

NorthIsle Copper & Gold Inc. (TSXV:NCX)

Integrated MRE and New Metallurgy Further De-Risk North Island

Exploration Update

October 11, 2024

(Currency is CAD\$ unless noted otherwise)

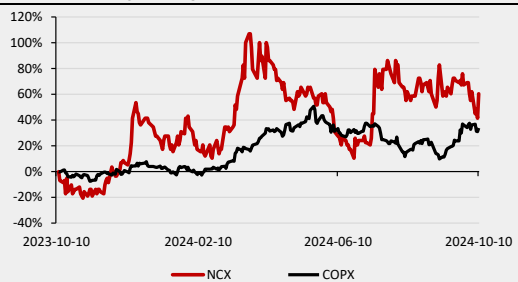
Closing Price	\$0.47
Rating	BUY
Target (\$/sh)	\$1.40
Return to Target	201%
NAV (\$/sh)	\$2.23
P/NAV	0.21x
52 Week Low / High	\$0.23 / \$0.65

CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	237.8	251.6
Market Capitalization (\$MM)	\$110.6	
Enterprise Value (\$MM)	\$104.8	
Cash and Equivalents (\$MM)	\$5.8	
Total Debt (\$MM)	\$0.0	

STOCK CHART



RELATIVE PERFORMANCE



NET ASSET VALUE

	Discount Rate	(\$M)	(\$/sh)
North Island, Canada (100%)	10%	\$1,191.2	\$1.81
Other assets/liabilities	10%	\$93.1	\$0.14
Total Corporate Adjustments	10%	\$182.7	\$0.28
Total Post-Financing NAV		\$1,467.0	\$2.23

RELATIVE VALUATION

	EV/lb CuEq (US\$)	P/NAV
NorthIsle Copper and Gold Inc.	\$0.009	0.21x
Peers*	\$0.069	0.29x

*S&P Capital IQ & Company Reports

MAJOR SHAREHOLDERS

Management (14.5%)	
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DISCLOSURE CODE:

1,2,3

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, S&P Capital IQ

Company Description

NorthIsle Copper and Gold Inc. is a junior resource company engaged in the exploration and development of mineral properties in Canada. The company explores for copper, gold, molybdenum, and rhenium deposits. Its principal property is the North Island project consisting of ~33,149 ha located on the Northern Vancouver Island, British Columbia. The company completed a PEA in 2021, which highlights a large-scale open pit operation with robust economics. The company was incorporated in 2011 and is headquartered in Vancouver, Canada.

Impact: Very Positive

NorthIsle released an integrated mineral resource estimate (MRE) for its 100%-owned North Island project on Vancouver Island (Figure 1; Table 1). The MRE integrates the Hushamu, Red Dog, and NW Expo deposits (Figures 2-4) and is planned to form the basis of a PEA (Q1/25). This new resource outlines total I&I resources of 1.1Mt at 0.30% CuEq for ~7.7B lbs CuEq. **We view the integrated resource positively as it should form the basis for a PEA that is expected to consider a two-stage development scenario for the project. This should ultimately make North Island more palatable as upfront capex would be reduced. We are also pleased to see results from the extensive metallurgical test work, which we believe further de-risks the project and should help address shortcomings with the recoveries utilized in the prior MRE/PEA.**

Highlights:

- **Indicated resources up significantly.** The integrated MRE outlined indicated resources of 906Mt at 0.16% Cu and 0.24 g/t Au, 75 ppm Mo and 0.42ppm Re for ~6.3B lbs CuEq (recovery adjusted). Contained metal improved across the board with increases of +27% Cu, +41% Au, +69% Mo and +132% Re. Inferred resources totaled ~1.3B lbs CuEq.
- **Total contained CuEq relatively unchanged.** We calculate that total contained CuEq was down only ~3% from the prior MRE. However, the 2024 MRE saw a large conversion of resources to the indicated category. We estimate that contained Cu in the indicated category increased by ~27%, driven largely by a 60% increase in tonnage, which offset a decrease in Cu and Au grades (-20% and -11%, respectively). Management noted to us that Cu and Au grades fell due to the use of higher metal prices that drove marginal blocks into the estimate. We believe NCX may use a higher cut-off grade for the PEA.
- **Significant metallurgical test work helps de-risk North Island (Tables 2 & 3).** Extensive metallurgical testing was completed by NorthIsle in 2023/24 on Hushamu and Northwest Expo. Recoveries are now reported at 77.8% for Cu and 59.2% for Au in CMG altered material (was 85.5% and 48.9%, respectively) at Hushamu. Red Dog saw a big jump in Au recoveries, as the material is now planned to go through the same leach circuit as contemplated for NW Expo. Recoveries are now 89.7% for Cu (unchanged) and 85% for Au (was 52.8%) at Red Dog.
- **PEA is next key catalyst for NorthIsle.** The updated MRE is expected to serve as the basis for a PEA due in Q1/25 that will likely consider a two-phase development scenario for North Island. The metallurgical test results are also expected to be incorporated into the PEA.

Valuation:

We maintain our BUY rating and increase our price target to C\$1.40/sh (was C\$1.30). Our target is based on a DCF model of the North Island project and in-situ valuation of the Au-rich zone at NW Expo (~1.9M oz AuEq at US\$40/oz for ~\$93M asset value). We calculate a post-financing NAVPS_{10%} estimate of C\$2.23 (was C\$1.96), to which we apply a 0.60x multiple. **Upcoming catalysts:** 1) West Goodspeed assays (Q4/24-Q1/25), 2) NW Expo exploration results (Q4/24), and 3) North Island PEA (Q1/25).

Valuation (cont'd)

We now consider the updated MRE in our DCF model for the North Island project along with the new recoveries. However, most of our assumptions are still based on those outlined in the 2021 PEA. We plan to update our model more thoroughly upon the release of the updated, integrated PEA due in Q1/25. We have also tweaked our in-situ valuation for the Au-rich Northwest Expo zone given the slight increase in AuEq ounces to ~1.9M oz (was ~1.7M oz) in the updated MRE. We continue to use an in-situ value of US\$40/oz AuEq based on peer-trading multiples for junior gold companies in Canada and now value Northwest Expo at ~C\$93M (was ~C\$89M). We have also updated our model to account for the changes in capital structure and Q2/24 financials. **We calculate a post-financing NAVPS_{10%} estimate of C\$2.23 (was C\$1.96), to which we apply a 0.60x multiple to obtain our target of C\$1.40/sh (was C\$1.30/sh) – Figure 1. This generates a 201% return to target and continues to justify our BUY rating.**

Figure 1: NAV summary for NorthIsle

Development Properties	0%	5%	8%	10%	12%	15%	20%
North Island, Canada (100%)	\$6,579.3	\$2,699.0	\$1,645.5	\$1,191.2	\$861.5	\$520.8	\$192.7
Total Mine Site After-Tax NPV	\$6,579.3	\$2,699.0	\$1,645.5	\$1,191.2	\$861.5	\$520.8	\$192.7
Other Assets and/or Liabilities							
Equity investments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other assets/liabilities	\$93.1	\$93.1	\$93.1	\$93.1	\$93.1	\$93.1	\$93.1
Total	\$93.1	\$93.1	\$93.1	\$93.1	\$93.1	\$93.1	\$93.1
Asset NAV							
Total Pre-Financing NAV (C\$M)	\$6,672.4	\$2,792.1	\$1,738.6	\$1,284.3	\$954.7	\$613.9	\$285.8
Total Pre-Financing NAVPS (C\$/sh)	\$27.05	\$11.32	\$7.05	\$5.21	\$3.87	\$2.49	\$1.16
Corporate Adjustments							
Hedge value (mark-to-market)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Corporate G&A	(\$640.0)	(\$296.3)	(\$206.8)	(\$168.4)	(\$140.4)	(\$110.8)	(\$80.6)
Working capital (less equity investments)	\$6.0	\$6.0	\$6.0	\$6.0	\$6.0	\$6.0	\$6.0
Interest income net of financing expense	(\$600.6)	(\$429.2)	(\$356.3)	(\$316.7)	(\$282.7)	(\$240.2)	(\$186.6)
Cash Flow from Financing	\$456.0	\$615.1	\$651.9	\$661.7	\$663.2	\$654.5	\$622.5
Total net debt	(\$138.6)	\$191.9	\$301.6	\$351.1	\$386.6	\$420.3	\$441.9
Total Corporate Adjustments	(\$778.6)	(\$104.4)	\$94.8	\$182.7	\$246.2	\$309.5	\$361.3
Corporate NAV							
Total Post-Financing NAV (C\$M)	\$5,893.9	\$2,687.7	\$1,833.4	\$1,467.0	\$1,200.9	\$923.4	\$647.1
Total Post-Financing NAVPS (C\$/sh)	\$8.96	\$4.08	\$2.79	\$2.23	\$1.83	\$1.40	\$0.98
Target Derivation							
Total Post-Financing NAVPS _{10%} (C\$/sh)				\$2.23			
Multiple				0.60x			
				\$1.34			
Target Price							
Return to Target				201%			

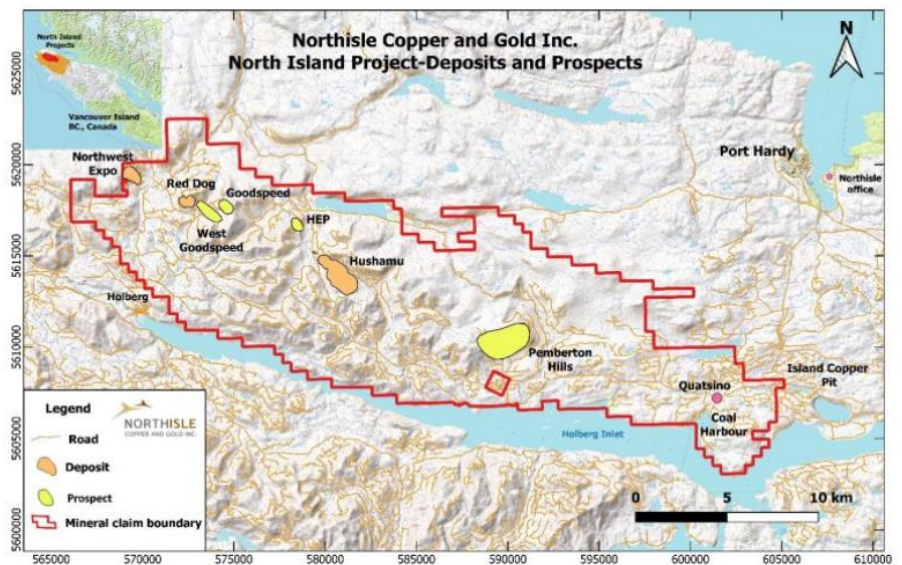
Source: RCS Estimates

Table 1: 2024 Integrated North Island Project MRE (\$11.50 NSR cut-off)

	Tonnage	Grade					Contained Metal					NSR (\$/T)
	Tonnes (000s)	Cu (%)	Au (g/t)	Mo (ppm)	Re (ppm)	Cu Eq. (%)	Cu mm lbs	Au 000s oz	Mo mm lbs	Re 000 lbs	Cu Eq. mm lbs	
Indicated												
Hushamu	777,749	0.16%	0.21	87	0.49	0.29%	2,663	5,326	149	847	5,034	23
Red Dog	83,129	0.18%	0.25	n/a	n/a	0.35%	336	679	0	0	650	33.14
Northwest Expo	45,044	0.11%	0.64	n/a	n/a	0.65%	108	933	0	0	646	54.15
Total Indicated	905,922	0.16%	0.24	75	0.42	0.31%	3,107	6,939	149	847	6,330	25.48
Inferred												
Hushamu	168,459	0.13%	0.16	66	0.4	0.23%	472	860	24	147	852	17.77
Red Dog	9,808	0.14%	0.18	n/a	n/a	0.26%	30	56	0	0	56	24.18
Northwest Expo	35,611	0.09%	0.53	n/a	n/a	0.53%	69	609	0	0	412	44.88
Total Inferred	213,878	0.12%	0.22	52	0.31	0.28%	571	1,525	24	147	1,320	22.58
Total I&I	1,119,800	0.15%	0.24	71	0.40	0.30%	3,678	8,464	173	994	7,650	48.06

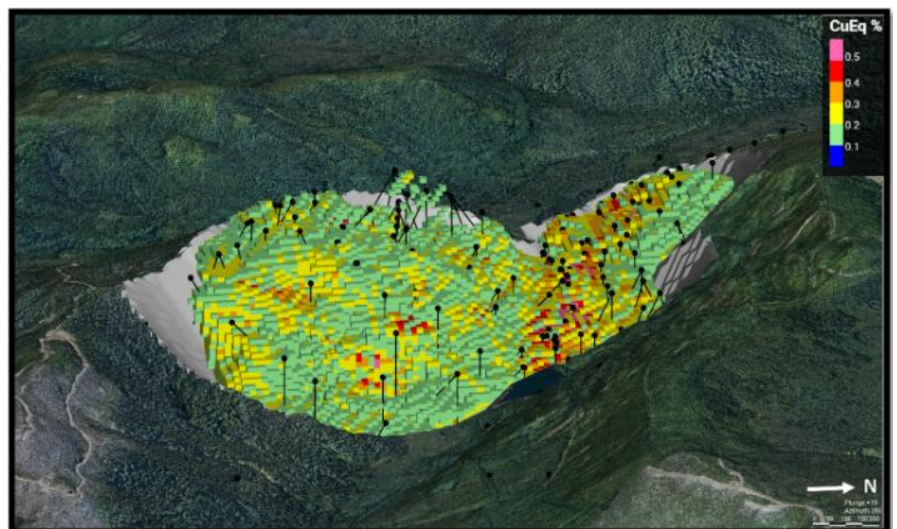
Source: Company Reports

Figure 2: North Island project showing deposit and target locations



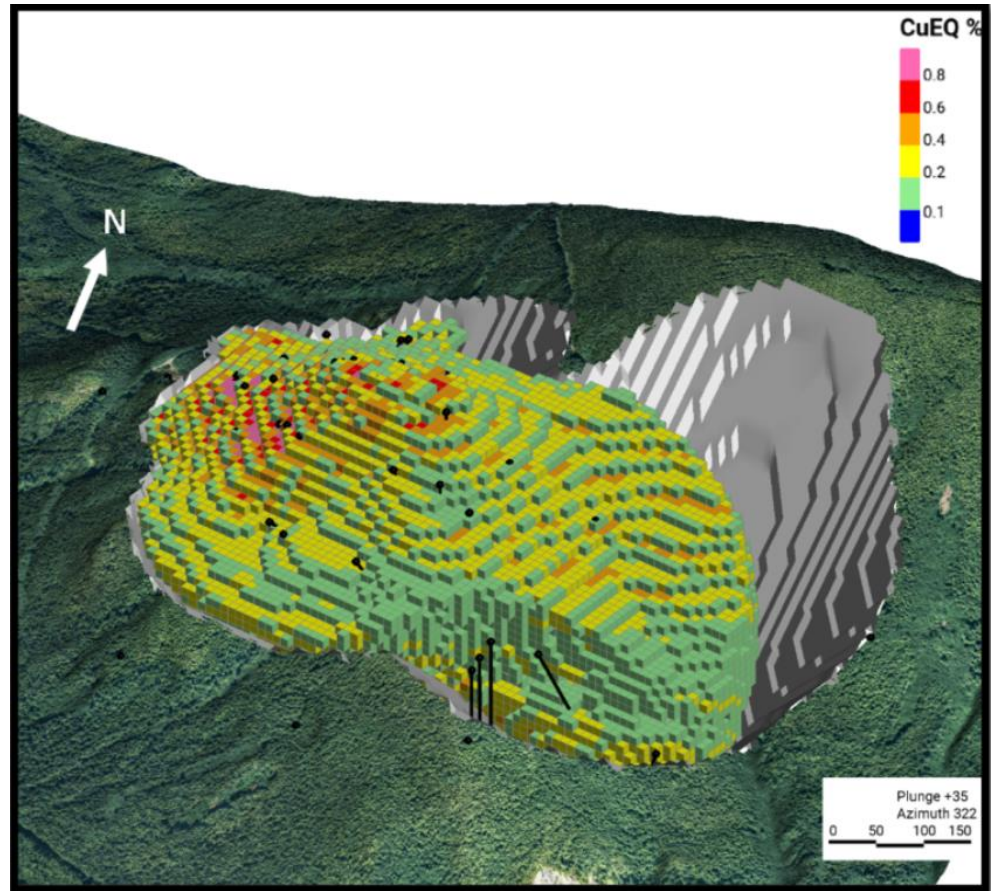
Source: Company Reports

Figure 3: Hushamu resource shell and block model showing grades



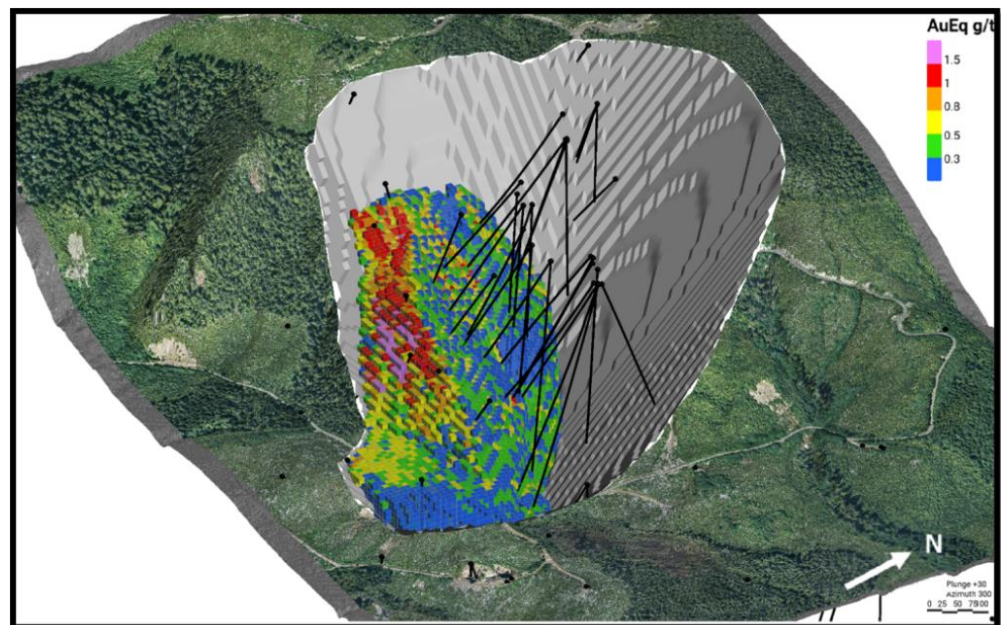
Source: Company Reports

Figure 4: Red Dog resource shell and block model showing grades



Source: Company Reports

Figure 5: Northwest Expo resource shell/block model showing grades



Source: Company Reports

Table 2: Metallurgical recoveries and concentrate grades

	Northwest Expo	Northwest CMG	Northwest SCP	Red Dog	Hushamu CMG	Hushamu SCP
Copper Process Recovery	73.0%	88.0%	89.7%	77.8%	75.4%	
Gold Process Recovery	91.0%	91.0%	85.0%	59.0%	54.0%	
Cu Con Copper Grade	22%	25%	25%	22%	22%	
Cu Con Gold Grade	106	125	21	17	13	
Mo Process Recovery	0%	0%	0%	49%	45%	
Mo Con Mo Grade	0%	0%	0%	50%	50%	

Source: Company Reports

Table 3: Summary of metallurgical recoveries for the integrated North Island project

Deposit Alteration		Hushamu		Northwest Expo		Red Dog
		CMG	SCP	CMG	SCP	All
Flotation Recovery to Bulk Con	Cu %	77.8	75.4	72.7	87.7	89.7
	Mo %	54.6	49.5	-	-	-
	Au %	44.5	31.8	59.3	64.8	52.8
Au department to Clnr Tail	Au %	27.9	49.7	16.7	17.7	17.1
Au department to Ro Tail	Au %	27.6	18.5	24.0	20.3	30.1
Au extraction clnr tail	Au %	52.5	45.4	79.0	60.9	44.5
Au extraction Ro Tail	Au %	-	-	75.8	77.1	79.9
Cu-Mo Separation - Mo Rec	Mo %	90.0	90.0	-	-	-
Net Process Recovery	Cu %	77.8	75.4	72.7	87.7	89.7
	Mo %	49.2	44.6	-	-	-
	Au %	59.2	54.3	90.7	91.2	84.5

Source: Company Reports

Figure 6: 2024 MRE compared to previous MRE for the North Island project. We calculate CuEq using long-term prices from our commodity price deck (US\$2,000/oz Au, US\$4.00/lb Cu, and US\$12.00/lb Mo) and have assumed a price of US\$2,500/lb Re based on the latest spot price.

Prior MRE										RCS Estimates	
	Tonnes (000s)	Grade				Contained Metal				CuEq (%)	CuEq (Mlbs)
		Cu (%)	Au (g/t)	Mo (%)	Re (ppm)	Cu (M lbs)	Au (k oz)	Mo (M lbs)	Re (k lbs)		
Indicated											
Hushamu	472,854	0.22%	0.31	0.004%	0.35	2,084.9	3,496.7	83.4	364.9	0.46%	4,825.2
Red Dog	54,490	0.22%	0.31	0.004%	-	264.3	543.3	4.8	-	0.46%	550.2
Northwest Expo	40,310	0.11%	0.67	-	-	100.2	871.0	-	-	0.60%	531.9
Total Indicated	567,654	0.20%	0.27	0.007%	0.35	2,449.4	4,911.0	88.2	364.9	0.42%	5,289.9
Inferred											
Hushamu	414,293	0.15%	0.18	0.006%	0.29	1,370.0	2,397.6	54.8	264.8	0.30%	2,769.7
Red Dog	2,979	0.17%	0.25	0.002%	-	11.2	23.9	0.1	-	0.36%	23.5
Northwest Expo	30,612	0.09%	0.57	-	-	62.8	558.0	-	-	0.51%	341.2
Total Inferred	447,884	0.15%	0.21	0.006%	0.29	1,444.0	2,979.5	54.9	264.8	0.33%	3,210.3
Total I&I	1,015,538	0.18%	0.24	0.007%	0.32	3,893.4	7,890.5	143.1	629.6	0.38%	8,500.3

2024 MRE										RCS Estimates	
	Tonnes (000s)	Grade				Contained Metal				CuEq (%)	CuEq (Mlbs)
		Cu (%)	Au (g/t)	Mo (%)	Re (ppm)	Cu (M lbs)	Au (k oz)	Mo (M lbs)	Re (k lbs)		
Indicated											
Hushamu	777,749	0.16%	0.21	0.009%	0.49	2,663.0	5,326.0	149.0	847.0	0.35%	5,932.3
Red Dog	83,129	0.18%	0.25	-	-	336.0	679.0	-	-	0.36%	664.0
Northwest Expo	45,044	0.11%	0.64	-	-	108.0	933.0	-	-	0.58%	572.7
Total Indicated	905,922	0.16%	0.24	0.008%	0.42	3,107.0	6,939.0	149.0	847.0	0.36%	7,255.7
Inferred											
Hushamu	168,459	0.13%	0.16	0.007%	0.40	472.0	860.0	24.0	147.0	0.27%	1,010.1
Red Dog	9,808	0.14%	0.18	-	-	30.0	56.0	-	-	0.27%	58.7
Northwest Expo	35,611	0.09%	0.53	-	-	69.0	609.0	-	-	0.48%	374.1
Total Inferred	213,878	0.12%	0.22	0.005%	0.31	571.0	1,525.0	24.0	147.0	0.30%	1,415.9
Total I&I	1,119,800	0.14%	0.23	0.006%	0.37	3,678.0	8,464.0	173.0	994.0	0.34%	8,282.7

% Change											
Indicated	60%	-20%	-11%	7%	20%	27%	41%	69%	132%	-14%	37%
Inferred	-52%	-20%	5%	-13%	7%	-60%	-49%	-56%	-44%	-8%	-56%
Total I&I	10%	-20%	-5%	-1%	15%	-6%	7%	21%	58%	-12%	-3%

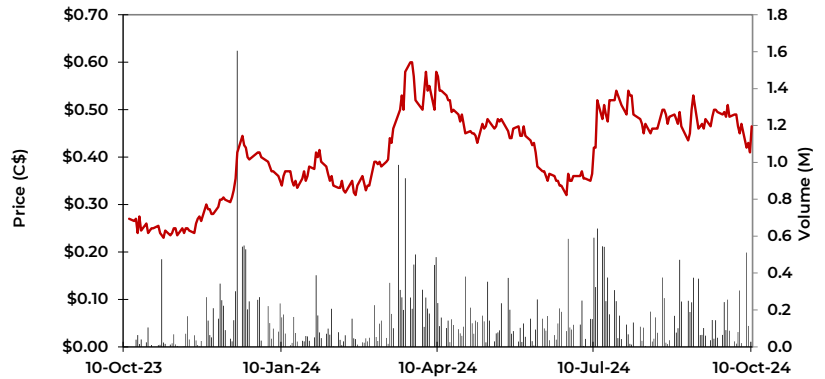
Source: Company Reports, RCS Estimates

Financial and Operating Summary: NorthIsle Copper and Gold Inc.

FINANCIAL AND MARKET DATA

Ticker	TSXV:NCX
Current Price (C\$/sh)	\$0.47
52 Week Low / High (C\$/sh)	\$0.23 / \$0.65
Rating	BUY
Target (C\$/sh)	\$1.40
Return to Target	201%
Shares Outstanding (M)	237.8
Market Capitalization (C\$M)	\$110.6
Cash (C\$M)	\$5.8
Debt (C\$M)	\$0.0
Enterprise Value (C\$M)	\$104.8

STOCK CHART

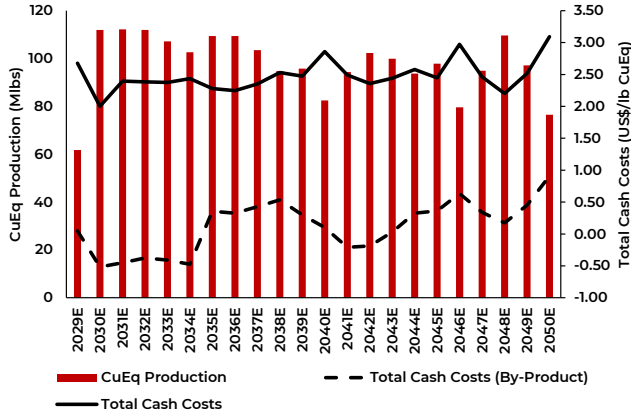


CAPITAL STRUCTURE

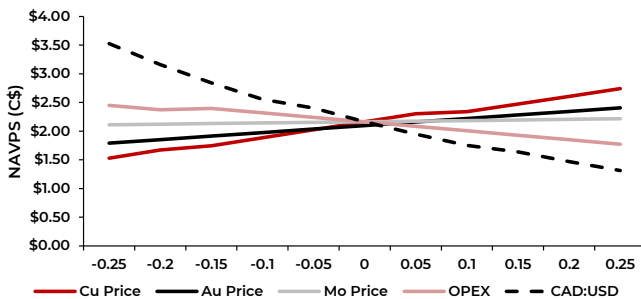
Capital Structure	Shares (M)
Shares Outstanding	237.8
Options	10.8
Warrants	3.0
Fully Diluted Shares	251.6

Ownership	Shares O/S (M)	% O/S
Management	34.4	14.5%
Michael Gentile	19.0	8.0%
Other Shareholders	184.4	77.5%

PRODUCTION PROFILE



NAVPS SENSITIVITY



Priced as of market close on October 10, 2024

Source: RCS Estimates, Company Reports, S&P Capital IQ Pro

TECHNICAL ASSUMPTIONS

	2027E	2028E	2029E	2030E	2031E	2032E
Copper Price (US\$/lb)	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Gold Price (US\$/oz)	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100
Molybdenum Price (US\$/lb)	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
FX Rate (CAD:USD)	0.75	0.75	0.75	0.75	0.75	0.75

GLOBAL RESOURCE

North Island Project

Category	Tonnes (M)	Cu (%)	Au (g/t)	Mo (%)	Re (g/t)	CuEq (%)
Indicated	905.9	0.16%	0.24	0.008%	0.42	0.36%
Inferred	213.9	0.12%	0.22	0.005%	0.31	0.30%
Total	1,119.8	0.15%	0.24	0.007%	0.40	0.35%
RCS Mine Model	760.0	0.16%	0.21	0.008%	0.44	0.32%

NET ASSET VALUE

	Discount Rate	Net Asset Value	
		C\$M	C\$/sh
North Island, Canada (100%)	10%	\$1,191.2	\$1.81
Other assets/liabilities	10%	\$93.1	\$0.14
Corporate Adjustments	10%	\$182.7	\$0.28
Net Asset Value	10%	\$1,467.0	\$2.23

COMPARABLES

Company	Ticker	Price C\$/sh	Mkt Cap C\$M	EV/lb CuEq US\$	Consensus P/NAV
Doré Copper Mining Corp.	TSXV:DCMC	\$0.14	\$24	\$0.025	-
World Copper Ltd.	TSXV:WCU	\$0.10	\$20	\$0.004	0.05x
Faraday Copper Corp.	TSX:FDY	\$0.89	\$191	\$0.012	0.34x
Marimaca Copper Corp.	TSX:MARI	\$4.01	\$408	\$0.209	0.42x
Kutcho Copper Corp.	TSXV:KC	\$0.14	\$21	\$0.008	-
Regulus Resources Inc.	TSXV:REG	\$1.99	\$260	\$0.044	-
Solaris Resources Inc.	TSX:SLS	\$3.23	\$534	\$0.203	0.16x
Copper Fox Metals Inc.	TSXV:CUU	\$0.28	\$158	\$0.020	-
NorthWest Copper Corp.	TSXV:NWST	\$0.16	\$38	\$0.008	-
SolGold Plc	LSE:SOLG	\$0.17	\$515	\$0.014	0.12x
Filo Corp.	TSX:FIL	\$32.57	\$4,502	\$0.400	0.70x
Cordoba Minerals Corp.	TSXV:CDB	\$0.45	\$41	\$0.009	0.23x
Los Andes Copper Ltd.	TSXV:LA	\$8.10	\$239	\$0.009	-
Aldebaran Resources Inc.	TSXV:ALDE	\$1.17	\$203	\$0.006	0.28x
Average				\$0.069	0.29x
NorthIsle Copper and Gold Inc.	TSXV:NCX	\$0.47	\$111	\$0.009	0.21x

Taylor Combaluzier, P.Geo. | VP, Mining Analyst
Daniel Kozielowicz | Research Associate
Shikhar Sarpal | Research Associate
Surya Sankarasubramanian | Research Associate

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Disclosure Statement
 Updated October 11, 2024

Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target	Status	%
2023-09-05	BUY	1.25	BUY	70%
2023-09-12	BUY	1.25	BUY (S)	25%
2023-09-28	BUY	1.25	HOLD	0%
2023-11-29	BUY	1.25	TENDER/ SELL	3%
2024-01-18	BUY	1.25	NA	3%
2024-03-04	BUY	1.25	UNDER REVIEW	0%
2024-03-14	BUY	1.25		
2024-05-24	BUY	1.25		
2024-07-11	BUY	1.25		
2024-08-20	BUY	1.25		
2024-09-04	BUY	1.30		
2024-10-11	BUY	1.40		

Disclosure Requirement

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Company Specific Disclosure Details

Company Name	Ticker Symbol	Disclosures
NorthIsle Copper & Gold Inc.	TSXV:NCX	1,2,3

1. The analyst has visited the head/principal office of the issuer or has viewed its material operations.
2. The issuer paid for or reimbursed the analyst for a portion, or all of the travel expense associated with a visit.
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