Unaudited Condensed Interim Financial Statements of

ISOENERGY LTD.

For the three and nine months ended September 30, 2020 and 2019

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

	Note	September 30, 2020	December 31, 2019
ASSETS			
Current			
Cash		**$ 12,798,487**	$ 6,587,075
Accounts receivable		**94,051**	24,539
Prepaid expenses		**82,430**	184,245
		12,974,968	6,795,859
Non-Current			
Deposit		**9,274**	9,274
Equipment	6	**178,350**	232,132
Exploration and evaluation assets	7	**52,370,045**	47,966,888
TOTAL ASSETS		**$ 65,532,637**	$ 55,004,153
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**$ 338,385**	$ 355,335
Current portion of lease liability	8	**66,745**	66,745
Flow-through share premium liability	10	**-**	227,522
		405,130	649,602
Non-Current			
Convertible debentures	9	**6,510,209**	-
Long-term lease liability	8	**100,450**	142,486
Deferred income tax liability	11	**1,226,096**	725,066
TOTAL LIABILITIES		**8,241,885**	1,517,154
EQUITY			
Share capital	12	**63,196,548**	58,740,682
Share option and warrant reserve	12	**4,172,695**	3,769,204
Accumulated Deficit		**(10,078,491)**	(9,022,887)
TOTAL EQUITY		**57,290,752**	53,486,999
TOTAL LIABILITIES AND EQUITY		**$ 65,532,637**	$ 55,004,153

Nature of operations (Note 2)
Commitments (Notes 8, 9 and 10)
Subsequent event (Note 18)

The accompanying notes are an integral part of the condensed interim financial statements
These condensed interim financial statements were authorized for issue by the Board of Directors on November 3, 2020

"Craig Parry"	***"Trevor Thiele"***
Craig Parry, CEO, Director	**Trevor Thiele, Director**

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

		For the three months ended September 30		For the nine months ended September 30	
	Note	2020	2019	2020	2019
General and administrative costs					
Share-based compensation	12,13	**$ 182,275**	$ 63,397	**$ 381,531**	$ 189,782
Administrative salaries, contract and director fees	13	**228,869**	139,304	**554,124**	445,071
Investor relations		**138,679**	207,799	**519,218**	416,055
Office and administrative		**12,282**	28,948	**87,057**	110,838
Professional fees		**68,061**	38,509	**190,572**	128,353
Travel		**-**	48,618	**40,446**	119,822
Public company costs		**33,607**	19,050	**94,661**	65,278
Depreciation expense		**15,528**	15,173	**46,584**	45,519
Total general and administrative costs		**(679,301)**	(560,798)	**(1,914,193)**	(1,520,718)
Interest income		**11,582**	8,975	**37,666**	46,093
Interest on lease liability	8	**(2,621)**	(3,045)	**(7,852)**	(9,363)
Interest expense on convertible debentures	9	**(80,038)**	-	**(80,038)**	-
Fair value gain on convertible debentures	9	**1,119,377**	-	**1,119,377**	-
Foreign exchange gain		**37,195**	-	**37,195**	-
Rental income		**9,087**	7,576	**25,750**	22,729
Income (loss) from operations		**415,281**	(547,292)	**(782,095)**	(1,461,259)
Deferred income tax expense	11	**(63,947)**	(71,718)	**(273,509)**	(161,133)
Net income (loss) and comprehensive income (loss)		**$ 351,334**	$ (619,010)	**$ (1,055,604)**	$ (1,622,392)
Net income (loss) per common share					
Basic		**$ -**	$ (0.01)	**$ (0.01)**	$ (0.02)
Diluted		**$ (0.01)**	$ (0.01)	**$ (0.01)**	$ (0.02)
Weighted average number of common shares outstanding - basic and diluted					
Basic		**88,045,008**	68,405,972	**85,537,741**	68,377,904
Diluted		**94,605,923**	68,405,972	**85,537,741**	68,377,904

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	Deficit	Total
Balance as at January 1, 2019		**68,363,868**	**$52,533,694**	**$3,381,585**	**$(6,860,622)**	**$49,054,657**
Shares issued on the exercise of warrants	12	**68,774**	**40,287**	**(14,153)**	**-**	**26,134**
Share-based payments	12	**-**	**-**	**268,457**	**-**	**268,457**
Loss for the period		**-**	**-**	**-**	**(1,622,392)**	**(1,622,392)**
Balance as at September 30, 2019		**68,432,642**	**$52,573,981**	**$3,635,889**	**$(8,483,014)**	**$47,726,856**
Balance as at January 1, 2020		**84,267,500**	**$58,740,682**	**$3,769,204**	**$(9,022,887)**	**$53,486,999**
Shares issued in private placement	12	**5,882,352**	**3,999,999**	**-**	**-**	**3,999,999**
Share issue costs	12	**-**	**(331,707)**	**-**	**-**	**(331,707)**
Shares issued on the exercise of warrants	12	**736,124**	**431,857**	**(132,949)**	**-**	**298,908**
Shares issued on the exercise of stock options	12	**100,000**	**83,303**	**(33,303)**	**-**	**50,000**
Shares issued on convertible debt financing	9, 12	**219,689**	**272,414**	**-**	**-**	**272,414**
Share-based payments	12	**-**	**-**	**569,743**	**-**	**569,743**
Loss for the period		**-**	**-**	**-**	**(1,055,604)**	**(1,055,604)**
Balance as at September 30, 2020		**91,205,665**	**$63,196,548**	**$4,172,695**	**$(10,078,491)**	**$57,290,752**

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

		2020		2019
Cash flows from (used in) operating activities				
Loss for the period	$	(1,055,604)	$	(1,622,392)
Items not involving cash:				
Share-based payments		381,531		189,782
Deferred income tax expense		273,509		161,133
Depreciation expense		46,584		45,519
Interest on lease liability		7,852		9,363
Interest on convertible debentures		80,038		-
Fair value gain on convertible debentures		(1,119,377)		-
Changes in non-cash working capital				
Account receivable		(69,514)		(23,511)
Prepaid expenses		101,815		(22,403)
Accounts payable and accrued liabilities		(122,221)		(232,192)
	$	(1,475,387)	$	(1,494,701)
Cash flows used in investing activities				
Additions to exploration and evaluation assets	$	(4,040,150)	$	(3,875,043)
Acquisition of exploration and evaluation assets		(142,363)		(13,477)
Additions to equipment		-		(14,336)
	$	(4,182,513)	$	(3,902,856)
Cash flows from (used in) financing activities				
Shares issued in private placement	$	3,999,999	$	26,134
Share issuance costs		(331,707)		-
Shares issued on the exercise of warrants		298,908		
Shares issued on the exercise of stock options		50,000		
Convertible debenture		7,902,000		-
Lease liability payments:				-
Principal		(42,036)		(36,171)
Interest		(7,852)		(9,363)
	$	11,869,312	$	(19,400)
Change in cash	$	6,211,412	$	(5,416,957)
Cash, beginning of period		6,587,075		6,405,256
Cash, end of period	$	12,798,487	$	988,299

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

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 September 30, 2020, the Company did not have any subsidiaries and NexGen Energy Ltd ("**NexGen**") holds 52.91% 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 September 30, 2020, the Company had accumulated losses of $10,078,491 and working capital of $12,569,838 (working capital is defined as current assets less accounts payable and accrued liabilities and the current portion lease liability). The Company depends on external financing for its operational expenses.

The business of exploring for and mining of minerals involves a high degree of risk. As an exploration company, IsoEnergy is subject to risks and challenges similar to companies at a comparable stage. These risks include, but are not limited to, negative operating cash flow and dependence on third party financing; the uncertainty of additional financing; the limited operating history of IsoEnergy; the lack of known mineral resources or reserves; the influence of a large shareholder; alternate sources of energy and uranium prices; aboriginal title and consultation issues; risks related to exploration activities generally; reliance upon key management and other personnel; title to properties; uninsurable risks; conflicts of interest; permits and licenses; environmental and other regulatory requirements; political regulatory risks; competition; and the volatility of share prices.

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 2020. A program of core drilling at the Hurricane Zone on the Larocque East property is tentatively planned for the winter 2021 drilling season. The scope and timing of the program has yet to be determined, as these may be impacted by the COVID-19 pandemic.

These condensed interim financial statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on its ability to obtain financing and achieve future profitable operations.

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

3. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements for the three and nine months ended September 30, 2020, 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, 2019.

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 ("$") except as 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 audited financial statements for the year ended December 31, 2019 and have been consistently followed in preparation of these condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 4 to the audited financial statements for the year ended December 31, 2019 and have been consistently followed in preparation of these condensed interim financial statements except as set out below.

As described in Note 9, on August 18, 2020, IsoEnergy issued US$6 million in aggregate principal of convertible debentures (the "**Debentures**"), comprising a debt host contract and multiple embedded derivatives. The Company made an irrevocable election to designate the entire hybrid financial instrument as measured through profit and loss ("**FVTPL**"). Accordingly, the Debentures are remeasured at fair value at each financial reporting period end with the amount of the change in fair value of the financial liability that is attributable to changes in the credit risk of the liability presented in the other comprehensive income or loss and the remaining amount of the change in the fair value presented in profit or loss.

(Expressed in Canadian Dollars)

5. OPTION AGREEMENT

On August 7, 2020, IsoEnergy entered into an agreement with International Consolidated Uranium ("ICU") (formerly NxGold Ltd., a company with common directors) to grant ICU the option to acquire a 100% interest in the Company's Mountain Lake uranium property in Nunavut, Canada ("**Option Agreement**"). This Option Agreement is awaiting 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.

Under the terms of the Option Agreement, ICU obtains 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. The option is exercisable at ICU'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 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 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.

6. 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, 2019	$ -	$ 64,947	$ 27,092	$ 13,103	$ 105,142
Additions	-	-	14,336	-	14,336
Asset recognized on adoption of IFRS 16 (Note 8)	259,512	-	-	-	259,512
Balance, December 31, 2019 and September 30, 2020	**$ 259,512**	**$ 64,947**	**$ 41,428**	**$ 13,103**	**$ 378,990**
Accumulated depreciation					
Balance, January 1, 2019	**-**	55,005	14,044	7,895	76,944
Depreciation	58,799	4,970	4,251	1,894	69,914
Balance, December 31, 2019	$ 58,799	$ 59,975	$ 18,295	$ 9,789	$ 146,858
Depreciation	**44,098**	**3,728**	**3,470**	**2,486**	**53,782**
Balance, September 30, 2020	**$ 102,897**	**$ 63,703**	**$21,765**	**$12,275**	**$ 200,640**
Net book value*:*					
Balance, December 31, 2019	$ 200,713	$ 4,972	$ 23,133	$ 3,314	$ 232,132
Balance, September 30, 2020	**$ 156,615**	**$ 1,244**	**$ 19,663**	**$ 828**	**$ 178,350**

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

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

	Note	For the nine months ended September 30, 2020	For the year ended December 31, 2019
Acquisition costs:			
Acquisition costs, opening		$ 35,298,069	$ 35,284,839
Additions	a	142,363	14,077
Impairments	b	-	(847)
Acquisition costs, closing		$ 35,440,432	$ 35,298,069
Exploration and evaluation costs:			
Exploration costs, opening		$ 12,668,819	$ 8,188,403
Additions:			
Drilling		2,226,184	1,921,903
Geological and geophysical		45,500	600,253
Labour and wages		675,251	825,860
Share-based compensation	12	188,212	98,474
Geochemistry and assays		230,178	244,195
Environmental		144,710	-
Engineering		162,298	-
Camp costs		493,998	665,140
Travel and other		94,463	138,098
Impairments	b	-	(13,507)
Total exploration and evaluation in the period		$ 4,260,794	$ 4,480,416
Exploration and evaluation, closing		$ 16,929,613	$ 12,668,819
Total costs, closing		$ 52,370,045	$ 47,966,888

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

(a) New claim staking

In the nine months ended September 30, 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 are Cable, Clover, Evergreen, Gemini, Hawk, Horizon, Larocque West, Ranger, Spruce, Tower, Trident and Sparrow.

(b) Impairment

In 2019, the Company decided not to incur expenditure limits required to maintain Fox in good standing and accordingly an amount of $14,354 relating to that property was impaired.

(Expressed in Canadian Dollars)

8. LEASE LIABILITY

	For the nine months ended September 30, 2020	For the year ended December 31, 2019
Opening balance, January 1	**$ 209,231**	$ -
Lease liability recognized on adoption of IFRS 16 on January 1, 2019	**-**	259,512
Interest on lease liability	**7,852**	11,862
Payments	**(49,888)**	(62,143)
Lease liability, end of period	**167,195**	209,231
Less Current portion	**(66,745)**	(66,745)
Long-term lease liability	**$ 100,450**	$ 142,486

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

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 6 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 September 30, 2020, the minimum future lease payments relating to the leased asset are as follows:

2020	16,686
2021	66,745
2022	66,745
2023	27,810
	$ 177,986

In addition to the leased asset above, the Company engages a drilling company to carry out its drilling programs on its exploration and evaluation properties. The drilling company provides all required equipment. These contracts are short-term, and the Company has elected not to apply the recognition and measurement requirements of IFRS 16 to them. Payments to the drilling company in the nine months ended September 30, 2020 were $1,907,835 (September 30, 2019 - $1,620,832).

(Expressed in Canadian Dollars)

9. CONVERTIBLE DEBENTURES

	September 30, 2020
Fair value on issuance	**$ 7,629,586**
Change in fair value in the period	**(1,119,377)**
Interest payable	**80,038**
	6,590,247
Less Current portion (included in accounts payable and accrued liabilities)	**(80,038)**
	$ 6,510,209

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 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 and other changes in fair value in the period recorded in the Profit or Loss. The following assumptions were used to estimate the fair value of the Debentures:

	August 18, 2020	September 30, 2020
Expected stock price volatility	48%	48%
Expected life	5 years	4.9 years
Risk free interest rate	0.76%	0.75%
Expected dividend yield	0.00%	0.00%
Credit spread	22.80%	22.80%
Underlying share price of the Company	$ 1.24	$ 0.97
Conversion price	$ 0.88	$ 0.88
Exchange rate (C$:US$)	1.3168	1.3319

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 market price of the Company's common shares on the TSXV on the day 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.

(Expressed in Canadian Dollars)

9. CONVERTIBLE DEBENTURES (continued)

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 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.

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.

10. COMMITMENTS

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

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

As of September 30, 2020, the Company has met its obligation to spend on eligible exploration expenditures and the flow-through premium liability has been derecognized.

The flow-through share premium liability is comprised of:

	For the nine months ended September 30, 2020	For the year ended December 31, 2019
Balance, opening	**$ 227,522**	$ 550,392
Liability incurred on flow-through shares issued	**-**	233,340
Settlement of flow-through share liability on expenditures	**(227,522)**	(556,210)
Balance, closing	**$ -**	$ 227,522

(Expressed in Canadian Dollars)

11. INCOME TAXES

Deferred income tax expense comprises:

	For the three months ended September 30		For the nine months ended September 30	
	2020	**2019**	**2020**	**2019**
Deferred income taxes related to operations	**$ 150,935**	$ 130,892	**$ 420,428**	$ 343,539
Flow-through renunciation	**(285,335)**	(408,989)	**(921,459)**	(1,019,397)
Release of flow-through share premium liability	**70,453**	206,379	**227,522**	514,725
Deferred income tax expense	**$ (63,947)**	$ (71,718)	**$ (273,509)**	$ (161,133)

In the three and nine months ended September 30, 2020, the Company incurred $1,056,798 and $3,412,807 respectively, (2019 - $1,514,329 and $3,775,544, respectively) eligible exploration expenditures in respect of its flow-through share commitments (Note 10). 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.

12. SHARE CAPITAL

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

Issued

For the nine months ended September 30, 2020:

(a) 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 $331,707

(b) 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.

(c) During the nine months ended September 30, 2020, the Company issued 736,124 shares on the exercise of warrants for proceeds of $298,908, of which 688,814 were issued in the three months ended September 30, 2020 for proceeds of $278,045.

(d) On August 20, 2020, the Company issued 100,000 shares on the exercise of options for proceeds of $50,000.

For the year ended December 31, 2019:

(e) On December 3, 2019, the Company issued 7,778,000 flow-through shares (the "**FT Shares**") at a price of $0.45 per 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. The Warrants were valued at $nil using the residual method.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

Share issuance costs for the funds raised in December 2019 were $322,802, net of $95,556 of tax. Share issuance costs includes $64,449 related to 466,680 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 $0.45.

(f) The Company issued 68,774 shares on the exercise of warrants for proceeds of $26,134.

Stock Options

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

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

	Number of options	Weighted average exercise price per share
Outstanding January 1, 2019	6,320,000	$ 0.74
Granted	100,000	$ 0.50
Outstanding December 31, 2019	6,420,000	$ 0.74
Exercised	(100,000)	$ 0.50
Granted	2,510,000	$ 0.63
Outstanding, September 30, 2020	8,830,000	$ 0.71
Number of options exercisable	6,748,326	$ 0.75

As at September 30, 2020, the Company has stock options outstanding and exercisable as follows:

Number of options	Exercise price per option	Number of options exercisable	Exercise price per option	Vesting	Remaining contractual life (years)	Expiry date
3,100,000	$1.00	3,100,000	$1.00		1.1	October 25, 2021
100,000	$1.00	100,000	$1.00		1.1	October 24, 2021
250,000	$1.00	250,000	$1.00		1.3	January 4, 2022
50,000	$1.00	50,000	$1.00		1.6	May 25, 2022
400,000	$0.57	400,000	$0.57		2.3	January 8, 2023
1,080,000	$0.36	1,080,000	$0.36		2.8	July 30, 2023
40,000	$0.36	40,000	$0.36		2.8	July 30, 2023
1,250,000	$0.42	833,331	$0.42	(i)	3.2	December 28, 2023
50,000	$0.42	50,000	$0.42		3.2	December 28, 2023
1,685,000	$0.385	561,665	$0.385	(i)	4.3	January 24, 2025
50,000	$0.385	25,000	$0.385	(ii)	4.3	January 24, 2025
775,000	$1.19	258,330	$1.19	(i)	4.9	August 25, 2025
8,830,000	$0.71	6,748,326	$0.75			

(i) 1/3 annually with 1/3 vesting immediately
(ii) 25% quarterly starting one quarter after the grant date

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

The Company uses the Black-Scholes option pricing model to calculate the fair value of granted stock options. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect fair value estimates. The following weighted average assumptions were used to estimate the grant date fair values for the nine months ended September 30, 2020:

Expected stock price volatility	75%
Expected life of options	5 years
Risk free interest rate	1.04%
Expected dividend yield	0.00%
Weighted average exercise price	$ 0.63
Weighted average fair value per option granted	$ 0.38

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 September 30,		For the nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Capitalized to exploration and evaluation assets	**$ 103,795**	$ 22,476	**$ 188,212**	$ 78,675
Expensed to the statement of net income (loss) and comprehensive income (loss)	**182,275**	63,397	**381,531**	189,782
	$ 286,070	$ 85,873	**$ 569,743**	$ 268,457

Warrants

As of September 30, 2020, the Company has the following warrants outstanding:

Expiry Date	January 1, 2020	Exercised	September 30, 2020	Weighted average exercise price per warrant
December 20, 2020	484,774	(462,101)	22,673	$0.38
April 21, 2021	2,400,260	-	2,400,260	$0.60
December 6, 2021	4,028,429	-	4,028,429	$0.60
December 3, 2021	466,680	(274,023)	192,657	$0.45
	7,380,143	(736,124)	6,644,019	$0.59

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel is summarized as follows:

Nine months ended September 30, 2020	**Short term compensation**	**Share-based compensation**	**Total**
Expensed in the statement of net income (loss) and comprehensive income (loss)	**$ 458,892**	**$ 321,180**	**$ 780,072**
Capitalized to exploration and evaluation assets	**308,653**	**68,326**	**376,979**
	$ 767,545	**$ 389,506**	**$1,157,051**

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

As of September 30, 2020, $nil (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 4,626,352 common shares of the Company (see Note 12). On December 9, 2019, NexGen acquired 7,371,858 Units of the Company (see Note 12). 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 nine months ended September 30, 2020, office lease and administrative expenditures charged to ICU amounted to $26,533 (2019 – $79,600). At September 30, 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 (see Note 5).

14. 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.

15. 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 9). The Debentures are classified as Level 2.

Financial instrument risk exposure

As at September 30, 2020, the Company's financial instrument risk exposure and the impact thereof on the Company's financial instruments are summarized below:

(a) Credit Risk

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

15. FINANCIAL INSTRUMENTS (continued)

The Company's accounts receivable consists of input tax credits receivable from the Government of Canada and interest accrued on cash equivalents. Accordingly, the Company does not believe it is subject to significant credit risk.

(b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its obligations under financial instruments. The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital to meet short-term obligations. As at September 30, 2020, the Company had a working capital balance of $12,569,838, including cash of $12,798,487.

(c) Market Risk

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

(i) Interest Rate Risk

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value of the Company's cash and cash equivalent balances as of September 30, 2020. 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.

16. 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.

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There was no cash paid for income tax or interest in the nine months ended September 30, 2020 and 2019.

Non-cash transactions in the nine months ended September 30, 2020 and 2019 included:

(a) A non-cash transaction of $188,212 (2019 – $78,675) related to share-based payments was included in exploration and evaluation assets.

(b) The lease liability of $259,512 and related lease asset recorded in the nine months ended September 30, 2019 were non-cash (see Notes 6 and 8).

(c) The Company issued 219,689 shares valued at $272,414 to settle the establishment fee related to the Debentures (see Note 9)

18. SUBSEQUENT EVENT

On October 27, 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 5,783 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.