufficient US dollars to make all cash interest payments due under the Debentures until maturity but not to pay the principal amount. Accordingly, the Company is subject to risks associated with fluctuations in the Canadian/US dollar exchange rate that may make the Debentures more costly to repay.

(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 mining properties. The primary risk factors affecting the Company are set forth below. For a comprehensive list of the risks and uncertainties facing the Company, please see "Risk Factors" in the Company's most recent annual information form and above under "Industry and Economic Factors that May Affect the Business".

COVID-19

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate our business at this time. While the impact of COVID-19 is expected to be temporary and the impact on the Company in 2020 was minimal, the current circumstances are dynamic and the impacts of COVID-19 on our business operations cannot be reasonably estimated at this time and we anticipate this could have an adverse impact on our business, results of operations, financial position and cash flows in 2021.

Negative Operating Cash Flow and Dependence on Third Party Financing

The Company has no source of operating cash flow and there can be no assurance that the Company will ever achieve profitability. Accordingly, the Company is dependent on third party financing to continue exploration activities on the Company's properties, maintain capacity and satisfy contractual obligations. Accordingly, the amount and timing of expenditures depends on the Company's cash reserves and access to third party financing. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties or require the Company to sell one or more of its properties (or an interest therein).

Uncertainty of Additional Financing

As stated above, the Company 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 Company's access to third party financing depends on a number factors including the price of uranium, the results of ongoing exploration, a claim against the Company, a significant event disrupting the Company's business or the uranium industry generally, or other factors may make it difficult or impossible to obtain financing through debt, equity, or other means on favourable terms, or at all. As previously stated, failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties or require the Company to sell one or more of its properties (or an interest therein).

The Price of Uranium Price and Alternate Sources of Energy

The price of uranium is at historically low levels and the price of the Company's securities is highly sensitive to fluctuations in the price of uranium. Historically, the fluctuations in these prices have been, and are expected to continue to be, affected by numerous factors beyond the Company's control. Such factors include, among others: demand for nuclear power; political and economic conditions in uranium producing and consuming countries; public and political response to a nuclear accident; improvements in nuclear reactor efficiencies; reprocessing of used reactor fuel and the re-enrichment of depleted uranium tails; sales of excess inventories by governments and industry participants; and production levels and production costs in key uranium producing countries.

In addition, nuclear energy competes with other sources of energy like oil, natural gas, coal and hydro-electricity. These sources are somewhat interchangeable with nuclear energy, particularly over the longer term. If lower prices of oil, natural gas, coal and hydro-electricity are sustained over time, it may result in lower demand for uranium concentrates and uranium conversion services, which, among other things, could lead to lower uranium prices. Growth of the uranium and nuclear power industry will also depend on continuing and growing public support for nuclear technology to generate electricity. Unique political, technological and environmental factors affect the nuclear industry, exposing it to the risk of public opinion, which could have a negative effect on the demand for nuclear power and increase the regulation of the nuclear power industry. An accident at a nuclear reactor anywhere in the world could affect acceptance of nuclear energy and the future prospects for nuclear generation.

All of the above factors could have a material and adverse effect on the Company's ability to obtain the required financing in the future or to obtain such financing on terms acceptable to the Company, resulting in material and adverse effects on its exploration and development programs, cash flow and financial condition.

Loss of Entire Investment

An investment in the Common Shares is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in the Company.

Mineral Exploration is Speculative

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities, as major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities. Whether income will result from projects undergoing exploration programs depends on the successful establishment of mining operations. Factors including, but not limited to, government regulations (such as those governing prices, taxes, royalties, land tenure, land use and environmental protection), costs, actual mineralization, size and grade of mineral deposits, consistency and reliability of ore grades and commodity prices may affect successful project development. Few properties that are explored are ultimately developed into producing mines.

Additional Exploration Risks

The risks and uncertainties inherent in exploration activities include but are not limited to: general economic, market and business conditions, the regulatory process and actions, failure to obtain necessary permits and approvals, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. Discovery of mineral deposits is also dependent upon several factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting exploration programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Company's mineral exploration activities will result in any discoveries of any bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that it will be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon several factors, most of which are beyond the control of the Company and may result in the Company not receiving adequate return on investment capital.

No Known Mineral Resources or Reserves

There are no known bodies of commercial minerals on the Company's mineral exploration properties. The exploration programs undertaken and proposed constitute an exploratory search for mineral resources and mineral reserves or programs to qualify identified mineralization as mineral reserves. There is no assurance that the Company will be successful in its search for mineral resources and mineral reserves.

These are not the only risks and uncertainties that IsoEnergy 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 IsoEnergy 's general and administrative expenses and exploration and evaluation expenses and assets is set forth above under "*Results of Operations*" and in the Company's statement of loss and comprehensive loss contained in its Annual Financial Statements for the years ended December 31, 2020 and 2019, which is available on IsoEnergy '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 IsoEnergy ’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 IsoEnergy to be materially different from future results, performances or achievements expressed or implied by such information or statements. Such information and statements are based on numerous assumptions including, among others, that the results of planned exploration activities are as anticipated, the price of uranium, the anticipated cost of planned exploration activities, that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms and that third party contractors, equipment, supplies and governmental and other approvals required to conduct IsoEnergy ’s planned exploration activities will be available on reasonable terms and in a timely manner.

Forward-looking information and statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of IsoEnergy to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks related to the negative operating cash flow and dependence on third party financing; the uncertainty of additional financing; 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 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 IsoEnergy 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 IsoEnergy 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.