



Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

Unaudited

(Expressed in Canadian dollars)

NORTHISLE COPPER AND GOLD INC.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

	March 31, 2021	December 31, 2020
ASSETS		
Current		
Cash	\$ 9,058,688	\$ 2,942,711
Accounts receivable	34,619	22,044
Prepaid expenses and deposits	33,515	25,992
	9,126,822	2,990,747
Reclamation deposits	32,000	32,000
Equipment	136,309	-
Mineral property interests (Note 3)	10,016,000	10,016,000
	\$ 19,311,131	\$ 13,038,747
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 377,940	\$ 162,315
	377,940	162,315
Other liabilities (Note 4)	914,950	-
	1,292,890	162,315
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	31,271,292	25,372,567
Warrant reserves	410,876	410,876
Options reserves	1,938,046	1,917,482
Deficit	(15,601,973)	(14,824,493)
	18,018,241	12,876,432
	\$ 19,311,131	\$ 13,038,747

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

NORTHISLE COPPER AND GOLD INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

	March 31, 2021	March 31, 2020
Expenses		
Insurance	\$ 10,601	\$ 3,726
Bank and service charges	1,263	193
Investor relations	79,505	4,423
Legal and audit	39,034	-
Mineral property expenditures (Note 3)	562,512	13,170
Office	3,259	907
Regulatory fees	13,788	6,792
Share-based compensation (Note 4)	40,564	100,000
Travel	3,843	1,269
Wages	48,065	14,488
	802,434	144,968
Other (Income) Expenses		
Interest income	(342)	(930)
Gain on foreign exchange	(1,703)	-
Reversal of flow through premium (Note 4)	(22,909)	(3,486)
	NET LOSS AND COMPREHENSIVE LOSS	NET LOSS AND COMPREHENSIVE LOSS
	\$ 777,480	\$ 140,552
BASIC AND DILUTED LOSS PER SHARE (Note 8)	\$ 0.005	\$ 0.001
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted	149,915,032	120,111,516

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NORTHISLE COPPER AND GOLD INC.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Warrant Reserve	Option Reserve	Deficit	Total Shareholders' Equity
Balance December 31, 2019	120,111,516	\$ 22,217,978	\$ 410,876	\$ 1,221,812	\$ (13,631,702)	\$ 10,218,964
Share-based Compensation Expense	-	-	-	100,000	-	100,000
Net (loss) for the period	-	-	-	-	(140,552)	(140,552)
Balance March 31, 2020	120,111,516	\$ 22,217,978	\$ 410,876	\$ 1,321,812	\$ (13,772,254)	\$ 10,178,412
Private placement financing net of share issue costs	24,607,678	3,035,589	-	-	-	3,035,589
Share-based compensation (Note 4)	-	-	-	629,670	-	629,670
Issued pursuant to exercise of options	1,700,000	85,000	-	-	-	85,000
Transferred from share option reserve on exercise of options	-	34,000	-	(34,000)	-	-
Net (loss) for the period	-	-	-	-	(1,052,239)	(1,052,239)
Balance, December 31, 2020	146,419,194	\$ 25,372,567	\$ 410,876	\$ 1,917,482	\$ (14,824,493)	\$ 12,876,432
Private placement financing net of share issue costs	21,473,243	6,787,417	-	-	-	6,787,417
Reversal of flow through premium	-	(937,859)	-	-	-	(937,859)
Share-based compensation (Note 4)	-	-	-	40,564	-	40,564
Issued pursuant to exercise of options	166,667	29,167	-	-	-	29,167
Transferred from share option reserve on exercise of options	-	20,000	-	(20,000)	-	-
Net (loss) for the period	-	-	-	-	(777,480)	(777,480)
Balance, March 31, 2021	168,059,104	\$ 31,271,292	\$ 410,876	\$ 1,938,046	\$ (15,601,973)	\$ 18,018,241

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

NORTHISLE COPPER AND GOLD INC.
Condensed Interim Consolidated Statement of Cash Flows
For the three months ended March 31, 2021 and 2020
(Unaudited - Expressed in Canadian dollars)

	2021	2020
Cash provided by (used in)		
Operating activities		
Net loss	\$ (777,480)	\$ (140,552)
Items not requiring a cash outlay for operating activities		
Amortization	9,087	-
Share-based compensation	40,564	100,000
Reversal of flow through premium	(22,909)	(3,486)
	(750,738)	(44,038)
Changes in non-cash working capital components		
Accounts receivable	(12,575)	-
Prepaid expenses	(7,523)	47,824
Accounts payable and accrued liabilities	215,625	(35,647)
	(555,211)	(31,861)
Investing activities		
Purchase of equipment	(145,396)	-
Financing activities		
Private placement	6,787,417	-
Exercise of options	29,167	-
	6,816,584	-
INCREASE (DECREASE) IN CASH	6,115,977	(31,861)
CASH, BEGINNING OF PERIOD	2,942,711	378,880
CASH, END OF PERIOD	\$ 9,058,688	\$ 347,019

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

NORTHISLE COPPER AND GOLD INC.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Northisle Copper and Gold Inc. (the “Company”) is a mineral exploration company that was incorporated on August 3, 2011 in the Province of British Columbia. The Company’s principal business activity is the exploration and development of its North Island Project on Vancouver Island. Its head office is located on the 15th floor – 1040 West Georgia Street, Vancouver, B.C.

These consolidated financial statements have been prepared on the basis that the Company is a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2021, the Company had cash of \$9,058,688 and other assets of \$68,134 to settle current liabilities of \$377,940 which the Company believes is sufficient to allow the Company to continue its exploration activities and to allow the Company to meet its ongoing obligations for at least twelve months from March 31, 2021.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting of International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The condensed interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS.

These financial statements were approved for issue by the Company’s board of directors on May 31, 2021

Accounting estimates and judgments

The preparation of these interim condensed consolidated financial statements required management to make estimates, judgments and assumptions that affect the reported amounts and other disclosures in these consolidated financial statements. Estimates and the underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these consolidated financial statements include, among others, the impairment of carrying values of equipment and exploration and evaluation assets, the determination of realizable amounts of deferred tax assets and liabilities, and the initial measurement at fair value for equity instruments and share-based compensation.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the expected economic lives of and the estimated future operating results and net cash flows from equipment and the identification of potential indicators of impairment for exploration and evaluation assets.

NORTHISLE COPPER AND GOLD INC.

Notes to the Consolidated Financial Statements
For the three months ended March 31, 2021 and 2020
(Expressed in Canadian dollars)

3. MINERAL PROPERTY INTERESTS

Acquisition costs

North Island Copper-Gold Property, B.C. Canada

Balance, December 31, 2020 and March 31, 2021	\$ 10,016,000
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Exploration expenditures

North Island Copper-Gold Property, B.C. Canada	Three months ending March 31, 2021	Three months ending March 31, 2020	Cumulative Property Expenditures*
Amortization of equipment	\$ 9,087	\$ -	\$ 43,352
Camp operations	141,717	17,682	1,123,119
Claims costs	-	-	41,278
Community engagement	-	-	52,220
Drilling	132,452	-	2,362,581
Engineering and geological	168,397	4,050	2,371,922
Environmental studies	-	-	255,684
Prospecting	77,093	908	620,843
Wages	33,765	-	383,801
Mineral property exploration tax credits	-	(8,939)	(544,016)
Total	\$ 562,512	\$ 13,701	\$ 6,710,784

* Cumulative from the date of incorporation on August 3, 2011 to March 31, 2021. This table does not include expenditure incurred by third party joint venturers.

The North Island Copper Gold Property consists of three blocks of mineral claims located on northern Vancouver Island in British Columbia, Canada. The mineral claim blocks are referred to as the Hushamu claims and the Apple Bay claims and include the Pemberton Hills Property.

Should a production decision be made on the Hushamu claims, the Company is required to make a cash payment of \$1,000,000 to Sirit Inc. within 60 days of the production decision. These mineral claims are also subject to a 10% net profits interest held by International Royalty Corporation.

Should a production decision be made on the Apple Bay claims, the Company is required to pay \$800,000 in cash or in shares to Electra Gold Ltd. ("Electra"). The payment method is at the election of the Company. Electra maintains the right to explore the Apple Bay claims for non-metallic minerals subject to certain conditions.

Pemberton Hills Property Joint Venture

In February 2018, the Company signed a joint venture agreement with Freeport-McMoRan Mineral Properties Canada Inc. ("Freeport") in relation to the Company's Pemberton Hills Property located on Vancouver Island, in British Columbia. Under the terms of the joint venture, Freeport was to earn up to a 65% interest in the Pemberton Hills Property by funding a total of \$24 million in exploration expenditures.

Under the terms of the agreement, Freeport was to earn an initial 49 per-cent interest in the Pemberton Hills Property by paying \$50,000 cash to the Company and funding a total of \$4.0 million in exploration expenditures over three years (the "First Option"). The agreement required Freeport to commit to \$300,000 in expenditures in the first year, with subsequent optional additional expenditures of \$1.2 million before the second anniversary and a further optional \$2.5 million before the third anniversary of the agreement in February 2021. The Company was the operator during the First Option.

On January 29, 2021 Freeport terminated their option on the Pemberton Hills Property, and consequently, Freeport retains no interest in the Pemberton Hills Property.

NORTHISLE COPPER AND GOLD INC.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

3. MINERAL PROPERTY INTERESTS (continued)

Red Dog Property

During 2019 the Company earned a 100% interest in the Red Dog Property, a 400 hectare property entirely enclosed within the Company's existing 100% owned North Island Copper Gold Property. The vendor was granted a net smelter return royalty of 3% of which 2% can be purchased by the Company at any time for US\$2.0 million.

4. SHARE CAPITAL

Authorized - unlimited number of common shares without par value

Private Placement

On March 17, 2021 the Company completed a private placement of 21,473,243 common shares of the Company consisting of:

- 2,240,780 common shares at a price of C\$0.262 per common share,
- 11,329,472 common shares that qualify as "flow-through shares" for purposes of the Income Tax Act (Canada) at a price of \$0.31 per common share,
- 7,902,991 common shares that qualify as "flow-through shares" for purposes of the Tax Act (Canada) at a price of \$0.38 per common share,

for gross proceeds to the Company of \$7,102,357.

The Company is committed to incurring on or before December 31, 2022 qualifying Canadian exploration expenses as defined under the Income Act, Canada ("Qualifying CEE") in the amount of \$6,515,273 with respect to the flow-through share financing completed on March 17, 2021. None of the Qualifying CEE will be available to the Company for future deduction from taxable income.

The estimated premium resulting from the issue of flow through shares was \$937,859. The flow-through premium liability will be derecognized with a recovery in the statement of loss pro-rata with the amount of qualifying flow-through expenditures that are incurred by the Company.

As at March 31, 2021, the Company had incurred approximately \$173,551 of Qualifying CEE and accordingly, recognized flow-through premium recoveries of \$22,909 during the three months ended March 31, 2021 (March 31, 2020 - \$3,486). At March 31, 2021 the remaining balance of the premium from issuing the flow-through shares was \$914,950.

Share purchase options

The Company may grant common share purchase options to directors, officers, and employees of the Company and persons who provide ongoing services to the Company under an incentive share purchase option plan. The maximum number of options which may be granted under the plan is 10% of the number of shares of the Company outstanding at the time the options are granted. Options generally vest at a rate of 33.3% on the date of grant and 33.3% in each of the following two years.

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Notes to the Consolidated Financial Statements
For the three months ended March 31, 2021 and 2020
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4. SHARE CAPITAL (continued)

Share purchase options (continued)

A summary of changes in common share purchase options for the three months ended March 31, 2021 and 2020 is:

	Number of Share Options	Weighted Average Exercise Price
Balance, December 31, 2019	8,645,000	\$ 0.11
Changes during the period	-	-
Balance, March 31 2020	8,645,000	\$ 0.11
Granted	6,540,000	0.17
Options exercised	(1,700,000)	0.05
Options expired/forfeited	(360,000)	0.05
Balance, December 31, 2020	13,125,000	\$ 0.15
Options exercised	(166,667)	0.175
Balance, March 31, 2021	12,958,333	\$ 0.15

At March 31, 2021, the following common share purchase options were outstanding:

Expiry date	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)	Number Exercisable
May 4, 2021	630,000	\$ 0.05	0.09	630,000
June 28, 2021	75,000	0.10	0.24	75,000
January 9, 2022	2,250,000	0.17	0.78	2,250,000
February 26, 2023	2,100,000	0.15	1.91	2,100,000
September 24, 2024	1,530,000	0.07	3.43	1,020,000
October 5, 2025	4,000,000	0.12	4.52	4,000,000
November 4, 2025	333,333	0.175	4.60	-
November 17, 2025	650,000	0.20	4.64	650,000
December 29, 2025	1,390,000	0.28	4.75	463,334
	12,958,333	\$ 0.15	3.11	11,188,334

Subsequent to March 31, 2021 options to purchase 630,000 shares of the Company at \$0.05 per share were exercised for total proceeds of \$31,500, and options to purchase 275,000 shares of the Company at a price of \$0.335 per share valid until April 27, 2026 were granted.

Share purchase warrants

At March 31, 2021 there were no share purchase warrants outstanding

5. RELATED PARTY TRANSACTIONS

Remuneration for Directors and key management personnel for the three months ending March 31, 2021 and 2020 was:

	2021	2020
Management fees	\$ 42,500	\$ 11,398
Share-based compensation	34,794	68,333
Total	\$ 77,294	\$ 79,731

Share-based compensation is the fair value of options granted to directors and key management personnel which was recognized during the year.

NORTHISLE COPPER AND GOLD INC.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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6. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral property interests, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares or debt, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

7. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain risks, including currency risk, credit risk, interest rate risk and liquidity risk. The Company does not have financial instruments subject to other price risk.

Currency risk

The Company operates within one geographic region and is not exposed to significant currency risk related to the fluctuation of foreign exchange rates.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through large Canadian financial institutions. The Company's receivables consist mostly of Goods and Services Tax due from the federal government of Canada. As such, the Company considers this risk to be minimal. As at March 31, 2021, none of the Company's financial instruments subject to credit risk were past due or impaired and the Company has not recognized an allowance for expected credit losses on these financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk when holding fixed rate short term deposits of varying maturities. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash equivalents investments is limited because these investments are generally highly liquid securities with short-term maturities. As at March 31, 2021, the Company considers its exposure to interest rate risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 10. Accounts payable and accrued liabilities and the amounts payable to related parties are due within the current operating period.

NORTHISLE COPPER AND GOLD INC.

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

8. LOSS PER SHARE

The Company's diluted loss per share is equal to its basic loss per share. Outstanding share purchase options could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share because they are antidilutive for the three months ended March 31, 2021 and 2020.

9. COVID – 19

On March 11, 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a pandemic. The spread of COVID-19 has created significant volatility in the Canadian and world markets and has the potential to have a significant and far-reaching effect on the Canadian and world economies, interest rates, and other financial measures. The Company will continue to monitor the ongoing developments regarding the COVID-19 pandemic and the potential impact on the Company's consolidated financial statements.