



**Northisle Copper and Gold Inc.**

**Condensed Interim Consolidated Financial Statements  
For the three months ended March 31, 2022**

(Expressed in Canadian dollars)

**NOTICE TO READER:**

These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors. These statements have been prepared by and are the responsibility of the Company's management. This notice is being provided in accordance with National Instrument 51-102 - Continuous Disclosure Obligations.

**Northisle Copper and Gold Inc.**Condensed Interim Consolidated Financial Statements  
(unaudited – prepared by management)

(Expressed in Canadian dollars)

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		March 31, 2022	December 31, 2021
		\$	\$
<b>ASSETS</b>			
	Note		
Cash		4,072,653	5,794,741
Short-term investment	3	108,170	108,170
Other assets		408,481	471,192
<b>CURRENT ASSETS</b>		<b>4,589,304</b>	<b>6,374,103</b>
Reclamation deposits		169,170	169,170
Equipment		68,246	83,877
Mineral property interests	4	10,016,000	10,016,000
<b>ASSETS</b>		<b>14,842,720</b>	<b>16,643,150</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities		417,111	384,269
Flow-through premium liability	5	184,791	429,292
<b>LIABILITIES</b>		<b>601,902</b>	<b>813,561</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	33,266,597	32,826,447
Contributed surplus		3,128,885	3,053,545
Deficit		(22,154,664)	(20,050,403)
<b>SHAREHOLDERS' EQUITY</b>		<b>14,240,818</b>	<b>15,829,589</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14,842,720</b>	<b>16,643,150</b>

Nature of operations 1

**Approved by the Board of Directors**Larry Yau (signed) DirectorMartino Di Ciccio (signed) Director

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**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the three months ended March 31,	Note	2022 \$	2021 \$
Mineral property expenditures	4b	1,839,989	562,512
Filing and regulatory fees		14,747	13,788
Office and administration		17,500	13,623
Professional fees		11,455	39,034
Rent and utilities		7,500	1,500
Share-based compensation	8b	123,240	40,564
Shareholder communication and travel		127,831	83,348
Wages and benefits	9	206,267	48,065
<b>OPERATING EXPENSES</b>		<b>2,348,529</b>	<b>802,434</b>
Foreign exchange (gain) loss		233	(1,703)
Interest income		-	(342)
Flow-through premium recovery	5	(244,501)	(22,909)
<b>LOSS AND COMPREHENSIVE LOSS</b>		<b>2,104,261</b>	<b>777,480</b>
Basic and diluted loss per share		0.01	0.00
Weighted average number of common shares outstanding		180,918,160	149,915,032

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**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the three months ended March 31,

	Note	2022	2021
Cash flows provided by (used in)		\$	\$
<b>OPERATING ACTIVITIES</b>			
Loss and comprehensive loss		(2,104,261)	(777,480)
Items not affecting cash			
Amortization		15,631	9,087
Flow-through premium recovery	5	(244,501)	(22,909)
Share-based compensation	8b	123,240	40,564
		(105,630)	26,742
Non-cash working capital items			
Change in other assets		62,711	(20,098)
Change in accounts payable and accrued liabilities		32,842	215,625
		95,553	195,527
<b>OPERATING ACTIVITIES</b>		<b>(2,114,338)</b>	<b>(555,211)</b>
<b>FINANCING ACTIVITIES</b>			
Private placement	6	-	7,102,357
Issuance costs	6	-	(314,940)
Stock option exercise	8a	392,250	29,167
<b>FINANCING ACTIVITIES</b>		<b>392,250</b>	<b>6,816,584</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of equipment		-	(145,396)
<b>INVESTING ACTIVITIES</b>		<b>-</b>	<b>(145,396)</b>
<b>CHANGE IN CASH</b>		<b>(1,722,088)</b>	<b>6,115,977</b>
Cash – Beginning		5,794,741	2,942,711
<b>CASH - ENDING</b>		<b>4,072,653</b>	<b>9,058,688</b>

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**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

	Note	Number of Shares	Share Capital \$	Contributed Surplus \$	Deficit \$	Shareholders' Equity \$
<b>DECEMBER 31, 2020<del>1</del></b>		<b>146,419,194</b>	<b>25,372,567</b>	<b>2,328,358</b>	<b>(14,824,493)</b>	<b>12,876,432</b>
Private placement	6	21,473,243	7,102,357	-	-	7,102,357
Private placement issuance costs	6	-	(314,940)	-	-	(314,940)
Flow-through premium		-	(937,859)	-	-	(937,859)
Exercise of stock options		166,667	49,167	(20,000)	-	29,167
Share-based payments	8b	-	-	40,654	-	40,654
Loss and comprehensive loss		-	-	-	(777,480)	(777,480)
<b>MARCH 31, 2021</b>		<b>168,059,104</b>	<b>31,271,292</b>	<b>2,349,012</b>	<b>(15,601,973)</b>	<b>18,018,331</b>
Unit Issuance	6	10,096,000	1,918,240	-	-	1,918,240
Issuance costs	6	-	(27,784)	-	-	(27,784)
Allocation of warrant value		-	(415,900)	415,900	-	-
Exercise of stock options		805,000	80,599	(25,600)	-	54,999
Share-based payments	8b	-	-	314,233	-	314,233
Loss and comprehensive loss		-	-	-	(4,448,430)	(4,448,430)
<b>DECEMBER 31, 2021</b>		<b>178,960,104</b>	<b>32,826,447</b>	<b>3,053,545</b>	<b>(20,050,403)</b>	<b>15,829,589</b>
Exercise of stock options		2,375,000	440,150	(47,900)	-	392,250
Share-based payments	8b	-	-	123,240	-	123,240
Loss and comprehensive loss		-	-	-	(2,104,261)	(2,104,261)
<b>MARCH 31, 2022</b>		<b>181,335,104</b>	<b>33,266,597</b>	<b>3,128,885</b>	<b>(22,154,664)</b>	<b>14,240,818</b>

**Northisle Copper and Gold Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

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**1. NATURE OF OPERATIONS****Nature of operations**

Northisle Copper and Gold Inc. (together with its subsidiary, "Northisle" or the "Company") is a Canadian exploration stage company which is focused on the exploration and development of its North Island Property on Vancouver Island.

The Company is incorporated in British Columbia, Canada. Its head office is located at 1200 – 1166 Alberni Street, Vancouver, British Columbia.

The nature of the Company's operations requires significant expenditures for the acquisition, exploration, and evaluation of mineral properties. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage. The Company's operations have been primarily funded from equity financings. The Company will continue to require additional funding to maintain its ongoing exploration and evaluation programs, property maintenance payments, and operations.

These condensed interim consolidated 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, 2022, the Company had cash of \$4,072,653 to settle current liabilities of \$601,902 which the Company believes is sufficient to allow the Company to continue its activities and meet its ongoing obligations for at least twelve months from March 31, 2022.

**2. BASIS OF PRESENTATION****a) Compliance with International Financial Reporting Standards**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), applicable to the preparation of interim financial statements, including International Accounting Standard 34 – Interim Financial Reporting. 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, 2021, which have been prepared in accordance with IFRS.

These financial statements were approved for issue by the Company's board of directors on May 26, 2022.

**b) Critical accounting judgments, estimates and assumptions**

The preparation of these 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.

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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 mineral property interests, the determination of realizable amounts of deferred tax assets and liabilities, and the measurement of equity instruments and share-based compensation.

Critical accounting judgments are judgments about the application of 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.

During the three months ended March 31, 2022, the Company reclassified certain corporate expenses for the three months ended March 31, 2021. These reclassifications did not result in material differences.

### c) Consolidation

These consolidated financial statements include the accounts of the Company and its 100% controlled subsidiary, North Island Mining Corp. (collectively, the "Company"). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant inter-company transactions and balances have been eliminated upon consolidation.

## 3. SHORT-TERM INVESTMENT

As at March 31, 2022, the Company had \$108,170 (December 31, 2020 - \$108,170) invested in Canadian dollar denominated guaranteed investment certificates.

## 4. MINERAL PROPERTY INTERESTS

### a) Mineral property costs

	North Island Property \$
December 31, 2020 and 2021	10,016,000
Changes during the period	-
<b>MARCH 31, 2022</b>	<b>10,016,000</b>

The North Island Copper Gold Project (the "Project") consists of a contiguous block of mineral claims located on northern Vancouver Island in British Columbia, Canada. The claims include the Hushamu and

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Red Dog copper gold porphyry deposits, as well as numerous additional identified porphyry exploration targets and occurrences.

Certain claims (historically known as the Expo claims) are subject to a 10% net profits interest royalty currently held by Royal Gold, Inc. Should a production decision be made on the Expo claims, the Company is required to make a cash payment of \$1,000,000 to Sirit Inc. within 60 days of the production decision.

Certain other claims underlying the Project are known as the Apple Bay claims. Should a production decision be made regarding 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 a limited right to explore the Apple Bay claims for non-metallic minerals subject to certain conditions including approval by Northisle.

Claims underlying the Red Dog deposit are subject to a 3% net smelter return royalty, of which up to 2% can be repurchased at the option of the Company at any time for a cash payment of US\$1,000,000 for each 1% repurchased.

**b) Mineral Property Expenditures**

	Three months ended March 31, 2022	Three months ended March 31, 2021	Cumulative Property Expenditures
	\$	\$	\$
Amortization of equipment	15,630	9,087	112,414
Claims costs	824	-	42,402
Community engagement	36,315	-	148,412
Engineering	25,603	168,397	2,440,475
Exploration and camp support	1,636,791	351,263	9,026,106
Environmental studies	82,326	-	565,471
Salary and wages	42,500	33,765	512,801
Mineral property exploration tax credits	-	-	(544,016)
<b>TOTAL</b>	<b>1,839,989</b>	<b>562,512</b>	<b>12,304,065</b>

Cumulative property expenditures are from the date of incorporation on August 3, 2011 to March 31, 2022. This table does not include expenditures incurred by third party joint venturers.

**5. FLOW-THROUGH PREMIUM LIABILITY**

The flow-through premium liability balance as at March 31, 2022 of \$184,521 (December 31, 2021 – \$429,292) arose in connection with the flow-through share offering the Company completed on March 17, 2021. The reported amount is the remaining balance of the premium from issuing the flow-through shares. The flow-through premium is recognized in the statement of loss based on the amount of qualifying flow-through expenditures incurred by the Company.



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The Company is committed to incurring on or before December 31, 2022 qualifying Canadian exploration expenses as defined under the Income Tax 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.

As at March 31, 2022, the Company had incurred \$5,233,412 of Qualifying CEE and accordingly, recognized flow-through premium recoveries of \$244,501 during the three months ended March 31, 2022 (March 31, 2021 - \$22,909). As at March 31, 2022, the Company has a remaining commitment to incur Qualifying CEE of \$1,281,861.

## 6. SHARE CAPITAL

### a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

### b) Financing

On December 21, 2021, Northisle issued 10,096,000 units at a price of \$0.19 per unit for aggregate gross proceeds of \$1,918,240. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.28 until December 21, 2023. Issuance costs related to the financing totaled \$27,784.

The fair value assigned to the warrants was calculated using the Black-Scholes option pricing model and the following inputs and assumptions:

Warrants issued	5,048,000
Exercise price	\$0.28
Market price	\$0.29
Expected term (years)	2.0
Expected share price volatility	106.5%
Average risk-free interest rate	0.90%
Expected dividend yield	-

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<b>FAIR VALUE ASSIGNED</b>	<b>\$415,900</b>
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On March 17, 2021, the Company completed a non-brokered private placement issuing 21,473,243 common shares of the Company consisting of 2,240,780 common shares at a price of \$0.262 per common share, 11,329,472 flow-through common shares at a price of \$0.31 per common share and 7,902,991 flow-through common shares at a price of \$0.38 per common share for gross proceeds of \$7,102,357. Issuance costs related to the private placement totaled \$314,940. A flow-through premium liability of \$937,859 was recognized.

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**7. WARRANTS**

A summary of the Company's warrants outstanding, including changes for the years then ended, is presented below:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b> \$
DECEMBER 31, 2020	-	-
Issued	5,048,000	0.28
DECEMBER 31, 2021	5,048,000	0.28
-	-	-
<b>MARCH 31, 2022</b>	<b>5,048,000</b>	<b>0.28</b>

Warrants outstanding are as follows:

<b>Warrant outstanding, by exercise price</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b> \$	<b>Average remaining contractual life</b> years
\$0.28	5,048,000	0.28	1.97
<b>MARCH 31, 2022</b>	<b>5,048,000</b>	<b>0.28</b>	<b>1.73</b>

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**8. EQUITY INCENTIVE PLANS****a) Stock Options**

The Company has a stock option plan that permits the grant of stock options for the purchase of up to 10% of the issued and outstanding common shares of the Company to directors, officers, employees, and consultants. Stock options generally vest over a two-year period from date of grant unless otherwise determined by the board of directors. As at March 31, 2022, the Company could issue an additional 5,836,177 stock options under the terms of the stock option plan.

A summary of the Company's stock activity is presented below:

	Number of Stock options	Weighted average exercise price \$
DECEMBER 31, 2020	13,125,000	0.15
Granted	2,519,000	0.29
Exercised	(971,667)	0.09
DECEMBER 31, 2021	14,672,333	0.18
Exercised	(2,375,000)	0.17
<b>MARCH 31, 2021</b>	<b>12,297,333</b>	<b>0.18</b>

In relation to the stock options, the Company recognized an expense of \$84,943 during the three months ended March 31, 2022 (March 31, 2021 - \$40,564) in the statement of loss and comprehensive loss.

Stock options outstanding and exercisable are as follows:

Expiry Date	Exercise Price	Number of Stock options outstanding	Average remaining contractual life (years)	Number of stock options exercisable
February 26, 2023	\$0.15	1,975,000	0.91	1,975,000
September 4, 2024	\$0.07	1,430,000	2.43	1,430,000
October 5, 2025	\$0.12	4,000,000	3.52	4,000,000
November 4, 2025	\$0.18	333,333	3.60	166,667
November 17, 2025	\$0.20	650,000	3.64	650,000
December 29, 2025	\$0.28	1,390,000	3.75	926,664
April 26, 2026	\$0.34	275,000	4.07	91,666
July 14, 2026	\$0.26	165,000	4.29	55,000
December 16, 2026	\$0.29	2,079,000	4.72	693,000
<b>MARCH 31, 2022</b>		<b>12,297,333</b>	<b>3.23</b>	<b>9,987,997</b>

Average share price of options exercised during the three months ended March 31, 2022, was \$0.45 (March 31, 2021 - \$0.35).

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**b) Share-based payments**

During the three months ended March 31, 2022, the Company granted nil (2021 – 2,519,000) stock options to employees, directors and consultants. The fair value of each option granted is estimated on the date of grant using the using the Black-Scholes option pricing model. The weighted average assumption and resulting fair values for the grants are as follows:

Inputs and assumptions	Year Ended December 31, 2021
Exercise price	\$0.29
Market price	\$0.29
Expected life of options (years)	4.91
Expected stock price volatility	90%
Average risk-free interest rate	1.02%
Expected forfeiture rate	-
Expected dividend yield	-
<b>FAIR VALUE PER OPTION GRANTED</b>	<b>\$0.19</b>

**c) Restricted Share Units**

The Company granted restricted share units ("RSUs") in accordance with the share unit plan approved at the most recent shareholders meeting. These RSUs vest in three equal tranches: Tranche one - on completion of 12 months from grant date, Tranche two – on completion of twenty-four months from the grant date and Tranche three – on completion of thirty-six months from grant date. These RSUs can be cash or equity-settled at the Company's discretion. The Company has elected to classify the RSUs as equity-settled and as such, the RSUs are valued at the market price of the Company shares on the date of grant. Under the share unit plan the Company has reserved an amount not exceeding 7,000,000 shares for the issuance of RSUs, deferred share unit ("DSUs"), and performance share units ("PSUs"). A summary of the Company's RSUs outstanding and the changes for the years then ended, is presented below:

	<b>Number of shares issued or issuable on vesting</b>
DECEMBER 31, 2020	-
RSUs Granted	285,000
DECEMBER 31, 2021	285,000
RSUs Granted	496,000
<b>MARCH 31, 2022</b>	<b>781,000</b>

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In relation to RSUs, the Company recognized an expense of \$13,413 during the three months ended March 31, 2022, (March 31, 2021 – Nil) in the statements of loss and comprehensive loss.

### d) Deferred Share Units

Only directors of the Company are eligible for DSUs and each DSU vests over twelve months and is redeemed upon a director ceasing to be a director of the Company. These DSUs can be cash or equity-settled at the Company's discretion. The Company has elected to classify the DSUs as equity-settled and as such, the DSUs are valued at the market price of the Company shares on the date of grant. Under the share unit plan the Company has reserved an amount not exceeding 7,000,000 shares for the issuance of RSUs, DSUs, and PSUs. A summary of the Company's RSUs outstanding and the changes for the years then ended, is presented below:

	<b>Number of shares issued or issuable on vesting</b>
DECEMBER 31, 2020	-
DSUs Granted	348,000
DECEMBER 31, 2021	348,000
DSUs Granted	-
<b>MARCH 31, 2022</b>	<b>348,000</b>

In relation to DSUs, the Company recognized an expense of \$24,884 during the three months ended March 31, 2022, (March 31, 2021 – Nil) in the statements of loss and comprehensive loss.

## 9. RELATED PARTY TRANSACTIONS

### Management Compensation

The Company's related parties include its directors and officers, who are the key management of the Company. The remuneration of directors and officers during the years-periods presented was as follows:

For the three months ended March 31,	2022	2021
	\$	\$
Salaries and director fees	166,250	42,500
Share-based payments	109,584	34,794
<b>KEY MANAGEMENT COMPENSATION</b>	<b>275,834</b>	<b>77,294</b>

## 10. SEGMENTED INFORMATION

The Company's operations are in one segment: the acquisition, exploration and future development of mineral resource properties. All interest income is earned in Canada and all assets are held in Canada.

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**11. CAPITAL MANAGEMENT**

The Company is a mineral exploration and development company focusing on advancing the North Island Project. Its principal source of funds is the issuance of securities. The Company considers capital to be equity attributable to common shareholders, comprised of share capital, contributed surplus, and deficit. It is the Company's objective to safeguard its ability to continue as a going concern so that it can continue to explore and develop its projects.

The Company manages its capital structure based on the funds available for its operations and makes adjustments for changes in economic conditions, capital markets and the risk characteristics of the underlying assets. To maintain its objectives, the Company may attempt to issue new shares, seek debt financing, acquire or dispose of assets or change the timing of its planned exploration and development projects. There is no assurance that these initiatives will be successful.

The Company monitors its cash position on a regular basis to determine whether sufficient funds are available to meet its short-term and long-term corporate objectives.

There has been no change in the Company's capital management practices during the period. Northisle does not pay dividends. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

**12. FINANCIAL INSTRUMENT RISK**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to liquidity, credit, and market risk from the use of financial instruments. Financial instruments consist of cash, short-term investments, certain other assets, and accounts payable and accrued liabilities.

**a. Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company uses cash forecasts to ensure that there is sufficient cash on hand to meet short-term business requirements. The Company's accounts payable and accrued liabilities are all due in the short term. Cash is invested in highly liquid investments which are available to discharge obligations when they come due. The Company does not maintain a line of credit.

**b. Credit risk**

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and short-term investments and reclamation deposits. These financial instruments are at risk to the extent that the institutions issuing or holding them cannot redeem amounts when they are due or requested. To limit its credit risk, the Company uses a restrictive investment policy. It deposits cash and short-term investments in Canadian chartered banks. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents Northisle's maximum exposure to credit risk.