Unaudited Condensed Interim Financial Statements of

ISOENERGY LTD.

For the three and six months ended June 30, 2021 and 2020

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

	Note	June 30, 2021	December 31, 2020
ASSETS			
Current			
Cash		$ **14,044,616**	$ 14,034,565
Accounts receivable		**133,580**	67,967
Prepaid expenses		**108,169**	197,419
Marketable securities	6	**3,000, 645**	-
		17,287,010	14,299,951
Non-Current			
Deposit		**9,274**	9,274
Property and equipment	7	**187,245**	182,439
Exploration and evaluation assets	8	**54,961,976**	53,731,796
TOTAL ASSETS		$ **72,445,505**	$ 68,223,460
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ **97,441**	$ 238,650
Current portion of lease liability	9	**66,745**	66,745
		164,186	305,395
Non-Current			
Convertible debentures	10	**18,803,947**	14,033,992
Long-term lease liability	9	**56,871**	84,895
Deferred income tax liability	12	**1,032,516**	711,587
TOTAL LIABILITIES		**20,057,520**	15,135,869
EQUITY			
Share capital	13	**71,156,612**	67,491,167
Share option and warrant reserve	13	**4,996,551**	4,235,150
Accumulated deficit		**(24,437,547)**	(18,566,260)
Other comprehensive loss		**672,369**	(72,466)
TOTAL EQUITY		**52,387,985**	53,087,591
TOTAL LIABILITIES AND EQUITY		$ **72,445,505**	$ 68,223,460

Nature of operations (Note 2)
Commitments (Notes 9, 10 and 11)
Subsequent event (Note 19)

The accompanying notes are an integral part of the condensed interim financial statements
These financial statements were authorized for issue by the Board of Directors on July 29, 2021

"Tim Gabruch"
Tim Gabruch, 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 months ended June 30		For the six months ended June 30	
	Note	**2021**	**2020**	**2021**	**2020**
General and administrative costs					
Share-based compensation	13,14	**$ 760,109**	$ 56,770	**$ 1,015,445**	$ 199,256
Administrative salaries, contract and director fees	14	**295,389**	148,740	**1,460,402**	325,255
Investor relations		**57,688**	231,079	**153,808**	380,539
Office and administrative		**21,433**	36,564	**60,879**	74,775
Professional fees		**42,733**	63,338	**79,350**	122,511
Travel		**-**	-	**-**	40,446
Public company costs		**26,745**	19,819	**79,963**	61,054
Depreciation expense		**14,699**	15,528	**29,398**	31,056
Total general and administrative costs		**(1,218,796)**	(571,838)	**(2,879,245)**	(1,234,892)
Interest income		**19,144**	3,535	**39,255**	26,084
Interest on lease liability	9	**(2,615)**	(2,616)	**(5,230)**	(5,231)
Interest on convertible debentures	10	**(156,749)**	-	**(318,215)**	-
Fair value loss on convertible debentures	10	**(2,109,169)**	-	**(4,707,283)**	-
Gain on sale of assets	5	**2,236,489**	-	**2,236,489**	-
Foreign exchange loss		**(34,969)**	-	**(60,330)**	-
Rental income		**9,087**	9,087	**18,174**	16,663
Loss from operations		**(1,257,578)**	(561,832)	**(5,676,385)**	(1,197,376)
Deferred income tax recovery (expense)	12	**(513,967)**	89,657	**(194,902)**	(209,562)
Loss		**$ (1,771,545)**	$ (472,175)	**$ (5,871,287)**	$ (1,406,938)
Other comprehensive income (loss)					
Change in fair value of convertible debentures attributable to the change in credit risk	10	**48,086**	-	**(62,672)**	-
Change in fair value of marketable securities	6	**933,534**	-	**933,534**	-
Deferred tax expense on marketable securities		**(126,027)**	-	**(126,027)**	-
Total comprehensive loss for the period		**(915,952)**	(472,175)	**(5,126,452)**	(1,406,938)
Loss per common share – basic and diluted		**$ (0.02)**	$ (0.01)	**$ (0.06)**	$ (0.02)
Weighted average number of common shares outstanding - basic and diluted		**98,178,807**	84,298,491	**96,571,474**	84.284,225

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	Share option and warrant reserve	Accumulated deficit	Accumulated other comprehensive loss	Total
Balance as at January 1, 2020		84,267,500	$58,740,682	$3,769,204	$(9,022,887)	$ -	$53,486,999
Shares issued on the exercise of warrants	13	47,310	29,678	(8,815)	-	-	20,863
Share-based payments	13	-	-	283,673	-	-	283,673
Loss for the period		-	-	-	(1,406,938)	-	(1,406,938)
Balance as at June 30, 2020		84,314,810	$58,770,360	$4,044,062	$(10,429,825)	$ -	$52,384,597
Balance as at January 1, 2021		**94,472,998**	**$67,491,167**	**$4,235,150**	**$(18,566,260)**	**$(72,466)**	**53,087,591**
Shares issued on the exercise of warrants	13	**2,509,618**	**1,650,782**	**(8,592)**	**-**	**-**	**1,642,190**
Shares issued on the exercise of stock options	13	**1,781,666**	**1,923,469**	**(768,411)**	**-**	**-**	**1,155,058**
Shares issued to settle interest	10	**31,120**	**91,194**	**-**	**-**	**-**	**91,194**
Share-based payments	13	**-**	**-**	**1,538,404**	**-**	**-**	**1,538,404**
Loss for the period		**-**	**-**	**-**	**(5,871,287)**	**-**	**(5,871,287)**
Other comprehensive income for the period	6,10	**-**	**-**	**-**	**-**	**744,835**	**744,835**
Balance as at June 30, 2021		**98,795,402**	**$71,156,612**	**$4,996,551**	**$(24,437,547)**	**$672,369**	**52,387,985**

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 six months ended June 30

		2021		2020
Cash flows from (used in) operating activities				
Loss for the period	**$**	**(5,871,287)**	$	(1,406,938)
Items not involving cash:				
Share-based compensation		**1,015,445**		199,256
Deferred income tax (recovery) expense		**194,902**		209,562
Depreciation expense		**29,398**		31,056
Interest on lease liability		**5,230**		5,231
Interest on convertible debentures		**318,215**		-
Fair value loss on convertible debentures		**4,707,283**		-
Gain on sale of asset		**(2,236,489)**		-
Changes in non-cash working capital				
Accounts receivable		**30,487**		(58,168)
Prepaid expenses		**89,250**		(7,261)
Accounts payable and accrued liabilities		**(109,359)**		(213,385)
	$	**(1,826,925)**	$	(1,240,647)
Cash flows used in investing activities				
Additions to exploration and evaluation assets	**$**	**(727,182)**	$	(2,471,903)
Acquisition of exploration and evaluation assets		**(27,139)**		(136,145)
Additions to equipment		**(41,776)**		-
Proceeds on sale of assets		**96,100**		-
	$	**(699,997)**	$	(2,608,048)
Cash flows from (used in) financing activities				
Shares issued for warrant exercise	**$**	**1,642,190**	$	20,863
Shares issued for option exercise		**1,155,058**		-
Interest on Debentures		**(227,021)**		
Lease liability payments:				-
Principal		**(28,024)**		(28,024)
Interest		**(5,230)**		(5,231)
	$	**2,536,973**	$	(12,392)
Change in cash	**$**	**10,051**	$	(3,861,087)
Cash, beginning of period		**14,034,565**		6,587,075
Cash, end of period	**$**	**14,044,616**	$	2,725,988

Supplemental disclosure with respect to cash flows (Note 18)

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

1. REPORTING ENTITY

IsoEnergy Ltd. ("**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 2TS. The Company's common shares are listed on the TSX Venture Exchange (the "**TSXV**").

As of June 30, 2021, the Company did not have any subsidiaries and NexGen Energy Ltd ("**NexGen**") holds 50.4% of IsoEnergy's outstanding common shares.

2. NATURE OF OPERATIONS

As an exploration stage company, the Company does not have revenues and historically has recurring operating losses. As at June 30, 2021, the Company had accumulated losses of $24,437,547 and working capital of $17,122,824. 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.

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, the current circumstances are dynamic and the impacts of COVID-19 on our business operations cannot be reasonably estimated at this time. We anticipate this could have an adverse impact on our business, results of operations, financial position and cash flows in 2021. A program of core drilling at the Hurricane Zone on the Larocque East property was tentatively planned for the winter 2021 drilling season, however due to COVID-19 concerns, the Company decided not to proceed with the program. The Company is planning a summer drilling program; this may also be impacted by the COVID-19 pandemic.

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.

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.

3. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements for the three and six months ended June 30, 2021, 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, 2020.

3. BASIS OF PRESENTATION (continued)

Basis of Presentation

These 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 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 ("$"), unless otherwise noted. 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 consolidated 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 annual financial statements for the year ended December 31, 2020 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 annual financial statements for the year ended December 31, 2020 and have been consistently followed in preparation of these condensed interim financial statements, except as noted below.

IFRS 9 – Financial Instruments establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("**FVOCI**") and fair value through profit or loss ("**FVPL**"). The Company determines the classification of the financial assets at initial recognition. The basis of classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. A financial asset that is a debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated at FVPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Investments in equity instruments are required to be measured by default at FVPL. However, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVOCI. The Company has elected to designate the Investment in 92 Energy Pty. Ltd ("**92 Energy**") shares as FVOCI.

(Expressed in Canadian Dollars)

5. TRANSACTIONS

(a) Agreement with 92 Energy

On April 14, 2021 IsoEnergy closed a transaction based on a Heads of Agreement (the "**Agreement**") with 92 Energy for 92 Energy to acquire a 100% interest in IsoEnergy's Clover, Gemini, and Tower uranium properties in Saskatchewan, Canada (the "**Properties**") in consideration for the issuance of common shares equivalent to 10,755,000 fully paid ordinary share or 16.25% of the issued capital of 92 Energy following the Initial Public Offering ("**IPO**"). The shares were issued at a price of A$0.20 and are in escrow for 12 months following the completion of the IPO. Additional consideration to IsoEnergy includes milestone cash payments of A$100,000 within 60 days of 92 Energy's IPO (which was received June 14, 2021), 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 1, 2022.

The Company recognized a gain of $2,236,489 on the completion of the transaction as follows.

Shares received	$	2,067,111
Cash		192,200
Proceeds		2,259,311
Properties disposed of		(22,822)
Gain on sale of assets	$	2,236,489

(b) Pending transaction - Option Agreement

On August 7, 2020, IsoEnergy entered into an agreement with Consolidated Uranium Inc. ("CUI"), (formerly International Consolidate Uranium, which was formerly NxGold Ltd., a company with common directors at the time the Option Agreement was entered into) to grant CUI the option to acquire a 100% interest in the Company's Mountain Lake uranium property in Nunavut, Canada ("**Option Agreement**"). This Option Agreement was approved by CUI shareholders and is expected to close in the third quarter of 2021 and hence the terms of the Option Agreement are not reflected in these financial statements other than the $20,000 deposit paid prior to December 31, 2020.

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

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

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

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITES

Marketable securities consist of 10,755,000 common shares of 92 Energy, a corporation with common shares of which are listed on the Australian Stock Exchange. The carrying value is based on the estimated fair value of 92 Energy common shares and determined using published closing prices.

Shares acquired April 6, 2021 (see Note 5(a))	$	2,067,111
Change in fair value recorded in Other comprehensive income		933,534
Balance, June 30, 2021	$	3,000,645

7. PROPERTY AND EQUIPMENT

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

	Right-of-use asset	Software	Field equipment	Office furniture	Total
Cost					
Balance, January 1, 2020	$ 259,512	$ 64,947	$ 41,428	$ 13,103	$ 378,990
Additions	-	-	22,017	-	22,017
Balance, December 31, 2020	$ 259,512	$ 64,947	$ 63,445	$ 13,103	$ 401,007
Additions	**-**	**-**	**41,776**	**-**	**41,776**
Balance, June 30, 2021	**$ 259,512**	**$ 64,947**	**$ 105,221**	**$ 13,103**	**$ 442,783**
Accumulated depreciation					
Balance, January 1, 2020	$ 58,799	$ 59,975	$ 18,295	$ 9,789	$ 146,858
Depreciation	58,797	4,972	4,627	3,314	71,710
Balance, December 31, 2020	**$ 117,596**	**$ 64,947**	**$ 22,922**	**$13,103**	**$ 218,568**
Depreciation	**29,398**	**-**	**7,572**	**-**	**36,970**
Balance, June 30, 2021	**$ 146,994**	**$ 64,947**	**$ 30,494**	**$13,103**	**$ 255,538**
Net book value*:*					
Balance, December 31, 2020	**$ 141,916**	**$ -**	**$ 40,523**	**$ -**	**$ 182,439**
Balance, June 30, 2021	**$ 112,518**	**$ -**	**$ 74,727**	**$ -**	**$ 187,245**

(Expressed in Canadian Dollars)

8. 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	June 30, 2021	December 31, 2020
Acquisition costs:			
Acquisition costs, opening		**$ 35,440,432**	$ 35,298,069
Additions	a	**27,139**	142,363
Dispositions	b	**(22,822)**	-
Acquisition costs, closing		**$ 35,444,749**	$ 35,440,432
Exploration and evaluation costs:			
Exploration costs, opening		**$ 18,291,364**	$ 12,668,819
Additions:			
Drilling		**171,563**	2,800,364
Geological and geophysical		**114,536**	30,500
Labour and wages		**312,888**	1,140,615
Share-based compensation	13	**522,959**	234,956
Geochemistry and assays		**28,742**	317,508
Environmental		**2,003**	137,083
Engineering		**1,420**	224,620
Camp costs		**4,666**	594,539
Travel and other		**67,086**	142,360
Total exploration and evaluation in the period		**$ 1,225,863**	$ 5,622,545
Exploration and evaluation, closing		**$ 19,517,227**	$ 18,291,364
Total costs, closing		**$ 54,961,976**	$ 53,731,796

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

(a) New claim staking and acquisitions

In the year ended December 31, 2020, the Company spent $142,363 to stake several property extensions and 12 new properties in the Eastern Athabasca adding approximately 200,000 hectares of mineral tenure in the Eastern Athabasca. The new exploration properties were Cable, Clover, Evergreen, Gemini, Hawk, Horizon, Larocque West, Ranger, Spruce, Tower, Trident and Sparrow.

In the second quarter of 2021 the Company acquired 902 hectares of land which is contiguous to the Larocque East property for $27,139. These claims are subject to a 2% NSR which can be reduced to 1% for $1,000,000.

(b) Dispositions – The Company disposed of Tower, Clover and Gemini properties; the related carrying value of $22,822 was netted in the gain on sale of properties (see Note 5(a)).

(Expressed in Canadian Dollars)

9. LEASE LIABILITY

The lease liability is as follows:

	June 30, 2021	December 31, 2020
Opening balance, January 1	**$ 151,640**	$ 209,231
Interest on lease liability	**5,230**	8,976
Payments	**(33,254)**	(66,567)
Lease liability, end of period	**123,616**	151,640
Less Current portion	**(66,745)**	(66,745)
Long-term lease liability	**$ 56,871**	$ 84,895

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 7 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 sub-leases approximately 50% of its office space. The Company accounts for the sublease as an operating lease with amounts received recognised as rental income.

As at June 30, 2021, the minimum future lease payments relating to the leased asset are as follows:

2021	$ 33,372
2022	66,745
2023	27,810
	$ 127,927

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 three months ended June 30, 2021 were $nil (June 30, 2020 - $2,126,288).

10. CONVERTIBLE DEBENTURES

	June 30, 2021	December 31, 2020
Fair value on issuance, August 18, 2020 and January 1, 2021	**$ 14,033,992**	$ 7,629,586
Change in fair value in the period included in profit and loss	**4,707,283**	6,331,940
Change in fair value in the period included in OCI	**62,672**	72,466
Fair value, end of period	**$ 18,803,947**	$ 14,033,992

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.

(Expressed in Canadian Dollars)

10. CONVERTIBLE DEBENTURES (continued)

On any 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.

The Company received gross proceeds of $7,902,000 (US$6,000,000). A 3% establishment fee of $272,414 (US$180,000) was also paid to the Debentureholder through the issuance of 219,689 common shares. The fair value of the Debentures on issuance date was determined to be $7,629,586. The Company revalues the Debentures at the end of each reporting period with the change in the period related to credit risk recorded in Other Comprehensive Income or Loss ("**OCI**") and other changes in fair value in the period recorded in the loss for the period. The following assumptions were used to estimate the fair value of the Debentures:

	June 30, 2021	March 31, 2021	December 31, 2020	August 18, 2020
Expected stock price volatility	50%	49%	46%	48%
Expected life	4.1 years	4.4 years	4.6 years	5 years
Risk free interest rate	1.32%	1.31%	0.79%	0.76%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Credit spread	20.72%	19.76%	21.70%	22.80%
Underlying share price of the Company	$2.90	$2.40	$1.87	$1.24
Conversion price	$0.88	$0.88	$0.88	$0.88
Exchange rate (C$:US$)	1.2398	1.2562	1.2725	1.3168

The Debentures carry an 8.5% coupon (the "**Interest**") over a 5-year term. 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. In the three and six months ended June 30, 2021, the Company incurred interest expense of $156,749 and 318,215, (June 30, 2020 – nil in both periods), $227,021 was settled in cash and the issue of 31,120 common shares of the Company. In the year ended December 31, 2020, the Company incurred interest expense of $248,962, of which $174,114 was settled in cash and the issue of 40,026 common shares of the Company.

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

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.

(Expressed in Canadian Dollars)

10. CONVERTIBLE DEBENTURES (continued)

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.

11. 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 June 30, 2021, the Company is obligated to spend approximately $3,340,000 by December 31, 2022 on eligible exploration expenditures. The 2020 FT Shares (see Note 13(d)) were issued at a price that was below market value on the date of issue and therefore no flow-through share premium liability was recorded.

12. INCOME TAXES

Deferred income tax recovery (expense) is comprised of:

	For the three months ended June 30		For the six months ended June 30	
	2021	**2020**	**2021**	**2020**
Deferred income taxes related to operations	**$ (431,307)**	**$ 136,367**	**$ (8,661)**	**$ 269,493**
Flow-through renunciation	**(82,660)**	**(62,026)**	**(186,241)**	**(636,124)**
Release of flow-through share premium liability	**-**	**15,316**	**-**	**157,069**
Deferred income tax recovery (expense)	**$ (513,967)**	**$ 89,657**	**$ (194,902)**	**$ (209,562)**

In the three and six months ended June 30, 2021, the Company incurred $306,148 and $689,782, respectively (three and six months ended June 30, 2020 - 229,725 and $2,356,013, respectively) of eligible exploration expenditures in respect of its flow-through share commitments (Note 11). 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.

13. SHARE CAPITAL

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

Issued

For the six months ended June 30, 2021

(a) During the six months ended June 30, 2021, the Company issued 2,509,618 common shares on the exercise of warrants for proceeds of $1,642,190. As a result of the exercises, $8,592 was reclassified from reserves to share capital.

(b) During the six months ended June 30, 2021, the Company issued 1,781,666 common shares on the exercise of stock options for proceeds of $1,155,058. As a result of the exercises, $768,411 was reclassified from reserves to share capital.

(c) On June 30, 2021 the Company issued 31,120 common shares to the Debentureholder to settle $91,194 of interest expense which is 2.5% of the interest owing on the Debentures (see Note 10).

For the year ended December 31, 2020:

(d) 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. Share issuance costs for the 2020 FT Shares funds raised were $340,115, net of $93,557 of tax. Share issuance costs includes $87,184 related to 162,162 brokers' warrants which were valued using the Black-Scholes model with a corresponding amount added to the Warrant reserve account in Equity. The brokers' warrants entitle the holder to purchase an additional common share for a period of two years at an exercise price of $1.48.

(e) On August 10, 2020, the Company issued 5,882,352 common shares at a price of $0.68 per common share for aggregate gross proceeds of $3,999,999. Share issuance costs were $242,146, net of tax of $89,561.

(f) On August 18, 2020, the Company issued 219,689 shares to the Debentureholder in connection with the issuance of the Debentures which were valued at $272,414 (see Note 10).

(g) During the year ended December 31, 2020, the Company issued 1,000,728 common shares on the exercise of warrants for proceeds of $425,767. As a result of the exercises, $167,364 was reclassified from reserves to share capital.

(h) On August 20, 2020, the Company issued 100,000 shares on the exercise of options for proceeds of $50,000. In the fourth quarter, the Company issued 260,000 common shares on the exercise of options for proceeds of $184,050. As a result of the exercises, $158,303 was reclassified from reserves to share capital.

(i) On December 31, 2020, the Company issued 40,026 common shares to the Debentureholder to settle $74,848 which is 2.5% of the interest owing on the Debentures (see Note 10).

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.

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (continued)

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, 2020	6,420,000	$ 0.74
Granted	2,510,000	$ 0.63
Exercised	(360,000)	$ 0.65
Outstanding December 31, 2020	8,570,000	$ 0.71
Granted	1,850,000	$ 2.76
Cancelled	(103,334)	$ 0.88
Exercised	(1,781,666)	$ 0.65
Outstanding, June 30, 2021	8,535,000	$ 1.17
Number of options exercisable	6,630,832	$ 0.91

As at June 30, 2021, 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	Weighted average remaining contractual life (years)
2,800,000	$1.00	2,800,000	$1.00		0.5
240,000	$0.57	240,000	$0.57		1.2
690,000	$0.36	690,000	$0.36		1.7
1,020,000	$0.42	1,020,000	$0.42		2.1
1,340,000	$0.39	985,833	$0.39	(i)	3.0
595,000	$1.19	278,333	$1.19	(i)	3.5
250,000	$2.44	83,333	$2.44	(i)	4.6
1,600,000	$2.81	533,333	$2.81	(i)	5.0
8,535,000	$1.17	6,630,832	$0.91		2.4

(j) Vest 1/3 on grant and 1/3 each year thereafter

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 six months ended June 30, 2021:

Expected stock price volatility	95.19%
Expected life of options	5 years
Risk free interest rate	0.87%
Expected dividend yield	0.00%
Weighted average exercise price	$ 2.76
Weighted average fair value per option granted	$ 1.98

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (continued)

The Company has share-based compensation related to options that vested or forfeited in the period. Share-based compensation in the period is as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	**2020**	**2021**	**2020**
Capitalized to exploration and evaluation assets	**$ 489,229**	$ 23,565	**$ 522,959**	$ 84,417
Expensed to the statement of loss and comprehensive loss	**760,109**	56,770	**1,015,445**	199,256
	$1,249,338	$ 80,335	**$ 1,538,404**	$ 283,673

Warrants

As of June 30, 2021, the Company has the following warrants outstanding:

Expiry Date	January 1, 2021	Exercised	June 30, 2021	Weighted average exercise price per warrant
April 21, 2021	2,337,760	(2,337,760)	-	$0.60
December 6, 2021	4,028,429	(5,000)	4,023,429	$0.60
December 3, 2021	13,226	(10,112)	3,114	$0.45
December 22, 2022	162,162	(156,746)	5,416	$1.48
	6,541,577	(2,509,618)	4,031,959	$0.60

The Company uses the Black-Scholes option pricing model to calculate the fair value of warrants issued for services. 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.

14. 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:

Six months ended June 30, 2021	Short term compensation	Share-based compensation	Total
Expensed in the statement of loss and comprehensive loss	**$ 320,564**	**$ 931,834**	**$1,252,398**
Capitalized to exploration and evaluation assets	**100,869**	**151,337**	**252,206**
	$ 421,433	**$ 1,083,171**	**$1,504,604**

(Expressed in Canadian Dollars)

14. RELATED PARTY TRANSACTIONS (continued)

Six months ended June 30, 2020	Short term compensation	Share-based compensation	Total
Expensed in the statement of loss and comprehensive loss	$ 271,795	$ 150,402	$ 422,197
Capitalized to exploration and evaluation assets	205,878	45,929	251,807
	$ 477,673	$ 196,331	$ 674,004

As of June 30, 2021, $12,500 (December 31, 2020 – $47,000) 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 (see Note 13). NexGen also holds 3,685,929 warrants with an exercise price of $0.60 that expire on December 6, 2021. In April 2021, NexGen received 1,536,760 common shares on the exercise of 1,536,760 warrants with an exercise price of $0.60 that were set to expire on April 19, 2021.

Up until June 30, 2020, the Company charged office lease and administrative expenditures to CUI, a company with common directors at that time. During the six months ended June 30, 2020, office lease and administrative expenditures charged to CUI amounted to $26,533.

On February 15, 2021, the former Chief Executive Officer resigned and was paid $897,254 in accordance with the terms of his employment contract. This is excluded from the table above for the six months ended June 30,2021.

15. 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.

16. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and Debentures.

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 (Note 10). The Debentures are classified as Level 2.

The marketable securities are re-measured at fair value at each reporting date with any change in fair value recognized in other comprehensive income (Note 6). The marketable securities are Level 1.

Financial instrument risk exposure

As at June 30, 2021, 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 June 30, 2021, 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 June 30, 2021, the Company had a working capital balance of $17,122,824, including cash of $14,044,616.

16. 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 June 30, 2021. The interest on the Debentures is fixed and not subject to market 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 the 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.

17. 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.

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There was no cash paid for income tax in the six months ended June 30, 2021 and 2020.

Non-cash transactions in the six months ended June 30, 2021 and 2020 included:

(a) A non-cash transaction of $522,959 (2020 – $84,417) related to share-based payments was included in exploration and evaluation assets.

(b) The Company issued 31,120 shares valued at $91,194 to settle a portion of the interest owing on the Debentures (see Note 10).

(c) In April 2021, the Company received 10,755,000 shares of 92 Energy on sale of assets (see Note 5). These shares were valued at A$0.20 and are revalued to market at the end of each period.

19. SUBSEQUENT EVENT

Subsequent to June 30, 2021, 60,000 stock options were exercised for proceeds of $39,200.