

RATING: BUY

(unchanged)

TARGET: C\$0.85

(unchanged)

Integrated Resource Update Paves the Way for 2025 PEA

EVENT: NorthIsle announced an integrated resource update for the Hushamu, Red Dog, and NW Expo deposits at its North Island project near Port Hardy, BC.

IMPACT: Neutral. The resource is a positive step forward from a technical perspective, marking a significant increase in Indicated resources, with most of the increase driven by conversion from Inferred. We continue to model a staged development approach, starting with a smaller-scale operation at Red Dog and NW Expo that is used to fund a larger-scale development at Hushamu. This resource update supports that thesis, with the Red Dog and NW Expo subsets showing 43% and 135% higher NSR values, respectively, than Hushamu.

HIGHLIGHTS:

- ▶ **Significant conversion from Inferred to Indicated:** The resource shows a 60% increase in Indicated tonnage over the previous 2021 estimate, resulting from NorthIsle's drill programs completed through the end of 2023.
- ▶ **Overall growth primarily driven by reduced cut-off grade:** Overall tonnage increased by ~100 Mt and strip ratio decreased at both Red Dog and Hushamu, indicating conversion from waste to lower grade ore. The low strip ratio at North Island is expected to contribute to lower operating costs in the upcoming PEA.
- ▶ **Red Dog sees the most growth:** Tonnage at Red Dog increased 63% to ~93 Mt, while the overall grade dropped by ~26% to 0.34% CuEq. The increase appears to be driven by the extension of the resource pit to the south into lower-grade blocks (see Exhibit 2). We expect the upcoming PEA will use a smaller, higher-grade subset of the resource, similar to what we currently model.
- ▶ **PEA design basis matches our thesis, but costs higher:** The staged approach presented as the basis for the upcoming PEA matches our modelled expectations of a high-grade, gold-focussed starter pit at NW Expo, transitioning to Red Dog, that is then used to fund construction of a larger-scale operation at Hushamu. We note that process and G&A operating costs presented in today's release are higher than our estimates, coming in at C\$17.50/t compared to C\$11.00/t modelled.
- ▶ **Outlook:** Results from several holes drilled at NW Expo and West Goodspeed are pending and expected to be released over the next few months. The results of the upcoming PEA update are expected in early Q1/25.

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Company Statistics

Risk:	SPECULATIVE
52-week High/Low:	C\$0.65 / C\$0.23
Shares Out. (basic):	237.8M
Shares Out. (fd):	251.1M
Market Cap:	C\$103M
Market Float:	205.2M
3-mth Avg Daily Vol:	146K
Return:	107.3%
Cash:	C\$5.8M
Debt:	C\$0.1M

Valuation Summary

Our C\$0.85 target is derived by applying a 0.45x multiple to our Project NAVPS est. comprised of our DCF12% est. for North Island, with corp. adj. carried at par.



Exhibit 1 - North Island Resource Estimate

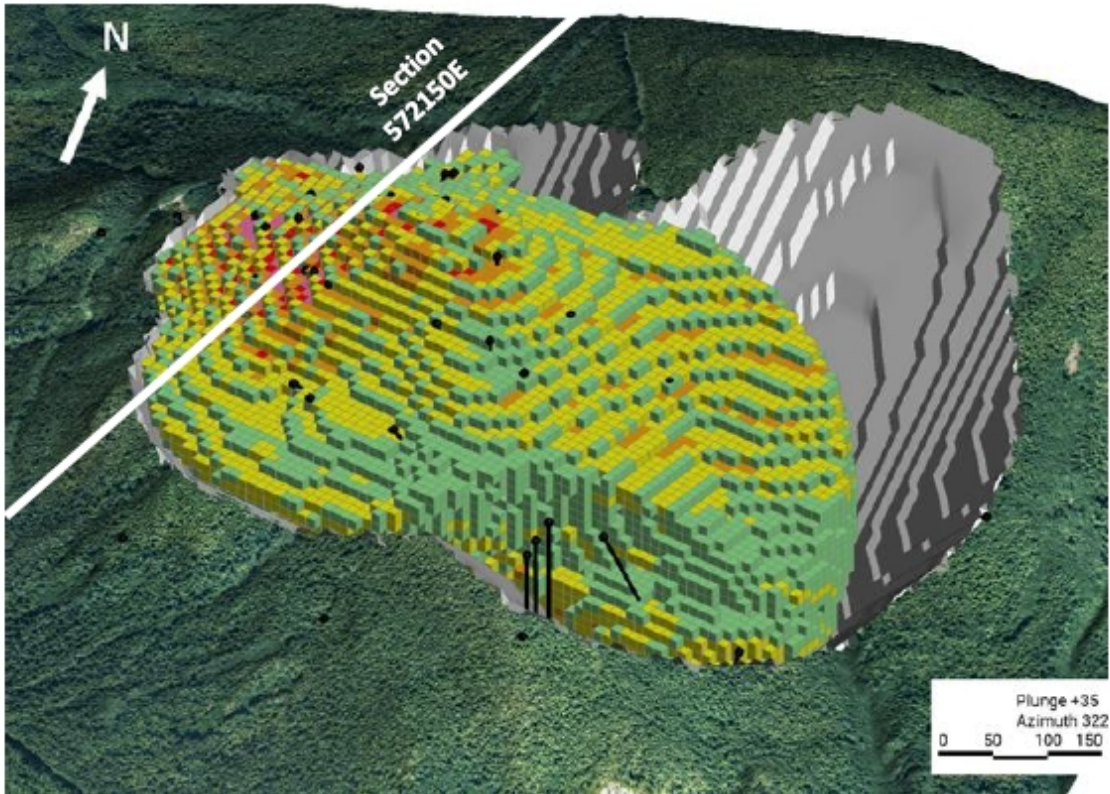
	Tonnes (000 T)	Grade					Contained Metal					NSR (\$/T)
		Cu (%)	Au (g/t)	Mo (ppm)	Re (ppm)	Cu Eq. %	Cu mm lbs	Au 000s oz	Mo mm lbs	Re 000 lbs	Cu Eq. mm lbs	
Indicated												
Hushamu	777,749	0.16%	0.21	87	0.49	0.29%	2,663	5,326	149	847	5,034	23.00
Red Dog	83,129	0.18%	0.25	n/a	n/a	0.35%	336	679	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	0.40	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

Notes to the Resource Table:

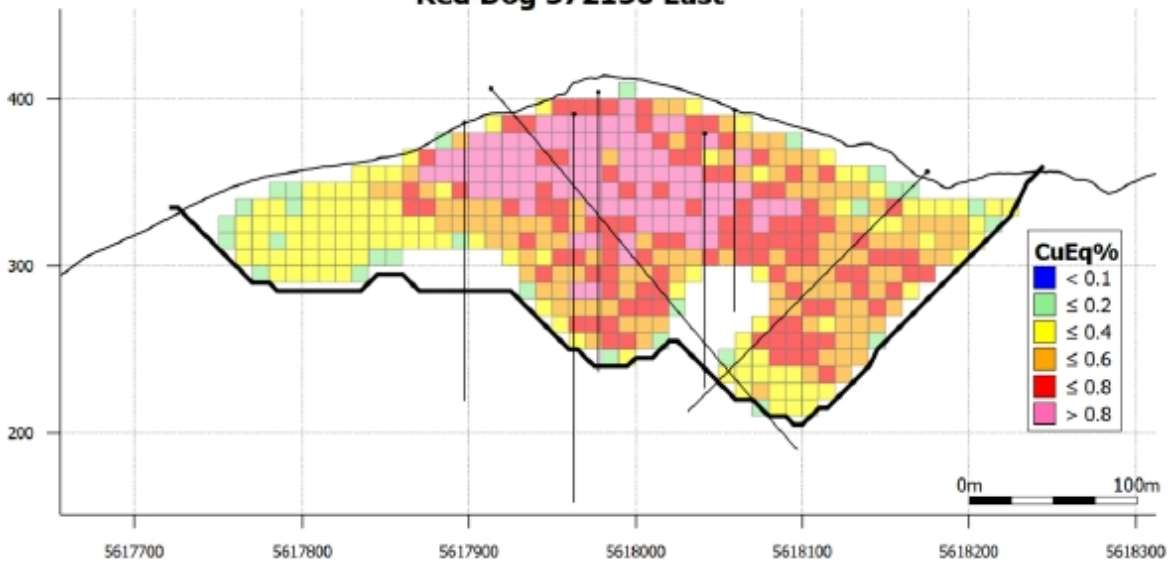
- Resources are reported using the 2014 CIM Definition Standards and were estimated using the 2019 CIM Best Practices Guidelines.
- The effective date of the Resource Estimate is September 23, 2024.
- The Mineral Resources have been confined by open pits with "reasonable prospects of eventual economic extraction" using the 125% pit case and the assumptions outlined in the Design Basis in Table 4 and the metallurgical recoveries in Table 5 below.
- The NSR is calculated as follows:
 - Hushamu chlorite-magnetite-silica altered mineralization ("CMG"):
$$NSR(\$ / t) = (Cu\%) * 77.8\% * \$4.72 * 2204.62 + (Au(gpt) * 59\% * \$70.35/g) + (Mo(\%) * 49\% * \$25.32 * 2204.62) + (Re(\%) * 39.3\% * \$530.29 * 2204.6)$$
 - Hushamu non-CMG (based on silica-clay-pyrite ("SCP") and applied to all other domains):
$$NSR(\$ / t) = (Cu\%) * 75.4\% * \$4.70 * 2204.62 + (Au(gpt) * 54\% * \$70.01/g) + (Mo(\%) * 45\% * \$25.32 * 2204.62) + (Re(\%) * 35.7\% * \$530.29 * 2204.6)$$
 - Northwest Expo CMG: $NSR(\$ / t) = (Cu\%) * 73\% * \$4.89 * 2204.62 + (Au(gpt) * 91\% * \$76.85/g)$
 - Northwest Expo non-CMG: $NSR(\$ / t) = (Cu\%) * 88\% * \$4.91 * 2204.62 + (Au(gpt) * 91\% * \$77.06/g)$
 - Red Dog: $NSR(\$ / t) = (Cu\%) * 89.7\% * \$4.72 * 2204.62 + (Au(gpt) * 85\% * \$74.08/g)$
- Copper Equivalents are calculated as follows, which reflect the differences in recoveries, payables and metal prices between the deposits:
 - Northwest Expo CMG: $Cu Eq. = Cu + Au * 0.888$; Non-CMG: $Cu Eq. = Cu + Au * 0.737$
 - Red Dog: $Cu Eq. = Cu + Au * 0.675$
 - Hushamu CMG: $Cu Eq. = Cu + Au * 0.512 + Mo * 0.00034 + Re * 0.00567$; Non-CMG: $Cu Eq. = Cu + Au * 0.484 + Mo * 0.00032 + Re * 0.00534$
- Gold Equivalent for Northwest Expo is calculated as follows: CMG: $Au Eq. = Au + 1.126 * Cu\%$; Non-CMG: $Au Eq. = Au + 1.358 * Cu\%$
- The specific gravity for each deposit and domain ranges from 2.62-2.86 depending on alteration and is assumed to be 1.5 in overburden
- The combined Resource Estimate incorporates a strip ratio of approximately 0.7:1 waste to above cut-off mineralization
- Amounts may not add due to rounding

Source: Company reports

Exhibit 2 - Red Dog Deposit Block Model and Cross Section



Red Dog 572150 East



Source: Company reports

Disclosure Fact Sheet

Ratings

BUY : recommendation: stock is expected to appreciate from its current price level at least 10-20% in the next 12 months.

NEUTRAL : recommendation: stock is expected to trade in a narrow range from its current price level in the next 12 months.

SELL : recommendation: stock is expected to decline from its current price level at least 10-20% in the next 12 months.

U/R : Under Review

N/R : No Rating

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Price Volatility/Risk

SPECULATIVE : The Company has no established operating revenue, and/or balance sheet or cash flow concerns exist. Typically low public float or lack of liquidity exists. In addition, companies operating with significant commodity pricing exposure will typically be rated SPECULATIVE. Rated for risk tolerant investors only.

ABOVE AVERAGE : Revenue and earnings predictability may not be established. Balance sheet or cash flow concerns may exist. Stock may exhibit low liquidity.

AVERAGE : Average revenue and earnings predictability has been established; no significant cash flow/balance sheet concerns are foreseeable over the next 12 months. Reasonable liquidity exists. Price Volatility/Risk analysis while broad based includes the risks associated with a company's balance sheet, variability of revenue or earnings, industry or sector risks, and liquidity risk.

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Research Disclosures

Company	Disclosure
Northisle Copper and Gold Inc.	4, 9

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Analyst	Company	Type of Review	Operations / Project	Date
Mackay, Connor	Northisle Copper and Gold Inc.	Management Review	All	05/23/24

Recommendations	Number of Recommendations	Percentage
BUY	93	73.81%
NEUTRAL	7	5.56%
SELL	0	0.00%
UNDER REVIEW	23	18.25%
N/R	0	0.00%
TENDER	3	2.38%
RESTRICTED	0	0.00%
TOTAL	126	

Stock Rating and Target Changes

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Northisle Copper and Gold Inc. Rating History as of 10/09/2024



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