



Interim Management Discussion and Analysis¹
For
NORTHISLE COPPER AND GOLD INC.

Containing Information up to and including May 27, 2014

OVERALL PERFORMANCE

Northisle Copper and Gold Inc. ("Northisle" or the "Company") is a mineral exploration company incorporated on August 3, 2011 in the Province of British Columbia, Canada. The Company's principal business activity is the exploration and development of its North Island Project on Vancouver Island. The North Island Project is situated approximately 15-40 kilometres southwest of Port Hardy and contains the Hushamu Deposit and five other partially explored copper-gold porphyry occurrences. Its head office is located at Suite 1800 – 570 Granville Street, Vancouver, B.C. The Company's common shares trade on the TSX Venture Exchange under the symbol NCX.

Highlights

- In May 2014, the Company announced plans to complete a \$700,000 private placement. Proceeds from this private placement will be used for continued exploration of Northisle's North Island Project on Vancouver Island, including the drilling of an untested Induced Polarization anomaly extending for 1.5km northwest from the Company's Hushamu deposit, and for general corporate purposes.

RESULTS OF OPERATIONS

Three months ended March 31, 2014

The Company's Net Loss of \$109,762 for the three months ended March 31, 2014 ("the **Current Period**") was significantly less than the Net Loss for the three months ended March 31, 2013 (the "**Comparative Period**") of \$347,346. The results were largely influenced by management's April 2013 decision to curtail the exploration program at the Company's North Island Project in British Columbia resulting in significantly reduced mineral property expenditures (Current Period - \$22,561; Comparative Period - \$175,302).

2014 OUTLOOK

In May 2014, the Company announced that it intends to raise up to \$700,000 by way of a non-brokered private placement, consisting of the sale of up to 8,000,000 flow-through shares at a price of \$0.05 per share, and the sale of up to 6,000,000 units at a price of \$0.05 per unit, each unit to consist of one common share and one share purchase warrant, with each warrant to entitle the holder to purchase one additional common share at a price of \$0.07 for a period of two years from closing.

The proceeds from this private placement will be used for continued exploration of Northisle's North Island Project on Vancouver Island, including the drilling of an untested Induced Polarization anomaly extending for 1.5km

¹ Note to Reader

This Interim Management Discussion and Analysis ("Interim MD&A") should be read in conjunction with the Company's interim financial statements for the three months ended March 31, 2014.

Forward-Looking Information

When used in this document, words like "anticipate", "believe", "estimate" and "expect" and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management's future plans, objects and goals for the Company, and therefore, involve inherent risks and uncertainties. The reader is cautioned that actual results, performance or achievements may be materially different from those implied or expressed in such statements.

Currency - Unless otherwise stated, all currency amounts are stated in Canadian dollars.

northwest from the Company's Hushamu deposit, and for general corporate purposes. Closing is expected to occur by June 16, 2014.

Quality Control

Technical information in this Interim MD&A has been prepared under the direction of John McClintock, P.Eng., President and CEO the Company and a Qualified Person as defined by National Instrument (NI) 43-101.

RISKS AND UNCERTAINTIES

The risks and uncertainties faced by the Company are substantially unchanged from those disclosed in the Company's Annual MD&A dated April 29, 2014.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements about the Company's future prospects, and the Company provides no assurance that actual results will meet management's expectations. All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur in the future, are forward looking statements. Forward looking statements are not guarantees of future performance and actual results may differ materially. Forward-looking statements included or incorporated by reference in this document include, without limitation, statements with respect to:

- The Company's assumptions and estimates used in its drill results, as well as the potential resource estimates and interpretations from those results;
- The progress, potential and uncertainties of the Company's drill programs;
- Expectations regarding the ability to raise capital and to continue its exploration and development plans on its properties; and

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to:

- fluctuations in the currency markets;
- fluctuations in the prices of minerals and other commodities;
- changes in government legislation, taxation, controls, regulations and political or economic developments in Canada or other countries in which the Company may carry on business in the future;
- risks associated with exploration activities;
- the speculative nature of exploration, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves;
- the nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits;
- the Company's lack of operating revenues; and
- the Company's ability to obtain necessary financing to fund the development of its mineral properties or the completion of further exploration programs.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Readers are cautioned that forward-looking statements are not guarantees of future performance.

SUMMARY OF QUARTERLY RESULTS²

The following table sets out selected unaudited quarterly financial information of Northisle and is derived from unaudited quarterly financial statements prepared by management. Northisle's interim financial statements are prepared in accordance with IFRS.

Quarter ended	Revenue	Net Loss	Basic and diluted Loss per share
March 31, 2014	\$ Nil	\$ 109,762	\$ 0.002
December 31, 2013	Nil	159,744	0.003
September 30, 2013	Nil	102,701	0.002
June 30, 2013	Nil	125,582	0.003
March 31, 2013	Nil	347,376	0.005
December 31, 2012	Nil	5,016,327	0.088
September 30, 2012	Nil	407,213	0.008
June 30, 2012	Nil	1,309,519	0.026

Quarterly results will vary in accordance with the Company's exploration and financing activities.

Mineral exploration is typically a seasonal business, and accordingly, the Company's administrative expenses and cash requirements will fluctuate depending upon the season. The Company's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level normally declines accordingly. As capital markets strengthen and the Company is able to secure equity financing with favourable terms, the Company's activity levels and the size and scope of planned exploration projects will also increase.

Another factor that affects the Company's reported quarterly results are write-downs of capitalized mineral property interests. At the end of each reporting period, the Company reviews the carrying amounts of its mineral property costs to determine whether those assets have suffered an impairment. The size and timing of these impairments cannot typically be predicted. For the three months ended December 31, 2012, the Company recorded a property impairment loss of \$4,553,117 on its North Island Project which reduced the carrying value to \$10,000,000.

LIQUIDITY

The Company's had a working capital deficit of \$257,441 on March 31, 2014. Not included in this working capital amount is approximately \$180,000 in mining tax credits due from the provincial government for mineral expenditures made in British Columbia in 2012.

The Company will be required to raise additional funds to manage the administrative affairs of a public company and undertake all of its future exploration and development activities. Management must also decide how to proceed with advancing the North Island Project while protecting the limited resources it has available to them. Current capital markets may not permit the Company to raise funds on favourable terms in the short term so management must continue to consider the alternatives if it wishes to proceed with exploration at this time.

CAPITAL RESOURCES

The Company has no operations that generate cash flow and its long term financial success is dependent on management's ability to discover and develop economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's exploration and development programs and to cover administrative and overhead expenses, the Company raises money through equity sales and from the exercise of convertible securities. Although

² Change in accounting policy

In 2012, the Company voluntarily changed its accounting policy for mineral property exploration expenditures to recognize these expenditures in net loss in the period incurred, as permitted under IFRS 6 *Exploration for and evaluation of mineral resources*. Previously, these expenditures were capitalized as part of the Company's mineral property interests.

This accounting policy change has been applied retrospectively and resulted in an increase in the previously reported net loss and comprehensive loss for the Comparative Period.

the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the company's track record and the experience and caliber of its management.

TRANSACTIONS WITH RELATED PARTIES

Some of Northisle's administrative and geological operations were carried out indirectly through Ravenwolf Management Inc., a private company in which Northisle had a 33.3% interest. This arrangement was terminated on April 1, 2013. Ravenwolf provided the following services for the Current Period.

	2014	2013
Mineral property services	\$ -	\$ 47,526
Office	-	13,208
Rent	-	21,546
Salaries	-	92,006
Total	\$ -	\$ 174,286

These transactions were measured at the exchange amounts agreed to by the parties. Remuneration for key management personnel for the Current Period was:

	2013	2012
Salaries - President	20,000	40,000
Share based compensation - President	3,960	-
Salaries - Chief Financial Officer	16,250	32,500
Share based compensation - Chief Financial Officer	3,218	-
Total	\$ 43,428	\$ 72,500

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

At March 31, 2014, the Company owed \$159,549 (December 31, 2013 - \$123,299) to officers and directors of the Company for unpaid wages and director fees. Amounts due are non-interest bearing with no specific terms of repayment.

In March 2014 the Company borrowed \$40,000 from certain directors at a rate of 12% per annum, payable semi-annually. The loan is secured by the Company's refundable mineral exploration tax credit claim. The Company also issued 160,000 bonus shares as additional consideration to the lenders.

FINANCIAL AND OTHER INSTRUMENTS

At present, the Company's most significant financial instruments are cash, accounts receivable, and accounts payable. The recorded amounts of these financial instruments approximate their fair value.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning Northisle's general and administrative expenses are provided in the Company's Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2014 and 2013 that is available on Northisle's website at www.northisle.ca or on its SEDAR Page Site accessed through www.sedar.com.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares without nominal or par value. As at May 27, 2014 there were 57,240,200 common shares issued and outstanding.

Stock Options

As at May 27, 2014 the following stock options are outstanding:

Share purchase options outstanding, by exercise price range	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)	Number Exercisable (Vested)
\$0.04 - \$0.22	765,834	\$ 0.13	1.00	765,834
\$0.30	1,290,000	0.30	2.73	1,265,000
\$0.17	370,000	0.15	3.50	246,666
\$0.10	200,000	0.10	4.10	132,000
\$0.05	1,375,000	0.05	4.70	453,750
	4,000,834	\$ 0.16	2.65	2,863,250

Share Purchase Warrants

As at May 27, 2014 the following warrants are outstanding:

	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)
Share purchase warrants	2,415,750	\$ 0.25	0.30

Dividends, Off Balance Sheet Arrangements or Proposed Transactions

As at May 27, 2014 the Company has no off balance sheet arrangements or proposed transactions which require disclosure. The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future.

APPROVAL

The Board of Directors of Northisle has approved the disclosure contained in this Interim MD&A.

ADDITIONAL INFORMATION

Additional information is available for viewing at the Company's website www.northisle.ca or on the sedar website www.sedar.com.