



Consolidated Financial Statements

December 31, 2023 and 2022

(expressed in thousands of Canadian dollars)

Management's Responsibility for Financial Reporting

The accompanying audited consolidated financial statements, related note disclosures, and other financial information contained in the management's discussion and analysis of NexGen Energy Ltd. (the "Company") were prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Management acknowledges responsibility for the preparation and presentation of the audited annual consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the internal control framework set out in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

The Board of Directors is responsible for reviewing and approving the audited annual consolidated financial statements together with the other financial information of the Company and for ensuring that management fulfills its financial reporting and internal control responsibilities. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and all of its members are non-management directors. The Audit Committee reviews the audited consolidated financial statements, management's discussion and analysis, the external auditors' report, examines the fees and expenses for audit services, and considers the engagement or reappointment of the external auditors. The Audit Committee reports its findings to the Board of Directors for its consideration when approving the consolidated financial statements for issuance to the shareholders. KPMG LLP, the external auditors, have full and free access to the Audit Committee.

/s/ Leigh Curyer

Leigh Curyer
President and Chief Executive Officer

/s/ Benjamin Salter

Benjamin Salter
Chief Financial Officer

Vancouver, Canada
March 6, 2024



KPMG LLP
Chartered Professional Accountants
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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
NexGen Energy Ltd.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of NexGen Energy Ltd. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of net income (loss) and comprehensive income (loss), changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2023, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 6, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.



Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of control and deconsolidation of IsoEnergy Ltd. ("IsoEnergy")

As discussed in Note 17, on December 5, 2023 the Company's ownership interest in IsoEnergy decreased from 48.7% to 34.0% resulting in loss of control of IsoEnergy. Upon loss of control, the Company derecognized all IsoEnergy accounts that were previously consolidated and recorded its retained investment in IsoEnergy at fair value.

We identified the assessment of control and deconsolidation of IsoEnergy as a critical audit matter. The magnitude of the previously consolidated amounts relating to IsoEnergy and the complexity in determining whether control was retained required a high degree of auditor judgement and significant auditor effort.

The following are the primary procedures we performed to address this critical audit matter.

- We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's assessment of control over IsoEnergy, including controls related to the identification of the previously consolidated amounts relating to IsoEnergy that were derecognized and the determination of the fair value of its retained investment in IsoEnergy.
- We obtained the Company's accounting analysis including the evaluation of which party has the power to direct the significant activities of IsoEnergy, and compared the relevant information in the analysis to the arrangement agreement and other underlying documentation.
- We inspected the Company's determination of the amounts of IsoEnergy to be derecognized and compared the amounts to the accounting records of IsoEnergy on the date that control was lost.

KPMG LLP (Signed)

Chartered Professional Accountants

We have served as the Company's auditor since 2016.

Vancouver, Canada
March 6, 2024



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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
NexGen Energy Ltd.:

Opinion on Internal Control Over Financial Reporting

We have audited NexGen Energy Ltd.'s (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2023 and 2022, the related consolidated statements of net income (loss) and comprehensive income (loss), changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated March 6, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Discussion and Analysis- Internal Controls Over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.



Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP (Signed)

Chartered Professional Accountants

Vancouver, Canada

March 6, 2024

NexGen Energy Ltd.Consolidated Statements of Financial Position
(expressed in thousands of Canadian Dollars)

| | As at December 31, 2023 | As at December 31, 2022 |
|---|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 290,743 | \$ 134,447 |
| Marketable securities (Note 5) | - | 5,775 |
| Amounts receivable | 1,940 | 1,801 |
| Prepaid expenses and other assets | 13,770 | 2,165 |
| Lease receivable (Note 11(b)) | 512 | - |
| | 306,965 | 144,188 |
| Non-current assets | | |
| Exploration and evaluation assets (Note 6) | 451,356 | 405,248 |
| Property and equipment (Note 7) | 5,404 | 5,048 |
| Investment in associate (Note 8) | 240,116 | - |
| Deposits | 82 | 76 |
| Lease receivable (Note 11(b)) | 3,502 | - |
| Total assets | \$ 1,007,425 | \$ 554,560 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 26,986 | \$ 13,723 |
| Lease liabilities (Note 11(c)) | 926 | 775 |
| Flow-through share premium liability (Note 9) | - | 2,069 |
| | 27,912 | 16,567 |
| Non-current liabilities | | |
| Convertible debentures (Note 10) | 158,478 | 80,021 |
| Long-term lease liabilities (Note 11(c)) | 1,016 | 1,688 |
| Deferred income tax liabilities (Note 19) | - | 867 |
| Total liabilities | \$ 187,406 | \$ 99,143 |
| Equity | | |
| Share capital (Note 12) | \$ 1,009,130 | \$ 712,603 |
| Reserves (Note 12) | 116,934 | 94,680 |
| Accumulated other comprehensive income(loss) | (2,041) | 460 |
| Accumulated deficit | (304,004) | (389,867) |
| Equity attributable to NexGen Energy Ltd. shareholders | 820,019 | 417,876 |
| Non-controlling interests (Note 17) | - | 37,541 |
| Total equity | 820,019 | 455,417 |
| Total liabilities and equity | \$ 1,007,425 | \$ 554,560 |

Nature of operations (Note 2)

Commitments (Note 16)

Subsequent events (Note 21)

These consolidated financial statements were authorized for issue by the Board of Directors on March 6, 2024.

The accompanying notes are an integral part of these consolidated financial statements.

NexGen Energy Ltd.

Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)
(expressed in thousands of Canadian Dollars, except per share and share information)

| | | December 31, |
|--|------------------|-----------------|
| | 2023 | 2022 |
| Expenses | | |
| Salaries, benefits and directors' fees | \$ 12,704 | 9,306 |
| Office, administrative, and travel | 15,616 | 7,853 |
| Professional fees and insurance | 17,469 | 5,661 |
| Depreciation (Note 7) | 1,804 | 1,814 |
| Share-based payments (Note 12) | 37,142 | 35,146 |
| | (84,735) | (59,780) |
| Finance income | 6,030 | 2,787 |
| Mark-to-market loss on convertible debentures (Note 10) | (48,745) | (2,863) |
| Interest expense on convertible debentures (Note 10) | (6,098) | (2,179) |
| Interest on lease liabilities (Note 11(c)) | (153) | (207) |
| Share of net income from associate (Note 8) | 920 | - |
| Gain on loss of control of IsoEnergy (Note 17) | 204,038 | - |
| Other expense | (1,378) | (85) |
| Foreign exchange gain (loss) | (1,123) | 1,017 |
| Income (loss) before taxes | 68,756 | (61,310) |
| Deferred income tax recovery (Note 19) | 1,412 | 1,042 |
| Net income (loss) | 70,168 | (60,268) |
| Items that may not be reclassified subsequently to profit or loss: | | |
| Change in fair value of convertible debenture attributable to the change in credit risk of the Company (Note 10) | (1,432) | 149 |
| Change in fair value of marketable securities (Note 5) | (900) | (3,540) |
| Deferred income tax recovery | 449 | 461 |
| Share of other comprehensive income (loss) of associate (Note 8) | (539) | - |
| Net comprehensive income (loss) | \$ 67,746 | (63,198) |
| Net income (loss) attributable to: | | |
| Shareholders of NexGen Energy Ltd. | \$ 80,816 | (56,587) |
| Non-controlling interests | (10,648) | (3,681) |
| | \$ 70,168 | (60,268) |
| Net comprehensive income (loss) attributable to: | | |
| Shareholders of NexGen Energy Ltd. | \$ 78,898 | (58,022) |
| Non-controlling interests | (11,152) | (5,176) |
| | \$ 67,746 | (63,198) |
| Earnings (loss) per share attributable to NexGen Energy Ltd. shareholders | | |
| Basic earnings (loss) per share | \$ 0.16 | (0.12) |
| Diluted earnings (loss) per share | \$ 0.16 | (0.12) |
| Weighted average common shares outstanding | | |
| Basic | 498,243,824 | 479,680,438 |
| Diluted | 529,214,619 | 479,680,438 |

The accompanying notes are an integral part of these consolidated financial statements.

NexGen Energy Ltd.
Consolidated Statements of Cash Flows

(expressed in thousands of Canadian dollars)

| | December 31, | |
|---|---------------------|--------------------|
| | 2023 | 2022 |
| Net income (loss) for the year: | \$ 70,168 | \$ (60,268) |
| Adjust for: | | |
| Depreciation (Note 7) | 1,804 | 1,814 |
| Share-based payments (Note 12) | 37,142 | 35,146 |
| Mark-to-market loss on convertible debenture (Note 10) | 48,745 | 2,863 |
| Interest expense on convertible debentures (Note 10) | 6,098 | 2,179 |
| Interest on lease liabilities (Note 11(c)) | 153 | 207 |
| Share of net income from associate (Note 8) | (920) | - |
| Gain on loss of control of IsoEnergy (Note 17) | (204,038) | - |
| Deferred income tax recovery | (1,412) | (1,042) |
| Unrealized foreign exchange (gain) loss | 964 | (1,017) |
| Other expense | 1,378 | 85 |
| Operating cash flows before working capital | (39,918) | (20,033) |
| Changes in working capital items: | | |
| Amounts receivable | (132) | (623) |
| Prepaid expenses and other | (13,893) | (1,137) |
| Accounts payable and accrued liabilities | 1,332 | 1,617 |
| Deposits | (5) | - |
| Cash used in operating activities | \$ (52,616) | \$ (20,176) |
| Expenditures on exploration and evaluation assets (Note 6) | (109,741) | (67,699) |
| Disposal of cash due to deconsolidation of IsoEnergy | (42,329) | - |
| Acquisition of marketable securities (Note 5) | (2,000) | - |
| Acquisition of equipment (Note 7) | (6,066) | (354) |
| Cash used in investing activities | \$ (160,136) | \$ (68,053) |
| Proceeds from at-the-market equity program, net of issuance costs (Note 12) | 175,858 | - |
| Shares issued from IsoEnergy Ltd. for cash from private placements, net of share issuance costs | 21,605 | 6,244 |
| Issuance of convertible debentures, net of issuance costs (Note 10) | 147,955 | 5,296 |
| Proceeds from exercise of options | 27,609 | 10,717 |
| Payment of lease liabilities (Note 11(c)) | (928) | (913) |
| Interest paid on convertible debentures | (3,209) | (1,489) |
| Cash provided by financing activities | \$ 368,890 | \$ 19,855 |
| Foreign exchange loss on cash | 158 | 1,017 |
| Increase (decrease) in cash | \$ 156,296 | \$ (67,357) |
| Cash, beginning of year | 134,447 | 201,804 |
| Increase (decrease) in cash | 156,296 | (67,357) |
| Cash, end of year | \$ 290,743 | \$ 134,447 |

Supplemental cash flow information (Note 13)

The accompanying notes are an integral part of these consolidated financial statements.

NexGen Energy Ltd.

Consolidated Statements of Changes in Equity

(expressed in thousands of Canadian Dollars, except share information)

| | Share Capital | | | | | | | |
|--|--------------------|---------------------|-------------------|--|------------------------|--|----------------------------------|-------------------|
| | Common Shares | | | | | | | |
| | Number | Amount | Reserves | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Attributable to shareholder's of NexGen Energy Ltd. | Non- controlling interests | Total |
| Balance at December 31, 2021 | 479,198,233 | \$ 695,856 | \$ 68,837 | \$ 1,895 | \$ (332,980) | \$ 433,608 | \$ 27,740 | \$ 461,348 |
| Share-based payments (Note 12) | - | - | 32,103 | - | - | 32,103 | 9,407 | 41,510 |
| Shares issued on exercise of stock options (Note 12) | 3,247,332 | 16,261 | (6,260) | - | - | 10,001 | - | 10,001 |
| Shares issued for convertible debenture interest payments (Note 10) | 84,580 | 486 | - | - | - | 486 | - | 486 |
| Ownership changes relating to non-controlling interests | - | - | - | - | (300) | (300) | 5,570 | 5,270 |
| Net loss for the year | - | - | - | - | (56,587) | (56,587) | (3,681) | (60,268) |
| Other comprehensive loss | - | - | - | (1,435) | - | (1,435) | (1,495) | (2,930) |
| Balance at December 31, 2022 | 482,530,145 | \$ 712,603 | \$ 94,680 | \$ 460 | \$ (389,867) | \$ 417,876 | \$ 37,541 | \$ 455,417 |
| Balance at December 31, 2022 | 482,530,145 | \$ 712,603 | \$ 94,680 | \$ 460 | \$ (389,867) | \$ 417,876 | \$ 37,541 | \$ 455,417 |
| At-the-market equity program, net of issuance costs (Note 12) | 24,724,125 | 175,176 | - | - | - | 175,176 | - | 175,176 |
| Share-based payments (Note 12) | - | - | 38,542 | - | - | 38,542 | 5,467 | 44,009 |
| Shares issued on exercise of stock options (Note 12) | 8,608,816 | 42,637 | (16,288) | - | - | 26,349 | - | 26,349 |
| Shares issued on convertible debentures conversion (Note 10) | 8,663,461 | 72,773 | - | - | - | 72,773 | - | 72,773 |
| Shares issued for convertible debenture interest payments (Note 10) | 179,363 | 1,498 | - | - | - | 1,498 | - | 1,498 |
| Shares issued for convertible debenture establishment fee (Note 10) | 634,615 | 4,443 | - | - | - | 4,443 | - | 4,443 |
| Ownership changes relating to non-controlling interests | - | - | - | - | 5,408 | 5,408 | (32,800) | (27,392) |
| Net income for the year | - | - | - | - | 80,816 | 80,816 | (10,648) | 70,168 |
| Reclass accumulated other comprehensive income related to converted debentures (Note 10) | - | - | - | 361 | (361) | - | - | - |
| Other comprehensive loss | - | - | - | (2,862) | - | (2,862) | 440 | (2,422) |
| Balance at December 31, 2023 | 525,340,525 | \$ 1,009,130 | \$ 116,934 | \$ (2,041) | \$ (304,004) | \$ 820,019 | \$ - | \$ 820,019 |

1. REPORTING ENTITY

NexGen Energy Ltd. (“NexGen” or the “Company”) is an exploration and development stage entity engaged in the acquisition, exploration and evaluation and development of uranium properties in Canada. The Company was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on March 8, 2011. The Company’s registered records office is located on the 25th Floor, 700 West Georgia Street, Vancouver, B.C., V7Y 1B3.

The Company is listed on the Toronto Stock Exchange (the “**TSX**”) under the symbol “NXE” and is a reporting issuer in each of the provinces of Canada. On July 2, 2021, the Company commenced trading on the Australian Stock Exchange (the “**ASX**”) under the symbol “NXG”. On March 4, 2022 the Company up-listed from NYSE American exchange (the “**NYSE American**”) and began trading on the New York Stock Exchange (“**NYSE**”) under the symbol “NXE”.

In February 2016, the Company incorporated four wholly owned subsidiaries: NXE Energy Royalty Ltd., NXE Energy SW1 Ltd., NXE Energy SW3 Ltd., and IsoEnergy Ltd. (collectively, the “Subsidiaries”). The Subsidiaries were incorporated to hold certain exploration assets of the Company. In 2016, certain exploration and evaluation assets were transferred to each of IsoEnergy Ltd. (“IsoEnergy”), NXE Energy SW1 Ltd. and NXE Energy SW3 Ltd. Subsequent to the transfer, IsoEnergy shares were listed on the TSX-V.

On December 5, 2023, NexGen deconsolidated IsoEnergy due to the completion of a merger between IsoEnergy and Consolidated Uranium Inc. (Notes 4(b), 8, 17) which resulted in NexGen losing control of IsoEnergy. The Company owns approximately 33.9% of IsoEnergy’s outstanding common shares as of December 31, 2023 (December 31, 2022 – 50.1%).

2. NATURE OF OPERATIONS

As an exploration and development stage company, the Company does not have revenues and historically has recurring operating losses. As at December 31, 2023, the Company had an accumulated deficit of \$304,004 and working capital of \$279,053. Although the Company will be required to obtain additional funding in order to continue with the exploration and development of its mineral properties, the Company has sufficient working capital to meet its current obligations for at least the next fifteen months.

The business of exploring for minerals and development of projects involves a high degree of risk. NexGen is an exploration and development company and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital; development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permits or, alternatively NexGen’s ability to dispose of its exploration and evaluation assets on an advantageous basis; as well as global economic and uranium price volatility; all of which are uncertain.

The underlying value of the exploration and evaluation assets is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material write-downs of the carrying value of exploration and evaluation assets.

3. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements for the year ended December 31, 2023, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements were authorized for issue by the Board of Directors on March 6, 2024.

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value, including the convertible debentures issued by the Company and IsoEnergy (Note 10), the marketable securities (Note 5), and the investment in associate under the equity method as of December 5, 2023 (Notes 8 and 17). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All monetary references expressed in these notes are references to Canadian dollar amounts ("C\$"), except as otherwise noted. These financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

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

Where the fair value of financial assets and financial liabilities recorded in the financial statements cannot be derived from active markets, their fair value is determined using valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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

(i) Share-based payments

The Company uses the Black-Scholes option pricing model to determine the fair value of options and warrants in order to calculate share-based payments expense and the fair value of broker warrants. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense. Refer to Note 12 for further details.

(ii) Convertible debentures

The Company uses a model based on a system of two coupled Black-Scholes equations to determine the fair value of the convertible debentures. This model involves five key inputs to determine the fair value of the convertible debentures: risk-free interest rate, credit spread, market price at valuation date, expected dividend yield and historical volatility. Certain inputs are estimates that involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. Refer to Note 10 for further details.

NexGen Energy Ltd.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023 and 2022

(expressed in thousands of Canadian dollars, except as otherwise stated)

The information about significant areas of judgment considered by management in preparing the financial statements is as follows:

(iii) Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified.

(iv) Assessment of Control

Control is achieved when the Company is exposed to variable returns from its involvement with an investee, and has the ability to affect those returns through its power over the investee. When evaluating whether the Company has power over an investee, factors beyond holding the majority of the voting rights are considered, including the size of the investor's holding of voting rights relative to the size and dispersion of other vote holders, substantive potential voting rights, rights arising from other contractual arrangements, and rights sufficient to unilaterally direct the relevant activities of the investee (i.e. de facto control). Where it is not clear, having considered these additional factors, that the Company has power, the Company does not control the investee. Judgment is required in determining whether the Company has power over the investee when the Company does not hold the majority of the voting rights of the investee.

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently to all years presented in these financial statements:

(a) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

Translation of transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Translation gains or losses are recognized in profit or loss.

(b) Consolidation

The accounts of the subsidiaries controlled by the Company are included in the consolidated financial statements from the date that control commenced until the date that control ceases. Control is achieved when the Company is exposed to variable returns from its involvement with an investee, and has the ability to affect those returns through its power over the investee.

The subsidiaries of the Company and their geographic locations at December 31, 2023 are as follows:

| Name of Subsidiary | Location | Percentage Ownership |
|---------------------------|-----------------|-----------------------------|
| NXE Energy Royalty Ltd. | Canada | 100% |
| NXE Energy SW1 Ltd. | Canada | 100% |
| NXE Energy SW3 Ltd. | Canada | 100% |

Intercompany balances, transactions, income and expenses arising from intercompany transactions are eliminated in full on consolidation.

NexGen Energy Ltd.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023 and 2022

(expressed in thousands of Canadian dollars, except as otherwise stated)

On September 27, 2023, IsoEnergy and Consolidated Uranium Inc. ("CUR") announced that they entered into a definitive arrangement agreement for a share-for-share merger of IsoEnergy and CUR (the "Merger"). Under the terms of the Merger, CUR shareholders received 0.500 of a common share of IsoEnergy (each whole share, an "IsoEnergy Share") for each CUR share held. Following completion of the Merger, the IsoEnergy Shares continued to trade on the TSX-V.

On December 5, 2023, upon completion of the Merger, NexGen's ownership in IsoEnergy decreased from 48.7% immediately prior to the transaction to 34.0%, resulting in NexGen's loss of control of IsoEnergy (Notes 8 and 17). NexGen retained significant influence over IsoEnergy, and the investment was recorded at its fair value on December 5, 2023, upon initial recognition. As at December 31, 2023 NexGen's ownership in IsoEnergy was 33.9%.

(c) Investments in Associates

Investments over which the Company exercises significant influence but does not control are associates. Investments in associates are accounted for using the equity method, except when classified as held for sale.

The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for our proportionate share of the profit (loss), other comprehensive income (loss), and any other changes in the associates' net assets, such as further investments or dividends.

The proportionate share of the associate's profit (loss) and other comprehensive income (loss) is based on the associate's most recent financial statements. Adjustments are made to align any inconsistencies between accounting before applying the equity method.

If the share of the associate's losses were equal to or exceeded the investment in the associate, recognition of further losses would be discontinued. After the interest is reduced to zero, additional losses would be provided for and a liability recognized only to the extent that incurred legal or constructive obligations to provide additional funding or to make payments on behalf of the associate or joint venture exist. If the associate or joint venture subsequently reports profits, the Company would resume recognizing our share of those profits once there is a positive interest in the entity.

At each balance sheet date, the Company considers whether there is objective evidence of an impairment in associates.

(d) Exploration and evaluation assets

Once the legal rights to explore a property have been obtained, exploration and evaluation costs are capitalized as exploration and evaluation assets on an area of interest basis pending determination of the technical feasibility and the commercial viability of the project. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. When a claim is relinquished or a project is abandoned, the related costs are recognized in the statement of net income (loss) and comprehensive income (loss) immediately.

Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition and deferred exploration costs will be written off to operations.

Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. A property may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Management regularly assesses exploration and evaluation assets for events or circumstances that may indicate possible impairment.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining assets and development assets within property, plant and equipment.

(e) Equipment*(i) Recognition and measurement*

Items of equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

(ii) Subsequent costs

The cost of replacing a part of an item in the carrying amount of equipment is recognized when that cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably.

(iii) Depreciation

The carrying amounts of equipment (including initial and subsequent capital expenditures) are amortized to their estimated residual value over the estimated useful lives of the specific assets concerned. Depreciation is calculated over the estimated useful lives of each significant component as follows:

| | |
|-----------------------------|--------------------------------|
| - Computing equipment | 55% declining balance basis |
| - Software | 55% declining balance basis |
| - Field equipment | 20% declining balance basis |
| - Leasehold improvements | Lease term straight-line basis |
| - Road | 5-year straight-line basis |
| - Lease right-of-use assets | Lease term straight-line basis |
| - Vehicles | 2-year straight-line basis |

Depreciation methods, useful lives, and residual values are reviewed at least annually and adjusted if appropriate.

(iv) Disposal

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of the item of equipment and are recognized in the statement of net income (loss) and comprehensive income (loss).

(f) Leases

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

- The contract involves the use of an identified asset. This may be specific, explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefit from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

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

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

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Notes to the Consolidated Financial Statements

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

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of net income (loss) and comprehensive income (loss) if the carrying amount of the right-of-use asset has been reduced to zero.

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

(g) Impairment

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

(h) Decommissioning and restoration provisions

Decommissioning and restoration provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and discount rates. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows discounted at the market discount rate.

Over time the carrying value of the liability is increased for the changes in the present value based on the current market discount rates and liability risks. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

Changes in reclamation estimates are accounted for prospectively as a change in the corresponding capitalized cost.

The Company did not have any decommissioning and restoration provisions for the years presented.

(i) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

(j) Share-based payments

The Company's stock option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payments expense with a corresponding increase in equity reserves. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest.

At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the equity instruments granted, otherwise share-based payment awards to non-employees are measured at the fair value of goods or services received. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

(k) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors paid for the flow-through feature, which is recognized as a liability due to the obligation to incur eligible expenditures and ii) share capital. Upon eligible exploration expenditures being incurred, the Company recognizes a deferred tax liability for the amount of tax deduction renounced to shareholders. To the extent that eligible deferred income tax assets are available, the Company will reduce the deferred income tax liability and records a deferred income tax recovery. Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years. Failure to expend such funds as required under the Canadian income tax legislation will result in a Part XII.6 tax to the Company on flow-through proceeds renounced under the "Look-back" Rule. If applicable, this tax is classified as an administration expense.

(l) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the earnings attributable to the Company's common shareholders for the year by the weighted average number of common shares outstanding during the year.

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and other similar instruments. Under this method, the weighted average number of shares outstanding used in the calculation of diluted earnings (loss) per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period. Shares to be issued on existing stock options, warrants and convertible debentures have not been included in the computation of diluted loss per share as to do so would be anti-dilutive.

(m) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of net income (loss) except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plan for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(n) Financial instruments*(i) Classification*

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. The Company has elected to designate its marketable securities as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them as FVTPL (such as the convertible debentures).

The Company has the following financial instruments, which are classified under IFRS 9 in the table below:

| Financial assets/liabilities | Classification |
|--|----------------|
| Cash | Amortized cost |
| Amounts receivable | Amortized cost |
| Marketable securities | FVTOCI |
| Accounts payable and accrued liabilities | Amortized cost |
| Convertible debentures | FVTPL |

*(ii) Measurement***Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive loss. The Company's Marketable Securities have been recognized at FVTOCI (Note 5).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss. The Company has elected to combine the host debt and conversion option and to measure the combined convertible debenture instruments at FVTPL (Note 10).

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(iii) Impairment of financial assets at amortized cost

Under IFRS 9, the Company recognizes a loss allowance using the expected credit loss model on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within the accumulated other comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of net income (loss).

(o) Future accounting pronouncements

The following standard has not been adopted by the Company and is being evaluated:

Amendments to IAS 1 related to the Classification of Liabilities as Current or Non-Current, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted. Among other items, the amendments clarify how a company classifies a liability that can be settled in its own shares.

When a liability includes a counterparty conversion option that involves a transfer of the company's own equity instruments, the conversion option is recognized as either equity or a liability separately from the host liability under IAS 32 Financial Instruments: Presentation. The IASB has now clarified that when a company classifies the host liability as current or non-current, it can ignore only those conversion options that are recognized as equity. The Company has determined the impact of these amendments will result in the classification of its convertible debentures as current, dependent on the share price of the Company at each reporting date. The Company does not intend to apply these amendments before the effective date of January 1, 2024.

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Notes to the Consolidated Financial Statements

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5. MARKETABLE SECURITIES

At December 31, 2022, marketable securities consisted of 10,755,000 common shares of 92 Energy Pty Ltd ("92 Energy"), 900,000 common shares of CUR, 193,300 common shares of Latitude Uranium Inc. (previously Labrador Uranium Inc.) ("Latitude Uranium")

On February 22, 2022, CUR completed its spin-out of Latitude Uranium through a plan of arrangement (the "Arrangement"). Pursuant to the Arrangement, CUR distributed, on a pro-rata basis, 0.214778 of Latitude Uranium shares for each CUR share held by CUR shareholders on February 22, 2022. Accordingly, IsoEnergy received 193,300 Latitude Uranium shares. On April 5, 2023, IsoEnergy subscribed to 5,714,300 subscription receipts of Latitude Uranium ("Latitude Subscription Receipts") at a price of \$0.35 per Latitude Subscription Receipt for total consideration of \$2,000. On June 19, 2023, after completion of Latitude Uranium's acquisition of a 100% interest in the Angilak Uranium Project in Nunavut Territory from ValOre Metals Corp., the Latitude Subscription Receipts were exercised into one unit of Latitude Uranium, consisting of one common share of Latitude Uranium and one-half of one common share purchase warrant, exercisable at a price of \$0.50 at any time on or before April 5, 2026.

The carrying value of marketable securities is based on the estimated fair value of the common shares and warrants, respectively determined using published closing share prices and the Black-Scholes option pricing model.

| | 92 Energy | Consolidated Uranium | Latitude Uranium Shares | Latitude Uranium Warrants | Total |
|---|-----------------|-------------------------|-------------------------------|---------------------------------|-----------------|
| Fair value at December 31, 2022 | \$ 4,253 | \$ 1,458 | \$ 64 | \$ - | \$ 5,775 |
| Acquired during the period | - | - | 1,581 | 419 | 2,000 |
| Fair value adjustment | (492) | 378 | (581) | (205) | (900) |
| Disposals due to deconsolidation of IsoEnergy | (3,761) | (1,836) | (1,064) | (214) | (6,875) |
| Fair Value at December 31, 2023 | \$ - | \$ - | \$ - | \$ - | \$ - |

6. EXPLORATION AND EVALUATION ASSETS

| | Rook I | Other Athabasca Basin Properties | IsoEnergy Properties | Total |
|---|-------------------|-------------------------------------|-------------------------|-------------------|
| Acquisition Cost | | | | |
| Balance at December 31, 2022 | \$ 235 | \$ 1,458 | \$ 26,628 | \$ 28,321 |
| Additions | - | 1 | 4 | 5 |
| Disposals due to deconsolidation of IsoEnergy | - | - | (26,632) | (26,632) |
| Balance as at December 31, 2023 | \$ 235 | \$ 1,459 | \$ - | \$ 1,694 |
| Deferred exploration costs | | | | |
| Balance at December 31, 2022 | 329,012 | 9,603 | 38,312 | 376,927 |
| Additions: | | | | |
| General exploration and drilling | 6,488 | 7,574 | 5,514 | 19,576 |
| Environmental, permitting, and engagement | 17,583 | - | - | 17,583 |
| Technical, engineering and design | 59,863 | - | 54 | 59,917 |
| Geochemistry and assays | - | - | 143 | 143 |
| Geological and geophysical | 323 | 2,978 | 2,732 | 6,033 |
| Labour and wages | 14,796 | 1,109 | 1,048 | 16,953 |
| Share-based payments (Note 12) | 5,605 | - | 1,262 | 6,867 |
| Travel | 954 | - | 303 | 1,257 |
| Total Additions | 105,612 | 11,661 | 11,056 | 128,329 |
| Disposals due to deconsolidation of IsoEnergy | (6,226) | - | (49,368) | (55,594) |
| Balance as at December 31, 2023 | \$ 428,398 | \$ 21,264 | \$ - | \$ 449,662 |
| Total costs, December 31, 2023 | \$ 428,633 | \$ 22,723 | \$ - | \$ 451,356 |

NexGen Energy Ltd.

Notes to the Consolidated Financial Statements

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(expressed in thousands of Canadian dollars, except as otherwise stated)

| | Rook I | Other Athabasca Basin Properties | IsoEnergy Properties | Total |
|---|-------------------|-------------------------------------|-------------------------|-------------------|
| Acquisition cost | | | | |
| Balance at December 31, 2021 | \$ 235 | \$ 1,458 | \$ 26,660 | \$ 28,353 |
| Additions | - | - | 10 | 10 |
| Dispositions | - | - | (42) | (42) |
| Balance as at December 31, 2022 | \$ 235 | \$ 1,458 | \$ 26,628 | \$ 28,321 |
| Deferred exploration costs | | | | |
| Balance at December 31, 2021 | \$ 260,941 | \$ 9,180 | \$ 28,069 | \$ 298,190 |
| Additions: | | | | |
| General exploration and drilling | 7,705 | - | 5,613 | 13,318 |
| Environmental, permitting, and engagement | 12,005 | - | - | 12,005 |
| Technical, engineering and design | 32,703 | - | - | 32,703 |
| Geochemistry and assays | - | - | 190 | 190 |
| Geological and geophysical | 1,941 | 423 | 1,593 | 3,957 |
| Labour and wages | 8,818 | - | 837 | 9,655 |
| Share-based payments (Note 12) | 4,532 | - | 1,832 | 6,364 |
| Travel | 367 | - | 178 | 545 |
| Total Additions | 68,071 | 423 | 10,243 | 78,737 |
| Balance as at December 31, 2022 | \$ 329,012 | \$ 9,603 | \$ 38,312 | \$ 376,927 |
| Total costs, December 31, 2022 | \$ 329,247 | \$ 11,061 | \$ 64,940 | \$ 405,248 |

7. PROPERTY AND EQUIPMENT

| | Computer Equipment | Software | Field Equipment and Vehicles | Office, Furniture and Leasehold Improvements | Road | Total |
|--|-----------------------|-----------------|---------------------------------------|---|-----------------|------------------|
| Cost | | | | | | |
| As at December 31, 2021 | \$ 497 | \$ 1,355 | \$ 6,645 | \$ 5,781 | \$ 2,079 | \$ 16,357 |
| Additions | 122 | 4 | 20 | 110 | - | 256 |
| As at December 31, 2022 | \$ 619 | \$ 1,359 | \$ 6,665 | \$ 5,891 | \$ 2,079 | \$ 16,613 |
| Additions | 66 | - | 6,009 | 253 | - | 6,328 |
| Disposals | - | - | (101) | - | - | (101) |
| Transfer to lease receivable (Note 11(b)) | - | - | (4,100) | - | - | (4,100) |
| Disposals due to deconsolidation of IsoEnergy | - | (65) | (107) | - | - | (172) |
| Balance as at December 31, 2023 | \$ 685 | \$ 1,294 | \$ 8,366 | \$ 6,144 | \$ 2,079 | \$ 18,568 |
| Accumulated Depreciation | | | | | | |
| As at December 31, 2021 | \$ 427 | \$ 1,043 | \$ 4,180 | \$ 2,116 | \$ 1,972 | \$ 9,738 |
| Depreciation | 89 | 172 | 523 | 982 | 61 | 1,827 |
| As at December 31, 2022 | \$ 516 | \$ 1,215 | \$ 4,703 | \$ 3,098 | \$ 2,033 | \$ 11,565 |
| Depreciation | 83 | 79 | 626 | 980 | 46 | 1,814 |
| Disposals | - | - | (81) | - | - | (81) |
| Disposals due to deconsolidation of IsoEnergy | - | (65) | (69) | - | - | (134) |
| Balance as at December 31, 2023 | \$ 599 | \$ 1,229 | \$ 5,179 | \$ 4,078 | \$ 2,079 | \$ 13,164 |
| Net book value at December 31, 2022 | \$ 103 | \$ 144 | \$ 1,962 | \$ 2,793 | \$ 46 | \$ 5,048 |
| Net book value at December 31, 2023 | \$ 86 | \$ 65 | \$ 3,187 | \$ 2,066 | \$ - | \$ 5,404 |

NexGen Energy Ltd.

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8. INVESTMENT IN ASSOCIATE

| | IsoEnergy Ltd. |
|--|-----------------------|
| Balance, December 31, 2022 | \$ - |
| Fair value of retained interest in IsoEnergy on December 5, 2023 | 239,735 |
| Share of net income from associate | 920 |
| Share of other comprehensive income (loss) from associate | (539) |
| Balance, December 31, 2023 | \$ 240,116 |
| Fair value of investment in associate as at December 31, 2023 | \$ 216,289 |

The fair value of the investment in associate as at December 31, 2023 is measured using the closing market price of IsoEnergy on December 29, 2023.

Summarized financial information for IsoEnergy Ltd. is as follows:

| | December 31, 2023 | December 31, 2022 |
|---------------------------------|--------------------------|-------------------|
| Cash | \$ 37,033 | \$ 19,913 |
| Other current assets | 1,192 | 212 |
| Marketable securities | 17,036 | 5,775 |
| Non-current assets | 291,937 | 71,215 |
| Total assets | \$ 347,198 | \$ 97,115 |
| Current liabilities | 3,617 | 2,622 |
| Non-current liabilities | 40,561 | 28,273 |
| Total liabilities | \$ 44,178 | \$ 30,895 |
| Loss from operations | \$ 18,689 | \$ 7,375 |
| Other comprehensive loss | \$ 2,618 | \$ 2,993 |
| Total comprehensive loss | \$ 21,307 | \$ 10,368 |

The loss from operations and other comprehensive loss of IsoEnergy for the year ended December 31, 2023 has been consolidated from December 31, 2022 to December 4, 2023 and equity accounted from December 5, 2023 to December 31, 2023.

9. FLOW-THROUGH SHARE PREMIUM LIABILITY

IsoEnergy has raised funds through the issuance of flow-through shares. Based on Canadian tax law, IsoEnergy is required to spend this amount on eligible exploration expenditures by December 31 of the year following 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 December 31, 2022, IsoEnergy was obligated to spend \$4,919 by December 31, 2023 on eligible exploration expenditures. As the commitment was satisfied, the remaining balance of the flow-through premium liability was derecognized. The entirety of the commitment had been satisfied prior to the loss of control of IsoEnergy on December 5th, 2023.

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The flow-through share premium liability for the years ended December 31, is comprised of:

| | 2023 | 2022 |
|--|----------|----------|
| Balance, beginning of year | \$ 2,069 | \$ - |
| Liability incurred on flow-through shares issued | - | 2,115 |
| Settlement of flow-through share liability on expenditures | (2,069) | (46) |
| Balance, end of year | \$ - | \$ 2,069 |

10. CONVERTIBLE DEBENTURES

| | 2023 Debentures | 2020 Debentures | 2020 IsoEnergy Debentures | 2022 IsoEnergy Debentures | Total |
|---|--------------------|--------------------|---------------------------------|---------------------------------|-------------------|
| Fair value at December 31, 2021 | \$ - | \$ 46,910 | \$ 25,101 | \$ - | \$ 72,011 |
| Fair value on issuance | - | - | - | 5,296 | 5,296 |
| Fair value adjustment | - | 5,705 | (2,832) | (159) | 2,714 |
| Fair value at December 31, 2022 | \$ - | \$ 52,615 | \$ 22,269 | \$ 5,137 | \$ 80,021 |
| Fair value on issuance | 143,702 | - | - | - | 143,702 |
| Fair value adjustment | 14,776 | 20,158 | 13,938 | 1,305 | 50,177 |
| Settlement with shares | - | (72,773) | - | - | (72,773) |
| Disposals due to deconsolidation of IsoEnergy | - | - | (36,207) | (6,442) | (42,649) |
| Fair Value at December 31, 2023 | \$ 158,478 | \$ - | \$ - | \$ - | \$ 158,478 |

The fair value of the debentures increased from \$80,021 on December 31, 2022 to \$158,478 at December 31, 2023, due to the issuance of the 2023 Debentures offset by the conversion of the 2020 Debentures into common shares of the Company and the loss of control of IsoEnergy. The increase in fair value also included a mark-to-market loss of \$50,177 for year ended December 31, 2023, (year ended December 31, 2023 – loss of \$2,714). The loss for the year ended December 31, 2023 was bifurcated with the amount of the change in fair value of the convertible debentures attributable to changes in the credit risk of the liability recognized in other comprehensive income (loss) of a loss of \$1,432 for the year ended December 31, 2023 (year ended December 31, 2022 – gain of \$149) and the remaining amount recognized in the consolidated statement of income (loss) for the year ended December 31, 2023 with a loss of \$48,745 (year ended December 31, 2022 – loss of \$2,863). The interest expense during the year ended December 31, 2023 was \$6,098 (year ended December 31, 2022 – \$2,179).

2020 Debentures

On September 28, 2023, the holders of the 2020 Debentures elected to convert their US\$15 million principal amount of 7.5% unsecured convertible debentures, due to mature on May 27, 2025, into common shares of the Company. The Company issued 8,663,461 common shares relating to the conversion of the principal and 19,522 common shares relating to the accrued and unpaid interest up to the date of conversion for the 2020 Debentures. The amounts recorded in Other Comprehensive Income as a result of changes in credit risk of the 2020 Debentures from inception through to conversion totaling losses of \$361 were reclassified to accumulated deficit. The fair value of the 2020 Debentures at conversion was based on the number of shares issued at the closing share price on the conversion date of \$8.40. The fair value of the shares issued for interest was based on the closing share price on the date of issuance and recorded as interest expense in the consolidated statement of net income (loss) and comprehensive income (loss).

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2020 IsoEnergy Debentures

On August 18, 2020, IsoEnergy entered into a US\$6 million private placement of unsecured convertible debentures (the "2020 IsoEnergy Debentures"). The 2020 IsoEnergy Debentures are convertible at the holder's option at a conversion price of \$0.88 into a maximum of 9,206,311 common shares of IsoEnergy. During the period ended December 4, 2023, IsoEnergy issued 34,722 shares for a value of \$100 and paid \$239 associated with the interest payment.

The 2020 IsoEnergy Debentures were valued using a convertible bond pricing model based on a system of two coupled Black-Scholes equations where the debt and equity components are separately valued based on different default risks and assumptions. The debentures were marked to market up to immediately prior to the deconsolidation of IsoEnergy at the close of business on December 4, 2023. The inputs used in the pricing model as at December 4, 2023 and December 31, 2022 are as follows:

| | December 4, 2023 | December 31, 2022 |
|-------------------------------------|------------------|-------------------|
| Volatility | 54.00% | 52.80% |
| Expected life | 1.7 years | 2.6 years |
| Risk free interest rate | 4.18% | 4.27% |
| Expected dividend yield | 0% | 0% |
| Credit spread | 22.22% | 23.85% |
| Underlying share price of IsoEnergy | \$4.13 | \$2.91 |
| Conversion exercise price | \$0.88 | \$0.88 |
| Exchange rate (C\$:US\$) | \$0.739 | \$0.738 |

2022 IsoEnergy Debentures

On December 6, 2022, IsoEnergy entered into a US\$4 million private placement of unsecured convertible debentures (the "2022 IsoEnergy Debentures"). The 2022 IsoEnergy Debentures are convertible at the holder's option at a conversion price of \$4.33 into a maximum of 1,464,281 common shares of IsoEnergy. IsoEnergy received gross proceeds of \$5,460 (US\$4,000). A 3% establishment fee of \$164 (US\$120) was paid in cash to the debenture holders. The fair value of the 2022 IsoEnergy Debentures on issuance date was determined to be \$5,296 (US\$3,880). During the period ended December 4, 2023, IsoEnergy issued 23,148 shares for a value of \$67 and paid \$199 associated with the interest payment.

The 2022 IsoEnergy Debentures were valued using a convertible bond pricing model based on a system of two coupled Black-Scholes equations where the debt and equity components are separately valued based on different default risks and assumptions. The debentures were marked to market up to immediately prior to the deconsolidation of IsoEnergy at the close of business on December 4, 2023. The inputs used in the pricing model as at December 4, 2023 and December 31, 2022 are as follows:

| | December 4, 2023 | December 31, 2022 |
|-------------------------------------|------------------|-------------------|
| Expected Volatility | 54.00% | 52.80% |
| Expected life in years | 4.0 years | 4.9 years |
| Risk free interest rate | 3.96% | 3.76% |
| Expected dividend yield | 0% | 0% |
| Credit spread | 22.22% | 23.85% |
| Underlying share price of IsoEnergy | \$4.13 | \$2.91 |
| Conversion exercise price | \$4.33 | \$4.33 |
| Exchange rate (C\$:US\$) | \$0.739 | \$0.738 |

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2023 Debentures

On September 22, 2023, the Company entered into a US\$110 million private placement of unsecured convertible debentures (the "2023 Debentures"). The Company received gross proceeds of \$148,145 (US\$110 million), and paid a 3% establishment fee of \$4,443 (US\$3,300) to the debenture holders through the issuance of 634,615 common shares. The fair value of the 2023 Debentures on issuance date was determined to be \$143,702 (US\$106,700).

The 2023 Debentures bear interest at a rate of 9% per annum, payable semi-annually in US dollars on June 10 and December 10 in each year. Two thirds of the interest (equal to 6% per annum) is payable in cash and one third of the interest (equal to 3% per annum) is payable, subject to any required regulatory approval, in common shares of the Company, using the volume-weighted average trading price ("VWAP") of the common shares on the NYSE for the 20 consecutive trading days ending three trading days preceding the date on which such interest payment is due. The 2023 Debentures are convertible, from time to time, into common shares of the Company at the option of the debenture holders under certain conditions, at a conversion price of US\$6.76 into a maximum of 16,272,189 common shares of the Company. During the period ended December 31, 2023, NexGen issued 113,803 shares for a value of \$1,064 (US\$724) and paid \$1,967 (US\$1,448) associated with the interest payment.

The 2023 Debentures were valued using a convertible bond pricing model based on a system of two coupled Black-Scholes equations where the debt and equity components are separately valued based on different default risks and assumptions. The inputs used in the pricing model as at December 31, 2023 and September 22, 2023 are as follows:

| | December 31, 2023 | September 22, 2023 |
|---------------------------------------|--------------------------|---------------------------|
| Volatility | 43.00% | 45.00% |
| Expected life | 4.7 years | 5.0 years |
| Risk free interest rate | 3.84% | 4.63% |
| Expected dividend yield | 0% | 0% |
| Credit spread | 16.60% | 17.16% |
| Underlying share price of the Company | US\$7.00 | US\$6.12 |
| Conversion exercise price | US\$6.76 | US\$6.76 |

11. LEASES**(a) Right-of-use assets**

| | December 31, 2023 | December 31, 2022 |
|--|--------------------------|--------------------------|
| Right-of-use assets, beginning of period | \$ 1,933 | \$ 2,640 |
| Additions | 246 | - |
| Depreciation | (705) | (707) |
| Balance, end of period | \$ 1,474 | \$ 1,933 |

The right-of-use assets recognized by the Company are comprised of \$1,474 (December 31, 2022 - \$1,933) related to corporate office and warehouse leases, and are included in the office, furniture and leasehold improvements category in Note 7.

(b) Lease receivable

On April 5, 2023 NexGen completed a purchase agreement whereby the Company acquired \$4,100 of equipment and immediately thereafter leased the equipment to a third party. The lease payments commence the first day of the month following the six-month anniversary of the date the equipment was delivered.

The discounted and undiscounted value of the remaining lease payments as at December 31, 2023 is as follows:

| | Less than 1 year | 1 to 3 years | 4 to 5 years | Over 5 years | Total |
|------------------|-----------------------------|-------------------------|-------------------------|-------------------------|--------------|
| Lease receivable | \$ 512 | \$ 769 | \$ 1,025 | \$ 1,708 | \$ 4,014 |

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| | December 31, 2023 | December 31, 2022 |
|------------------------|-------------------|-------------------|
| Current portion | 512 | - |
| Non-current portion | 3,502 | - |
| Balance, end of period | \$ 4,014 | \$ - |

(c) Lease liabilities

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Lease liabilities, beginning of period | \$ 2,463 | \$ 3,169 |
| Additions | 254 | - |
| Interest expense on lease liabilities | 153 | 207 |
| Payment of lease liabilities | (928) | (913) |
| Balance, end of period | \$ 1,942 | \$ 2,463 |
| Current portion | 926 | 775 |
| Non-current portion | 1,016 | 1,688 |
| Balance, end of period | \$ 1,942 | \$ 2,463 |

The undiscounted value of the lease liabilities as at December 31, 2023 was \$2,952 (December 31, 2022 - \$3,920).

(d) Amounts recognized in consolidated statements of net income (loss)

| | Year ended December 31, | |
|---|-------------------------|--------|
| | 2023 | 2022 |
| Expense relating to variable lease payments | \$ 417 | \$ 417 |

The Company engages drilling companies to carry out its drilling programs on its exploration and evaluation properties. The drilling companies provide all required equipment for these drilling programs. These contracts are short-term in nature and the Company has elected not to recognize right-of-use assets and associated lease liabilities in respect to these contracts but rather to recognize lease payments associated with these leases as incurred over the lease term. Payments by the Company to the drilling companies for the year ended December 31, 2023 were \$1,909 (year ended December 31, 2022 - \$3,205). The Company expensed \$102 related to short-term leases during the period.

12. SHARE CAPITAL**(a) Authorized capital**

Unlimited common shares without par value.

Unlimited preferred shares without par value.

Share issuances for the year ended December 31, 2023:

On January 6, 2023, NexGen established an at-the-market equity program (the "ATM Program") pursuant to the terms of an equity distribution agreement dated January 6, 2023 (the "January Sales Agreement") with Virtu ITG Canada Corp., as Canadian agent, and Virtu Americas, LLC, as U.S. agent (together, the "Agents"), which allowed it to issue up to \$250 million of common shares.

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On December 11, 2023, NexGen updated its ATM Program in accordance with the terms of an equity distribution agreement dated December 11, 2023 (the "December Sales Agreement") with Virtu ITG Canada Corp., as Canadian agent, and Virtu Americas, LLC, as U.S. agent (together, the "Agents"), which allowed it to issue up to \$500 million of common shares. Concurrent with entering into the December Sales Agreement, the January Sales Agreement was terminated.

Prior to the termination of the January Sales Agreement, the Company issued 24,724,125 shares under the ATM Program at an average price of \$7.36 per share for gross proceeds of \$182,066 and recognized \$6,890 of share issuance costs, consisting of commission fees of \$3,704 and other transaction costs of \$3,186. The share issuance costs have been presented net within share capital. The Company did not issue shares under the December Sales Agreement during the year ended December 31, 2023.

During the year ended December 31, 2023, the Company issued 8,608,816 shares on the exercise of stock options for gross proceeds of \$26,349 (Note 12(b)). As a result of the exercises, \$16,288 was reclassified from reserves to share capital.

On June 9, 2023, the Company issued 46,038 shares relating to the interest payment on the 2020 Debentures at a fair value of \$270 (Note 10).

On September 22, 2023, the Company issued 634,615 shares relating to payment of the establishment fee for the 2023 Debentures at a fair value of \$4,443 (Note 10).

On September 28, 2023, the Company issued 8,663,461 common shares relating to the conversion of the principal of the 2020 Debentures at a fair value of \$72,773. In addition, 19,522 common shares were issued relating to the accrued and unpaid interest up to the date of conversion for the 2020 Debentures at a fair value of \$164 (Note 10).

On December 11, 2023, the Company issued 113,803 shares relating to the interest payment on the 2023 Debentures at a fair value of \$1,064 (Note 10).

Share issuances for the year ended December 31, 2022:

During the year ended December 31, 2022, the Company issued 3,247,332 shares on the exercise of stock options for gross proceeds of \$10,001 (Note 12(b)). As a result of the exercises, \$6,260 was reclassified from reserves to share capital.

On June 10, 2022, the Company issued 42,252 shares relating to the interest payment on the 2020 Debentures at a fair value of \$251.

On December 9, 2022, the Company issued 42,328 shares relating to the interest payment on the 2020 Debentures at a fair value of \$235.

(b) Share 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 20% 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.

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A summary of the changes in the share options is presented below:

| | Options outstanding | Weighted average exercise price (C\$) |
|---|----------------------------|--|
| At December 31, 2021 | 43,436,494 | \$ 3.69 |
| Granted | 9,744,729 | 5.47 |
| Exercised | (3,247,332) | 3.08 |
| Expired | (65,000) | 5.52 |
| Forfeited | (230,001) | 5.33 |
| At December 31, 2022 | 49,638,890 | \$ 4.07 |
| Granted | 10,849,062 | 8.15 |
| Exercised | (8,608,816) | 3.06 |
| Forfeited | (313,334) | 5.51 |
| At December 31, 2023 – Outstanding | 51,565,802 | \$ 5.08 |
| At December 31, 2023 – Exercisable | 41,268,569 | \$ 4.52 |

The following table summarizes information about the exercisable share options outstanding as at December 31, 2023:

| Number of share options outstanding | Number of share options exercisable | Exercise prices (C\$) | Remaining contractual life (years) | Expiry date |
|--|--|------------------------------|---|--------------------|
| 500,000 | 500,000 | 2.27 | 0.22 | March 21, 2024 |
| 250,000 | 250,000 | 2.22 | 0.24 | March 27, 2024 |
| 2,900,000 | 2,900,000 | 1.92 | 0.45 | June 12, 2024 |
| 188,679 | 188,679 | 1.59 | 0.63 | August 16, 2024 |
| 3,400,000 | 3,400,000 | 1.59 | 0.98 | December 24, 2024 |
| 3,875,000 | 3,875,000 | 1.80 | 1.45 | June 12, 2025 |
| 4,766,666 | 4,766,666 | 3.24 | 1.95 | December 11, 2025 |
| 250,000 | 250,000 | 5.16 | 2.13 | February 16, 2026 |
| 250,000 | 250,000 | 4.53 | 2.25 | April 1, 2026 |
| 8,330,000 | 8,330,000 | 5.84 | 2.44 | June 10, 2026 |
| 6,781,666 | 6,781,666 | 5.44 | 2.96 | December 14, 2026 |
| 94,277 | 47,139 | 5.76 | 3.05 | January 18, 2027 |
| 3,370,000 | 2,240,014 | 5.31 | 3.63 | August 17, 2027 |
| 55,452 | 27,726 | 5.41 | 3.76 | October 4, 2027 |
| 5,905,000 | 3,925,013 | 5.57 | 3.97 | December 18, 2027 |
| 300,000 | 100,000 | 6.55 | 4.09 | January 31, 2028 |
| 4,795,000 | 1,598,333 | 6.99 | 4.65 | August 22, 2028 |
| 39,062 | - | 7.68 | 4.76 | October 4, 2028 |
| 5,515,000 | 1,838,333 | 9.33 | 4.95 | December 11, 2028 |
| 51,565,802 | 41,268,569 | | | |

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The following weighted average assumptions were used for Black-Scholes valuation of the share options granted:

| | For the year ended December 31, | |
|--|---------------------------------|---------|
| | 2023 | 2022 |
| Expected stock price volatility | 61.24% | 62.38% |
| Expected life of options | 5 years | 5 years |
| Risk free interest rate | 3.67% | 2.87% |
| Expected forfeitures | 0% | 0% |
| Expected dividend yield | 0% | 0% |
| Weighted average fair value per option granted in period | \$4.48 | \$3.01 |
| Weighted average exercise price | \$8.15 | \$5.47 |

Share-based payments for options vested for the year ended December 31, 2023 amounted to \$44,009 (year ended December 31, 2022 – \$41,510) of which \$37,142 (year ended December 31, 2022 – \$35,146) was expensed to the statement of net income (loss) and comprehensive income (loss) and \$6,867 (year ended December 31, 2022 – \$6,364) was capitalized to exploration and evaluation assets (Note 6).

13. SUPPLEMENTAL CASH FLOW INFORMATION

The Company did not have any cash equivalents as at December 31, 2023 and December 31, 2022.

a) Schedule of non-cash investing and financing activities:

| | Year ended December 31, | |
|--|-------------------------|----------|
| | 2023 | 2022 |
| Capitalized share-based payments | \$ 6,867 | \$ 6,364 |
| Exploration and evaluation asset expenditures included in accounts payable and accrued liabilities | 10,929 | 4,711 |
| Interest expense included in accounts payable and accrued liabilities | 773 | 85 |

14. RELATED PARTY TRANSACTIONS

The remuneration of key management which includes directors and management personnel responsible for planning, directing, and controlling the activities of the Company during the period was as follows:

| | For the year ended December 31, | |
|--|---------------------------------|-----------|
| | 2023 | 2022 |
| Short-term compensation ⁽¹⁾ | \$ 7,317 | \$ 5,379 |
| Share-based payments ⁽²⁾ | 33,319 | 32,210 |
| Consulting fees ^{(3) (4)} | 130 | 231 |
| | \$ 40,766 | \$ 37,820 |

⁽¹⁾ Short-term compensation to key management personnel for the year ended December 31, 2023 amounted to \$7,317 (2022 – \$5,379) of which \$7,100 (2022 – \$5,148) was expensed and included in salaries, benefits, and directors' fees on the statement of net income (loss) and comprehensive income (loss). The remaining \$217 (2022 – \$231) was capitalized to exploration and evaluation assets.

⁽²⁾ Share-based payments to key management personnel for the year ended December 31, 2023 amounted to \$33,319 (2022 – \$32,210) of which \$32,793 (2022 – \$31,826) was expensed and \$526 (2022 – \$384) was capitalized to exploration and evaluation assets.

⁽³⁾ The Company used consulting services from a company associated with one of its directors in relation to advice on corporate matters for the year ended December 31, 2023 amounting to \$130 (2022 – \$130).

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⁽⁴⁾ The Company used consulting services from a company associated with one of its former employees in relation to various studies for the year ended December 31, 2023 amounting to \$nil (2022 - \$101).

As at December 31, 2023, there was \$43 (December 31, 2022 - \$43) included in accounts payable and accrued liabilities owing to a director for compensation.

15. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company, to support the acquisition, exploration, development and evaluation of assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting, and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Board of Directors does not establish 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 components of equity and debt, net of cash, 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 and development stage. As such, the Company has historically relied on the equity markets and convertible debt 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.

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.

In the management of capital, the Company includes the components of equity, and convertible debentures, net of cash.

Capital, as defined above, is summarized in the following table:

| | December 31, 2023 | December 31, 2022 |
|----------------------------------|-------------------|-------------------|
| Equity | \$ 820,019 | \$ 455,417 |
| Convertible debentures (Note 10) | 158,478 | 80,021 |
| | 978,497 | 535,438 |
| Less: Cash | (290,743) | (134,447) |
| | \$ 687,754 | \$ 400,991 |

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, marketable securities, warrants, amounts receivable, accounts payable and accrued liabilities and convertible debentures.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

The three levels of the fair value hierarchy are:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data.

The fair values of the Company's cash, amounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature. The marketable securities and warrants are re-measured at fair value at each reporting date with any change in fair value recognized in other comprehensive income (loss) (Note 5). The marketable securities are classified as Level 1 and the warrants as Level 2.

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The convertible debentures are re-measured at fair value at each reporting date with any change in fair value recognized in the consolidated statement of net income (loss) with the exception that under IFRS 9, the change in fair value that is attributable to change in credit risk is presented in other comprehensive income (loss) (Note 10). The convertible debentures are classified as Level 2.

Financial Risk

The Company is exposed to varying degrees of a variety of financial instrument-related risks. The Board approves and monitors the risk management processes, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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. Financial instruments potentially subject to credit risk are cash, amounts receivable, and lease receivable. The Company holds cash with large Canadian banks. The Company's amounts receivable consists of input tax credits receivable from the Government of Canada and interest accrued on cash. The lease receivable is secured by the leased equipment. Accordingly, the Company does not believe it is subject to significant credit risk.

The Company's maximum exposure to credit risk is as follows:

| | December 31, 2023 | December 31, 2022 |
|--------------------|--------------------------|-------------------|
| Cash | \$ 290,743 | \$ 134,447 |
| Amounts receivable | 1,940 | 1,801 |
| Lease receivable | 4,014 | - |
| | \$ 296,697 | \$ 136,248 |

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital to meet short-term obligations. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2023, NexGen had cash of \$290,743 to settle current liabilities of \$27,912.

The Company's significant undiscounted commitments at December 31, 2023 are as follows:

| | Less than 1 year | 1 to 3 years | 4 to 5 years | Over 5 years | Total |
|----------------------------------|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------|
| Trade and other payables | \$ 26,986 | \$ - | \$ - | \$ - | \$ 26,986 |
| Convertible debentures (Note 10) | - | - | 158,478 | - | 158,478 |
| Lease liabilities (Note 11(c)) | 1,476 | 1,476 | - | - | 2,952 |
| | \$ 28,462 | \$ 1,476 | \$ 158,478 | \$ - | \$ 188,416 |

Foreign Currency Risk

The functional currency of the Company and its subsidiaries 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 includes US dollar denominated cash, US dollar accounts payable and the 2023 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 2023 Debentures. At maturity, the US\$110 million principal amount of the 2023 Debentures is due in full, and prior to maturity, at a premium upon the occurrence of certain events. The Company holds sufficient US dollars to make all cash interest payments due under the 2023 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 2023 Debentures more costly to repay.

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As at December 31, 2023, the Company's US dollar net financial liabilities were US\$81,006. Thus a 10% change in the Canadian dollar versus the US dollar exchange rates would give rise to a \$10,728 change in net income and comprehensive income.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Equity and Commodity 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 on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Accordingly, significant movements in share price may affect the valuation of the 2023 Debentures which may adversely impact its earnings.

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatility. Future declines in commodity prices may impact the valuation of long-lived assets. The Company closely monitors commodity prices of uranium, individual equity movements, and the stock market to determine the appropriate course of action, if any, to be taken by the Company.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of 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 balances as of December 31, 2023. The Company manages interest rate risk by maintaining an investment policy for short-term investments. This policy focuses primarily on preservation of capital and liquidity. The Company monitors the investments it makes and is satisfied with the credit rating of its banks. The 2023 Debentures in an aggregate principal amount of US\$110 million, carry a fixed interest rate of 9.0% and are not subject to interest rate fluctuations.

17. NON-CONTROLLING INTERESTS

As at December 31, 2022, NexGen held 100% ownership of the subsidiaries with the exception of IsoEnergy, where it retained 50.1% of IsoEnergy's outstanding common shares.

On December 5, 2023, IsoEnergy and CUR completed the Merger, (Note 4b) whereby IsoEnergy acquired all of the issued and outstanding common shares of CUR

In connection with the Merger, on October 19, 2023, IsoEnergy closed a private placement of 8,134,500 subscription receipts at an issuance price of \$4.50 ("Iso Subscription Receipts"). Each Iso Subscription Receipt entitled the holder thereof to receive, for no additional consideration and without further action on part of the holder thereof, on or about the date the Merger is completed, one IsoEnergy Share. NexGen participated in the private placement by purchasing 3,333,350 Iso Subscription Receipts at an issuance price of \$4.50 per subscription, totaling \$15,000. On December 5, 2023, the 3,333,350 Iso Subscriptions Receipts held by NexGen were converted into 3,333,350 IsoEnergy common shares in connection with the Merger.

Upon completion of the Merger, NexGen's ownership in IsoEnergy decreased from 48.7% immediately prior to the transaction to 34.0% resulting in NexGen's loss of control of IsoEnergy. Upon loss of control, NexGen derecognized the non-controlling interest and derecognized all IsoEnergy amounts that were previously consolidated, resulting in derecognition of net assets attributable to NexGen totalling \$35,697, and recognized its retained investment in IsoEnergy at fair value of \$239,735, resulting in a gain on loss of control of IsoEnergy of \$204,038. The fair value of the retained investment in IsoEnergy was calculated using IsoEnergy's opening share price on December 5, 2023 of \$4.09, multiplied by NexGen's remaining shareholdings in IsoEnergy.

For financial reporting purposes, the assets, liabilities, results of operations, and cash flows of the Company's wholly owned subsidiaries and, prior to the loss of control of IsoEnergy on December 5, 2023, non-wholly owned subsidiary, IsoEnergy, are included in NexGen's consolidated financial statements. Up to December 5, 2023, third party investors' share of the net loss of IsoEnergy is reflected in the net income (loss) and comprehensive income (loss) attributable to non-controlling interests in the consolidated statements of net income (loss) and comprehensive income (loss). From December 5, 2023 to December 31, 2023, NexGen's investment in IsoEnergy has been accounted for using the equity method.

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Notes to the Consolidated Financial Statements

For the year ended December 31, 2023 and 2022

(expressed in thousands of Canadian dollars, except as otherwise stated)

18. EARNINGS (LOSS) PER SHARE

Basic net earnings (loss) per share provides a measure of the interests of each ordinary common share in the Company's performance over the year. Diluted net earnings (loss) per share adjusts basic net income (loss) per share for the effect of all dilutive potential common shares.

| | For the year ended December 31, | |
|--|--|-------------|
| | 2023 | 2022 |
| Basic earnings (loss) per share | | |
| Net income (loss) attributable to NexGen shareholders | \$ 80,816 | \$ (56,587) |
| Weighted average number of common shares | 498,243,824 | 479,680,438 |
| Basic earnings (loss) per share | \$ 0.16 | \$ (0.12) |
| Diluted earnings (loss) per share | | |
| Diluted earnings (loss) available to NexGen shareholders | \$ 80,816 | \$ (56,587) |
| Weighted average number of common shares | 498,243,824 | 479,680,438 |
| Effect of share options on issue | 14,698,606 | - |
| Weighted average number of common shares (diluted) | 529,214,619 | 479,680,438 |
| Diluted earnings (loss) per share | \$ 0.16 | \$ (0.12) |

As at December 31, 2023, 10,349,062 (December 31, 2022 – nil) options were excluded from the diluted weighted average number of common shares calculation.

19. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

| | 2023 | 2022 |
|--|-------------------|-------------|
| Net income (loss) for the year | \$ 68,756 | \$ (61,310) |
| Statutory rate | 27.00% | 27.00% |
| Expected income tax expense (recovery) | \$ 18,564 | \$ (16,554) |
| Permanent differences | 7,617 | 9,662 |
| Impact of renunciation of flow-through shares | 1,328 | 30 |
| Impact of (gain) loss recognized in other comprehensive income | 328 | (17) |
| Impact of loss on convertible debt | 13,900 | 422 |
| Impact on deconsolidation of IsoEnergy | (27,361) | - |
| Change in unrecognized deductible temporary differences | (15,778) | 5,412 |
| Other | (10) | 3 |
| Deferred income tax recovery | \$ (1,412) | \$ (1,042) |

NexGen Energy Ltd.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023 and 2022

(expressed in thousands of Canadian dollars, except as otherwise stated)

The Company's income tax recovery is comprised of the following:

| | 2023 | 2022 |
|------------------------------|-------------------|-------------------|
| Deferred income tax recovery | \$ (1,412) | \$ (1,042) |
| Total | \$ (1,412) | \$ (1,042) |

The Company's deferred tax items recognized in OCI during the year:

| | 2023 | 2022 |
|--|-----------------|-----------------|
| Change in fair value of convertible debentures attributable to the change in credit risk | \$ (328) | \$ 17 |
| Change in fair value of marketable securities | (121) | (478) |
| Total | \$ (449) | \$ (461) |

The tax effects of temporary differences between amounts recorded in the Company's accounts and the corresponding amounts as calculated for income tax purposes give rise to the following deferred tax (assets) and liabilities:

| | 2023 | 2022 |
|-------------------------------------|-------------|---------------|
| Exploration and evaluation assets | \$ 46,658 | \$ 39,120 |
| Convertible debentures | 1,559 | 66 |
| Non-capital losses | (73,070) | (38,333) |
| Investment in associate | 24,853 | - |
| Share issuance costs | - | (208) |
| Equipment | - | (79) |
| Marketable securities | - | 301 |
| Net deferred tax liabilities | \$ - | \$ 867 |

Movement in the Company's deferred tax liability balance in the year is as follows:

| | 2023 | 2022 |
|--|-------------|---------------|
| Opening balance | \$ 867 | \$ 2,536 |
| Recognized in income tax expense (recovery) | 657 | (996) |
| Recognized in OCI/equity | (449) | (673) |
| Disposal due to deconsolidation of IsoEnergy | (1,075) | - |
| Net deferred tax liabilities | \$ - | \$ 867 |

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

| Temporary Differences | 2023 | Expiry Date Range | 2022 | Expiry Date Range |
|---|-----------|-------------------|------------|-------------------|
| Non-capital losses available for future periods | \$ 96,732 | 2029 to 2043 | \$ 144,633 | 2029 to 2042 |
| Share issuance costs | 13,748 | - | 7,156 | - |
| Equipment | 460 | - | 911 | - |
| Donations | 196 | 2024 to 2028 | 153 | 2023 to 2027 |

Tax attributes are subject to review, and potential adjustment, by tax authorities.

20. SEGMENTED 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.

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Notes to the Consolidated Financial Statements

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21. SUBSEQUENT EVENTS

Subsequent to December 31, 2023, 13,000,800 shares were issued under the ATM Program pursuant to the December Sales Agreement at a weighted average price of \$10.38 for gross proceeds of \$135.0 million less commissions of \$1.3 million and other transaction costs of \$3.5 million for net proceeds of \$130.2 million. Additionally, 1,208,332 options were exercised for gross proceeds of \$4,035.