



Northisle Copper and Gold Inc.

**Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2024**

(Unaudited, 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.

Consolidated Financial Statements

(Expressed in Canadian dollars)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | | March 31, 2024 | December 31, 2023 |
|---|------|-------------------|-------------------|
| | | \$ | \$ |
| ASSETS | | | |
| | Note | | |
| Cash and cash equivalents | | 7,636,813 | 7,541,672 |
| Other assets | | 249,811 | 251,403 |
| CURRENT ASSETS | | 7,886,624 | 7,793,075 |
| Reclamation deposits | | 182,175 | 182,175 |
| Equipment | | 8,009 | 10,678 |
| Mineral property interests | 3 | 10,016,000 | 10,016,000 |
| ASSETS | | 18,092,808 | 18,001,928 |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | | 378,144 | 725,401 |
| Flow-through premium liability | 4 | 601,569 | 652,206 |
| LIABILITIES | | 979,713 | 1,377,607 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 5 | 46,245,226 | 44,339,707 |
| Contributed surplus | | 4,032,225 | 4,346,995 |
| Deficit | | (33,164,356) | (32,062,381) |
| SHAREHOLDERS' EQUITY | | 17,113,095 | 16,624,321 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | 18,092,808 | 18,001,928 |
| Nature of operations | 1 | | |
| Subsequent event | 12 | | |

Approved by the Board of DirectorsKeena Hicken-Gabberria (signed) DirectorMartino Di Ciccio (signed) Director

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Condensed Interim Consolidated Financial Statements

(unaudited – prepared by management)

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

| For the three months ended March 31, | Note | 2024 \$ | 2023 \$ |
|--|------|------------------|------------------|
| Mineral property expenditures | 3b | 577,249 | 533,326 |
| Filing and regulatory fees | | 20,246 | 10,815 |
| Office and administration | | 34,657 | 21,782 |
| Professional fees | | 32,529 | 7,609 |
| Rent and utilities | | 10,050 | 10,050 |
| Share-based payments | 7a | 187,176 | 154,594 |
| Shareholder communication and travel | | 169,191 | 185,902 |
| Wages and benefits | 8 | 197,913 | 174,430 |
| OPERATING EXPENSES | | 1,229,011 | 1,098,508 |
| Foreign exchange loss | | 215 | 2,311 |
| Interest income | | (76,614) | (69,802) |
| Flow-through premium recovery | 4 | (50,637) | (226,976) |
| LOSS AND COMPREHENSIVE LOSS | | 1,101,975 | 804,041 |
| Basic and diluted loss per share | | 0.00 | 0.00 |
| Weighted average number of common shares outstanding | | 229,193,387 | 204,096,460 |

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31,

| | Note | 2024 | 2023 |
|--|------|--------------------|------------------|
| Cash flows provided by (used in) | | \$ | \$ |
| OPERATING ACTIVITIES | | | |
| Loss and comprehensive loss | | (1,101,975) | (804,041) |
| Items not affecting cash | | | |
| Amortization | | 2,670 | 2,670 |
| Flow-through premium recovery | 4 | (50,637) | (226,976) |
| Share-based compensation | 7 | 187,176 | 154,594 |
| | | 139,209 | (69,712) |
| Non-cash working capital items | | | |
| Change in accrued interest | | (21,099) | 41,241 |
| Change in other assets | | 22,690 | 370,371 |
| Change in accounts payable and accrued liabilities | | (347,257) | (301,892) |
| | | (345,666) | 109,720 |
| OPERATING ACTIVITIES | | (1,308,432) | (764,033) |
| FINANCING ACTIVITIES | | | |
| Warrant exercise | 6 | 1,413,440 | - |
| Private placement | 5 | - | 2,002,935 |
| Issuance costs | 5 | - | (34,171) |
| Stock option and restricted share unit exercise | 7 | (9,867) | 103,750 |
| FINANCING ACTIVITIES | | 1,403,573 | 2,072,514 |
| CHANGE IN CASH AND CASH EQUIVALENTS | | 95,141 | 1,308,481 |
| Cash and Cash Equivalents – Beginning | | 7,541,672 | 5,887,004 |
| CASH AND CASH EQUIVALENTS - ENDING | | 7,636,813 | 7,195,485 |

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

| | Note | Number of Shares | Share Capital \$ | Contributed Surplus \$ | Deficit \$ | Shareholders' Equity \$ |
|--|------|---------------------|------------------------|------------------------------|---------------------|-------------------------------|
| DECEMBER 31, 2022 | | 199,794,604 | 36,635,672 | 3,718,110 | (26,713,769) | 13,640,013 |
| Private placement | 5 | 12,139,000 | 2,002,935 | - | - | 2,002,935 |
| Private placement issuance costs | 5 | - | (34,171) | - | - | (34,171) |
| Exercise of stock options and restricted share units | 7 | 825,000 | 168,750 | (65,000) | - | 103,750 |
| Share-based payments | 7 | - | - | 154,594 | - | 154,594 |
| Loss and comprehensive loss | | - | - | - | (804,041) | (804,041) |
| MARCH 31, 2023 | | 212,758,604 | 38,773,186 | 3,807,704 | (27,517,810) | 15,063,080 |
| Private placement | 5 | 14,873,100 | 6,420,078 | - | - | 6,420,078 |
| Private placement issuance costs | 5 | - | (298,554) | - | - | (298,554) |
| Flow-through premium | 4 | - | (652,206) | - | - | (652,206) |
| Exercise of stock options and restricted share units | 7 | 482,783 | 97,203 | (122,046) | - | (24,843) |
| Share-based payments | 7 | - | - | 661,337 | - | 661,337 |
| Loss and comprehensive loss | | - | - | - | (4,544,571) | (4,544,571) |
| DECEMBER 31, 2023 | | 228,114,487 | 44,339,707 | 4,346,995 | (32,062,381) | 16,624,321 |
| Exercise of warrants | 6 | 5,048,000 | 1,413,440 | - | - | 1,413,440 |
| Transfer of warrant value | 6 | - | 415,900 | (415,900) | - | - |
| Exercise of stock options and restricted share units | 7 | 221,934 | 76,179 | (86,046) | - | (9,867) |
| Share-based payments | 7 | - | - | 187,176 | - | 187,176 |
| Loss and comprehensive loss | | - | - | - | (1,101,975) | (1,101,975) |
| MARCH 31, 2024 | | 233,384,421 | 46,245,226 | 4,032,225 | (33,164,356) | 17,113,095 |

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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 Project 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 generated 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.

2. BASIS OF PRESENTATION

a) Compliance with International Financial Reporting Standards

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by International Accounting Standards Board. 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, 2023, which have been prepared in accordance with IFRS Accounting Standards.

These financial statements were approved for issue by the Company's Board of Directors on May 13, 2024.

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.

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,

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the impairment of carrying values of equipment and mineral property interests, and the determination of realizable amounts of deferred tax assets and liabilities.

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 equipment and the identification of potential indicators of impairment for exploration and evaluation assets.

At each reporting period, management applies judgment in assessing whether there are any indicators of impairment relating to mineral property interests. If any such indicator exists, then an impairment test is performed by management. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) sufficient data exists to support that extracting the resources will not be technically feasible or commercially viable; and (iv) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. As at March 31, 2024, management identified no impairment indicators and consequently, impairment testing was not required.

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. MINERAL PROPERTY INTERESTS

a) Mineral property costs

| | North Island Property \$ |
|----------------------------|-----------------------------|
| December 31, 2022 and 2023 | 10,016,000 |
| Changes during the period | - |
| MARCH 31, 2024 | 10,016,000 |

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, Red Dog and Northwest Expo 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., or its successors, 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

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in shares to Electra Gold Ltd., or its successors (“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 combined 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

| For the three months ended March 31, | 2024 | 2023 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| Amortization of equipment | 2,670 | 2,670 |
| Community engagement | 27,680 | 30,841 |
| Engineering | 66,194 | 53,391 |
| Exploration and camp support | 405,525 | 331,034 |
| Environmental and permitting | 2,680 | 42,890 |
| Salary and wages | 72,500 | 72,500 |
| TOTAL | 577,249 | 533,326 |

4. FLOW-THROUGH PREMIUM LIABILITY

The flow-through premium liability balance as at March 31, 2024 of \$601,569 (December 31, 2023 – \$652,206) arose in connection with the flow-through share offering the Company completed on December 21, 2023. 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.

The Company is committed to incurring on or before December 31, 2024, qualifying Canadian exploration expenses as defined under the Income Tax Act, Canada (“Qualifying CEE”) in the amount of \$5,996,886 with respect to the flow-through share financing completed on December 21, 2023. None of the Qualifying CEE will be available to the Company for future deduction from taxable income. As at March 31, 2024, the Company has remaining commitment to incur Qualifying CEE of \$5,531,293.

On June 23, 2022, the Company completed a flow-through share financing and recorded a flow-through liability of \$3,516,873 and committed to incur Qualifying CEE in the amount of \$7,000,450. As at December 31, 2023, the Company had incurred all committed expenditures and no longer had a flow-through premium liability associated with this flow-through share financing.

Accordingly, the Company recognized a flow-through premium recovery of \$50,637 during the three months ended March 31, 2024 (\$223,976 during the three months ended March 31, 2023).

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5. 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, 2023, the Company completed a non-brokered private placement issuing 1,511,400 common shares at a price of \$0.28 per common share, 1,883,200 flow-through common shares at a price of \$0.35 per common share, 4,500,000 charity flow-through common shares at a price of \$0.448 per common share and 6,879,500 critical mineral charity flow-through common shares at a price of \$0.476 per common share for gross proceeds of \$6,420,078. Issuance costs related to the private placement totaled \$298,554. A flow-through premium liability of \$652,206 was recognized.

On March 6, 2023, the Company completed a non-brokered private placement issuing 12,139,000 common shares at a price of \$0.165 per common share for gross proceeds of \$2,002,935. Issuance costs related to the private placement totaled \$34,171.

6. WARRANTS

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

| | Number of warrants | Weighted average exercise price \$ |
|----------------------------|-------------------------------|--|
| DECEMBER 31, 2022 and 2023 | 5,048,000 | 0.28 |
| Exercised | (5,048,000) | 0.28 |
| MARCH 31, 2024 | - | - |

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7. EQUITY INCENTIVE PLANS**a) Stock Options Outstanding**

The Company has a stock option plan (the "Option Plan") that permits the grant of stock options for the purchase of up to 10% (less the number of outstanding RSUs and DSUs, defined below) 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, 2024, the Company could issue an additional 7,805,015 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, 2022 | 14,770,633 | 0.18 |
| Granted | 2,578,800 | 0.37 |
| Exercised | (1,025,000) | 0.11 |
| Forfeited | (78,000) | 0.18 |
| Expired | (1,100,000) | 0.15 |
| DECEMBER 31, 2023 | 15,146,433 | 0.22 |
| Exercised | (140,000) | 0.24 |
| Forfeited | (275,000) | 0.34 |
| MARCH 31, 2024 | 14,731,433 | 0.22 |

In relation to the stock options, the Company recognized an expense of \$104,452 during the three months ended March 31, 2024 (\$84,107 during the three months ended March 31, 2023) in the statement of loss and comprehensive loss.

The average share price relating to options exercised during the three months ended March 31, 2024, was \$0.37 (three months ended March 31, 2023 - \$0.17).

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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 |
|-----------------------|----------------|-------------------------------------|--|-------------------------------------|
| September 4, 2024 | \$0.07 | 750,000 | 0.43 | 750,000 |
| October 5, 2025 | \$0.12 | 4,000,000 | 1.76 | 4,000,000 |
| November 4, 2025 | \$0.18 | 333,333 | 1.60 | 333,333 |
| November 17, 2025 | \$0.20 | 650,000 | 1.63 | 650,000 |
| December 29, 2025 | \$0.28 | 1,340,000 | 1.75 | 1,340,000 |
| July 14, 2026 | \$0.26 | 165,000 | 2.29 | 165,000 |
| December 16, 2026 | \$0.29 | 2,019,000 | 2.71 | 2,019,000 |
| April 8, 2027 | \$0.40 | 200,000 | 3.02 | 133,333 |
| November 21, 2027 | \$0.175 | 2,695,300 | 3.64 | 1,796,866 |
| May 26, 2028 | \$0.18 | 403,500 | 4.16 | 134,499 |
| December 21, 2028 | \$0.40 | 2,175,300 | 4.73 | 725,100 |
| MARCH 31, 2024 | | 14,731,433 | 2.62 | 12,047,131 |

During the three months ended March 31, 2024 the Company granted nil (year ended December 31, 2023 – 2,578,800) options to employees, directors and consultants. The fair value of each option granted is estimated on the date of grant 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, 2023 |
|--------------------------------------|------------------------------|
| Exercise price | \$0.37 |
| Market price | \$0.37 |
| Expected life of options (years) | 5.00 |
| Expected stock price volatility | 100% |
| Average risk-free interest rate | 3.25% |
| Expected forfeiture rate | - |
| Expected dividend yield | - |
| FAIR VALUE PER OPTION GRANTED | \$0.26 |

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b) Restricted Share Units

The Company granted restricted share units ("RSUs") in accordance with the share unit plan approved at the Company's 2021 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") and, when combined with the Option Plan, no more than 10% of the Company's outstanding shares on a rolling basis. A summary of the Company's RSUs outstanding and the changes for the periods then ended, is presented below:

| | Number of shares issued or issuable on vesting |
|---------------------------------|---|
| DECEMBER 31, 2022 | 1,133,300 |
| RSUs Granted | 749,300 |
| RSUs Forfeited | (10,000) |
| RSUs Converted to common shares | (282,783) |
| DECEMBER 31, 2023 | 1,589,817 |
| RSUs Converted to common shares | (81,935) |
| MARCH 31, 2024 | 1,507,882 |

In relation to RSUs, the Company recognized an expense of \$53,135 during the three months ended March 31, 2024 (\$45,839 during the three months ended March 31, 2023) in the statements of loss and comprehensive loss.

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c) Deferred Share Units

Only directors of the Company are eligible for DSUs. 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 DSUs outstanding and the changes for the years then ended, is presented below:

| | Number of shares issued or issuable on vesting |
|-----------------------|---|
| DECEMBER 31, 2022 | 832,200 |
| DSUs Granted | 300,000 |
| DECEMBER 31, 2023 | 1,132,200 |
| DSUs Granted | - |
| MARCH 31, 2024 | 1,132,200 |

In relation to DSUs, the Company recognized an expense of \$29,589 during the three months ended March 31, 2024 (\$24,648 during the three months ended March 31, 2023) in the statements of loss and comprehensive loss.

8. 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 periods presented was as follows:

| For the three months ended March 31, | 2024 | 2023 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| Salaries and director fees | 196,250 | 196,250 |
| Share-based payments | 157,966 | 145,880 |
| KEY MANAGEMENT COMPENSATION | 354,216 | 342,130 |

Wages for certain officers of the Company are allocated to mineral property expenditures.

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9. 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.

10. 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. The Company does not pay dividends. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

11. 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 and credit risk from the use of financial instruments. Financial instruments consist of cash, certain other assets, reclamation bonds 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 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 cash equivalents in Canadian chartered banks as well as guaranteed investment certificates from Canadian chartered banks with a credit rating of R-1 (high) or equivalent. 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.

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12. SUBSEQUENT EVENT

On May 6, 2024, the Company signed a leasing agreement in respect of three pickup trucks with total future contractual lease payments of \$255,460.