Unaudited Condensed Interim Financial Statements of

ISOENERGY LTD.

For the three and six months ended June 30, 2022 and 2021

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

	Note	June 30, 2022	December 31, 2021
ASSETS			
Current			
Cash		**$ 7,196,940**	$ 13,617,066
Accounts receivable		**88,076**	129,079
Prepaid expenses		**216,892**	107,253
Marketable securities	6	**6,032,419**	9,314,985
		13,534,327	23,168,383
Non-Current			
Property and equipment		**57,739**	66,549
Exploration and evaluation assets	7	**66,729,686**	60,955,590
TOTAL ASSETS		**$ 80,321,752**	$ 84,190,522
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**$ 469,535**	$ 640,971
Non-Current			
Convertible debentures	8	**22,111,359**	25,101,132
Deferred income tax liability	9	**1,577,180**	2,534,750
TOTAL LIABILITIES		**24,158,074**	28,276,853
EQUITY			
Share capital	10	**80,003,335**	78,901,944
Share option and warrant reserve	10	**9,597,362**	6,469,143
Accumulated deficit		**(35,612,121)**	(34,346,954)
Other comprehensive income		**2,175,102**	4,889,536
TOTAL EQUITY		**56,163,678**	55,913,669
TOTAL LIABILITIES AND EQUITY		**$ 80,321,752**	$ 84,190,522

Nature of operations (Note 2)
Commitments (Note 8)
Subsequent event (Note 15)

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 August 3, 2022

"Tim Gabruch"	***"Trevor Thiele"***
Tim Gabruch, CEO, Director	**Trevor Thiele, Director**

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

		For the three months ended June 30		For the six months ended June 30	
	Note	**2022**	**2021**	**2022**	**2021**
General and administrative costs					
Share-based compensation	10, 11	**$ 1,116,062**	$ 760,109	**$ 2,736,450**	$ 1,015,445
Administrative salaries, contract and director fees	11	**289,508**	295,389	**744,522**	1,460,402
Investor relations		**113,961**	57,688	**218,587**	153,808
Office and administrative		**103,912**	21,433	**131,988**	60,879
Professional and consultant fees		**281,675**	42,733	**357,726**	79,350
Travel		**41,737**	-	**50,418**	-
Public company costs		**51,113**	26,745	**126,956**	79,963
Depreciation expense		**-**	14,699	**-**	29,398
Total general and administrative costs		**(1,997,968)**	**(1,218,796)**	**(4,366,647)**	**(2,879,245)**
Interest income		**16,124**	19,144	**26,155**	39,255
Interest expense		**(386)**	(2,615)	**(386)**	(5,230)
Interest on convertible debentures	8	**(162,797)**	(156,749)	**(324,238)**	(318,215)
Fair value gain/(loss) on convertible debentures	8	**10,043,078**	(2,109,169)	**2,864,787**	(4,707,283)
Gain on sale of assets	5	**-**	2,236,489	**-**	2,236,489
Foreign exchange gain/(loss)		**47,850**	(34,969)	**20,738**	(60,330)
Other income		**-**	9,087	**-**	18,174
Income/(loss) from operations		**7,945,901**	**(1,257,578)**	**(1,779,591)**	**(5,676,385)**
Deferred income tax recovery/(expense)	9	**264,613**	(513,967)	**514,424**	(194,902)
Income/(loss)		**$ 8,210,514**	**$ (1,771,545)**	**$ (1,265,167)**	**$ (5,871,287)**
Other comprehensive income/(loss)					
Change in fair value of convertible debentures attributable to the change in credit risk	8	**109,315**	48,086	**124,986**	(62,672)
Change in fair value of marketable securities	6	**(2,359,165)**	933,534	**(3,282,566)**	933,534
Deferred tax recovery/(expense)	9	**318,487**	(126,027)	**443,146**	(126,027)
Total comprehensive income/(loss) for the period		**$ 6,279,151**	**$ (915,952)**	**$ (3,979,601)**	**$ (5,126,452)**
Income/(loss) per common share					
– basic		**$ 0.08**	**$ (0.02)**	**$ (0.01)**	**$ (0.06)**
– diluted		**$ (0.01)**	**$ (0.02)**	**$ (0.03)**	**$ (0.06)**
Weighted average number of common shares outstanding					
– basic		**106,801,044**	98,178,807	**106,580,177**	96,571,474
– diluted		**118,578,919**	98,178,807	**118,039,549**	96,571,474

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, 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	10	2,509,618	1,650,782	(8,592)	-	-	1,642,190
Shares issued on the exercise of stock options	10	1,781,666	1,923,469	(768,411)	-	-	1,155,058
Shares issued to settle interest		31,120	91,194	-	-	-	91,194
Share-based payments	10	-	-	1,538,404	-	-	1,538,404
Loss for the period		-	-	-	(5,871,287)	-	(5,871,287)
Other comprehensive (loss) / income for the period	6,8	-	-	-	-	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**
Balance as at January 1, 2022		**105,908,770**	**$ 78,901,944**	**$ 6,469,143**	**$(34,346,954)**	**$ 4,889,536**	**$ 55,913,669**
Shares issued on the exercise of stock options	10	897,500	1,005,344	(396,884)	-	-	608,460
Shares issued to settle interest	10	29,644	96,047	-	-	-	96,047
Share-based payments	10	-	-	3,525,103	-	-	3,525,103
Loss for the period		-	-	-	(1,265,167)	-	(1,265,167)
Other comprehensive loss for the period	6,8	-	-	-	-	(2,714,434)	(2,714,434)
Balance as at June 30, 2022		**106,835,914**	**$ 80,003,335**	**$ 9,597,362**	**$(35,612,121)**	**$ 2,175,102**	**$ 56,163,678**

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

	2022	2021
Cash flows used in operating activities		
Loss for the period	$ **(1,265,167)**	$ (5,871,287)
Items not involving cash:		
Share-based compensation	**2,736,450**	1,015,445
Deferred income tax (recovery) expense	**(514,424)**	194,902
Depreciation expense	**-**	29,398
Interest on lease liability	**-**	5,230
Interest on convertible debentures	**324,238**	318,215
Fair value (gain)/loss on convertible debentures	**(2,864,787)**	4,707,283
Gain on sale of asset	**-**	(2,236,489)
Foreign exchange (gain)/loss	**(15,852)**	53,733
Changes in non-cash working capital		
Accounts receivable	**41,003**	30,487
Prepaid expenses	**(109,639)**	89,250
Accounts payable and accrued liabilities	**32,833**	(107,297)
	$ (1,635,345)	**$ (1,771,130)**
Cash flows used in investing activities		
Additions to exploration and evaluation assets	$ **(5,180,902)**	$ (727,182)
Acquisition of exploration and evaluation assets	**-**	(27,139)
Additions to equipment	**-**	(41,776)
Proceeds on sale of assets	**-**	96,100
	$ (5,180,902)	**$ (699,997)**
Cash flows from financing activities		
Shares issued for warrant exercise	**-**	1,642,190
Shares issued for option exercise	**608,460**	1,155,058
Interest on debentures	**(232,551)**	(227,021)
Lease liability payments:		
Principal	**-**	(28,024)
Interest	**-**	(5,230)
	$ 375,909	**$ 2,536,973**
Effects of exchange rate changes on cash	**20,212**	(55,795)
Change in cash	$ **(6,420,126)**	$ 10,051
Cash, beginning of period	**13,617,066**	14,034,565
Cash, end of period	**$ 7,196,940**	**$ 14,044,616**

Supplemental disclosure with respect to cash flows (Note 14)

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, 2022, the Company did not have any subsidiaries and NexGen Energy Ltd ("NexGen") holds 50.1% 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, 2022, the Company had accumulated losses of $35,612,121 and working capital of $13,064,792. 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 impact from COVID-19. The Company continues to enforce certain operating procedures to respond to COVID-19 and during the six months ended June 30, 2022, the Company's business and exploration activities have not been significantly impacted by COVID-19. Notwithstanding the success of vaccination programs in Canada and the continued lifting of COVID-19 restrictions by local and provincial governments, it is possible that in the future there will be renewed outbreaks of COVID-19 with negative impacts on our business and exploration activities and the pandemic and associated disruptions may result in unfavourable capital market conditions and trigger actions such as reduced exploration activities. The Company anticipates this could have an adverse impact on our business, results of operations, financial position and cash flows in 2022.

These financial statements have been prepared using International Financial Reporting Standards ("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 six months ended June 30, 2022, 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 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, 2021.

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 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, 2021 and have been consistently followed in preparation of these condensed interim financial statements.

Reclassification of prior period comparative figures

Certain prior period comparatives have been reclassified for consistency with current period presentation. These reclassifications had no effect on these 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, 2021 and have been consistently followed in preparation of these condensed interim financial statements.

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 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**") in consideration for the issuance of 10,755,000 fully paid ordinary shares of 92 Energy or 16.25% of the issued and outstanding shares of 92 Energy. The 92 Energy shares were issued at a price of A$0.20 per share and were in escrow for 12 months following the completion of 92 Energy's initial public offering on the Australian Stock Exchange (the "**IPO**"). Additional consideration to IsoEnergy for the Properties included milestone cash payments of A$100,000 within 60 days of the IPO (received June 14, 2021), and an additional A$100,000 within 6 months of the IPO (received October 8, 2021). IsoEnergy retained a 2% NSR on the Properties and is entitled to nominate a member of 92 Energy's Board of Directors, provided IsoEnergy maintains a minimum ownership position of 5%. The Company recognized a gain of $2,236,489 on the completion of the transaction in 2021. 92 Energy met a contractual requirement to spend an aggregate of A$1,000,000 on exploration expenditures on the Properties prior to May 1, 2022. As at June 30, 2022 the Company's shareholding in 92 Energy represents 12.2% of the outstanding capital of 92 Energy.

(b) Mountain Lake Option Agreement

On August 10, 2021, IsoEnergy completed an agreement with Consolidated Uranium Inc. (previously International Consolidated Uranium Inc.) ("**Consolidated Uranium**"), which trades on the TSXV, to grant Consolidated Uranium the option to acquire a 100% interest in the Company's Mountain Lake uranium property in Nunavut, Canada (the "**Mountain Lake Option Agreement**").

Under the terms of the Mountain Lake Option Agreement, Consolidated Uranium obtained the option to acquire a 100% interest in the Mountain Lake uranium property for consideration comprised of 900,000 Consolidated Uranium common shares and $20,000 cash. The option is exercisable at Consolidated Uranium's election on or before August 3, 2023 for additional consideration of $1,000,000, payable in cash or shares of Consolidated Uranium (provided certain conditions are met) at the discretion of Consolidated Uranium. If Consolidated Uranium elects to acquire the Mountain Lake property, IsoEnergy will be entitled to receive the following contingent payments in cash or shares of Consolidated Uranium, at the discretion of Consolidated Uranium:

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

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

At the date of these financial statements the option has not been exercised by Consolidated Uranium.

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITES

Marketable securities consist of 10,755,000 common shares of 92 Energy, 900,000 common shares of Consolidated Uranium and 193,300 common shares of Labrador Uranium Inc. ("**Labrador Uranium**"). On February 22, 2022, Consolidated Uranium completed a transaction pursuant to which it transferred its Moran Lake Project and associated liabilities to Labrador Uranium, which trades on the Canadian Securities Exchange, in exchange for 16,000,000 common shares of Labrador Uranium. Consolidated Uranium subsequently distributed the 16,000,000 common shares of Labrador Uranium to its shareholders and the Company received 193,300 Labrador Uranium common shares.

The carrying value of marketable securities is based on the estimated fair value of the common shares and determined using published closing prices.

	92 Energy	Consolidated Uranium	Labrador Uranium	Total
Balance, January 1, 2022	**$ 6,731,985**	**$ 2,583,000**	**$ -**	**$ 9,314,985**
Change in fair value recorded in Other comprehensive income	(2,428,479)	(972,000)	117,913	(3,282,566)
Balance, June 30, 2022	**$ 4,303,506**	**$ 1,611,000**	**$ 117,913**	**$ 6,032,419**

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	June 30, 2022	December 31, 2021
Acquisition costs:			
Acquisition costs, opening		**$ 35,322,962**	$ 35,440,432
Additions	a	**-**	27,139
Dispositions and derecognition	b,c	**-**	(144,609)
Acquisition costs, closing		**$ 35,322,962**	$ 35,322,962
Exploration and evaluation costs:			
Exploration costs, opening		**$ 25,632,628**	$ 18,291,364
Additions:			
Drilling		**2,644,043**	3,075,366
Geological and geophysical		**861,254**	775,241
Share-based compensation	10	**788,653**	1,560,797
Extension of time payments & deficiency deposits		**467,541**	-
Camp costs		**415,514**	540,141
Labour and wages		**384,050**	829,848
Geochemistry and assays		**111,981**	332,850
Environmental		**-**	2,311
Engineering		**-**	1,420
Travel and other		**101,060**	238,610
Disposal of assets		**-**	(15,320)
Total exploration and evaluation in the period		**$ 5,774,096**	$ 7,341,264
Exploration and evaluation, closing		**$ 31,406,724**	$ 25,632,628
Total costs, closing		**$ 66,729,686**	$ 60,955,590

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

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 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 in 2021; the related carrying value of $33,434 was netted in the gain on sale of properties (see Note 5(a)).

(c) Derecognitions

On August 10, 2021, IsoEnergy completed the Mountain Lake Option Agreement (Note 5 (b)). Although at the date of these financial statements the option has not been exercised and the Company retains the rights over the Mountain Lake property, the carrying value of the Mountain Lake property of $126,495 was derecognized and netted against the gain recognized on the Mountain Lake Option Agreement.

8. CONVERTIBLE DEBENTURES

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) on issuance. 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 income or loss for the period.

	June 30, 2022	**December 31, 2021**
Fair value, balance, start of period	**$ 25,101,132**	$ 14,033,992
Change in fair value in the period included in profit and loss	**(2,864,787)**	11,036,471
Change in fair value in the period included in OCI	**(124,986)**	30,669
Fair value, end of period	**$ 22,111,359**	$ 25,101,132

(Expressed in Canadian Dollars)

8. CONVERTIBLE DEBENTURES (continued)

The following assumptions were used to estimate the fair value of the Debentures:

	June 30, 2022	December 31, 2021
Expected stock price volatility	53.13%	50.00%
Expected life (years)	3.1	3.6
Risk free interest rate	3.52%	1.78%
Expected dividend yield	0.00%	0.00%
Credit spread	25.84%	21.86%
Underlying share price of the Company	$3.10	$3.74
Conversion price	$0.88	$0.88
Exchange rate (C$:US$)	1.2873	1.2637

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, 2022, the Company incurred interest expense of $162,797 and $324,238, respectively (June 30, 2021: $156,749 and $318,215).

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 of Directors, 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.

(Expressed in Canadian Dollars)

9. INCOME TAXES

Deferred income tax recovery for the three and six months ended June 30 comprises:

	For the three months ended June 30		For the six months ended June 30	
	2022	**2021**	**2022**	**2021**
Deferred income tax recovery/(expense) related to operations	**$ 264,613**	$ (431,307)	**$ 514,424**	$ (8,661)
Flow-through renunciation	**-**	(82,660)	**-**	(186,241)
Deferred income tax recovery/(expense)	**$ 264,613**	$ (513,967)	**$ 514,424**	$ (194,902)

In the three and six months ended June 30, 2022, the Company recognized a deferred tax recovery of $318,487 and $443,146, respectively (June 30, 2021: $126,027 deferred tax expense for both periods) related to the change in the fair value of the marketable securities recorded in OCI. In the three and six months ended June 30, 2021, the Company incurred $306,148 and $689,782, respectively of eligible exploration expenditures in respect of its flow-through share commitments. A deferred income tax expense was 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. The Company did not have any flow-through share commitments during the three and six months ended June 30, 2022.

10. SHARE CAPITAL

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

Issued

For the six months ended June 30, 2022

(a) During the six months ended June 30, 2022, the Company issued 897,500 common shares on the exercise of stock options for proceeds of $608,460. As a result of the exercises, $396,884 was reclassified from reserves to share capital.

(b) On June 30, 2022 the Company issued 29,644 common shares to the Debentureholder to settle $96,047 of interest expense which is 2.5% of the interest owing on the Debentures (see Note 8).

For the year ended December 31, 2021:

(c) During the year ended December 31, 2021, the Company issued 6,541,577 common shares on the exercise of warrants for proceeds of $4,065,829. As a result of the exercises, $276,053 was reclassified from reserves to share capital.

(d) During the year ended December 31, 2021, the Company issued 4,839,999 common shares on the exercise of stock options for proceeds of $4,094,374. As a result of the exercises, $2,790,305 was reclassified from reserves to share capital.

(e) 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 8). On December 31, 2021 the Company issued 23,076 common shares to the Debentureholder to settle $93,022 of interest expense which is 2.5% of the interest owing on the Debentures (see Note 8).

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

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, 2021	8,570,000	$0.71
Granted	4,540,000	$3.49
Cancelled	(103,334)	$0.88
Exercised	(4,839,999)	$0.85
Outstanding December 31, 2021	8,166,667	$2.17
Granted	**400,000**	**$ 4.96**
Cancelled	**(35,000)**	**$ 3.03**
Expired	**(6,667)**	**$ 3.99**
Exercised	**(897,500)**	**$ 0.68**
Outstanding, June 30, 2022	**7,627,500**	**$ 2.49**
Number of options exercisable	**4,409,167**	**$1.71**

As at June 30, 2022, 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)
160,000	$0.57	160,000	$0.57		0.5
510,000	$0.36	510,000	$0.36		1.1
730,000	$0.42	730,000	$0.42		1.5
967,500	$0.39	967,500	$0.385	(i)	2.6
415,000	$1.19	276,667	$1.19	(i)	3.2
250,000	$2.44	166,667	$2.44	(i)	3.6
1,525,000	$2.81	541,667	$2.81	(i)	4.0
2,670,000	$3.99	923,333	$3.99	(i)	4.5
400,000	$4.96	133,333	$4.96	(i)	4.7
7,627,500	$2.49	4,409,167	$1.71		3.4

i. Vest 1/3 on grant and 1/3 each year thereafter

(Expressed in Canadian Dollars)

10. 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 assumptions were used to estimate the grant date fair values for the six months ended June 30, 2022:

Expected stock price volatility	90.59%
Expected life of options (years)	5
Risk free interest rate	1.59%
Expected dividend yield	0%
Weighted average exercise price	$4.96
Weighted average fair value per option granted	$3.48

The Company has share-based compensation related to options that vested or forfeited in the period. Share-based compensation in the three and six month periods are as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	**2021**	**2022**	**2021**
Capitalized to exploration and evaluation assets	**$ 401,280**	$ 489,229	**$ 788,653**	$ 522,959
Expensed to the statement of loss and comprehensive loss	**$ 1,116,062**	760,109	**2,736,450**	1,015,445
	$ 1,517,342	$ 1,249,338	**$ 3,525,103**	$ 1,538,404

Warrants

As of June 30, 2022, the Company had no warrants outstanding.

11. RELATED PARTY TRANSACTIONS

NexGen is a related party due to its ownership in the Company and the overlapping members of the Board of Directors between NexGen and the Company. 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, 2022	**Short term compensation**	**Share-based compensation**	**Total**
Expensed in the statement of loss and comprehensive loss	$ 340,194	$ 2,524,101	$ 2,864,295
Capitalized to exploration and evaluation assets	102,576	247,913	350,489
	$ 442,770	$ 2,772,014	$ 3,214,784

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (continued)

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

As of June 30, 2022, $27,452 (December 31, 2021 – $nil) was included in accounts payable and accrued liabilities owing to NexGen and directors and officers.

During the six months ended June 30, 2022, the Company paid NexGen, $12,465 (June 30, 2021 - $Nil) for use of NexGen's office space.

On February 28, 2022, the former Chief Financial Officer resigned and was paid $175,997 in accordance with the terms of her employment contract. This is excluded from the table above for the six months ended June 30, 2022.

On December 6, 2021, NexGen acquired 3,685,929 common shares on the exercise of 3,685,929 warrants with an exercise price of $0.60. In April 2021, NexGen acquired 1,537,760 common shares on the exercise of 1,537,760 warrants with an exercise price of $0.60 (see Note 10).

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.

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, marketable securities, 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 loss (Note 8). 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 (loss) (Note 6). The marketable securities are Level 1.

Financial instrument risk exposure

As at June 30, 2022, the Company's financial instrument risk exposure and the impact thereof on the Company's financial instruments are summarized below:

12. FINANCIAL INSTRUMENTS (continued)

(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, 2022, 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, 2022, the Company had a working capital balance of $13,064,792, including cash of $7,196,940.

(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, 2022. 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, US dollar accounts payable and accrued liabilities, the Debentures and Australian dollar denominated marketable securities. 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.

A 5% change in the US dollar exchange rate can result in a net increase or decrease in the Company's US dollar-based cash and debt of $1,029,558 that would flow through the statement of loss.

The Company is also exposed to foreign exchange risk on its Australian dollar denominated investment in 92 Energy. Accordingly, the Company is subject to risks associated with fluctuations in the Canadian/Australian dollar exchange rate that may decrease the value of its investment in 92 Energy.

A 5% change is the Australian dollar can increase or decrease the value of the Company's investment in 92 Energy by $215,175 that would flow through Other Comprehensive Income (Loss).

12. FINANCIAL INSTRUMENTS (continued)

(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. The Company holds marketable securities which are subject to equity price risk.

13. 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.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There was no cash paid for income tax in the six months ended June 30, 2022 and 2021.

Non-cash transactions in the three months ended June 30, 2022 and 2021 included:

(a) A non-cash transaction of $788,653 (June 30, 2021 – $522,959) related to share-based payments was included in exploration and evaluation assets.

(b) The Company issued 29,644 shares valued at $96,047 (June 30, 2022: 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(a)). These shares were valued at A$0.20 and are revalued to market at the end of each period.

15. SUBSEQUENT EVENT

On July 20, 2022, the Company granted 2,040,000 stock options to certain directors, officers, employees, and contractors of the Company. The options granted have a term of five years, vest in three annual installments commencing on the grant date, and are exercisable at a price of $3.47 per common share of the Company.