



**Annual Management Discussion and Analysis<sup>1</sup>**  
**For**  
**NORTHISLE COPPER AND GOLD INC.**

**Containing Information up to and including April 28, 2015**

**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 between 15 and 40 kilometres southwest of Port Hardy and contains the Hushamu Deposit and five other partially explored copper-gold porphyry occurrences. The Company’s 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.

**Summary:**

- In February 2015 the company acquired an option to earn a 100% interest in the Red Dog Property. The Red Dog property hosts a historical resource on a 400 hectare property entirely enclosed within the area of Northisle’s existing North Island Copper-Gold Project.
- A drill program consisting of five holes totalling approximately 1,800 metres was completed at the Company’s North Island Copper-Gold Project.
- In June 2014, the Company closed a non-brokered private placement for total proceeds of \$786,000.

**SELECTED ANNUAL INFORMATION<sup>2</sup>**

The following table summarizes selected financial data for Northisle for years ended December 31, 2014, 2013 and 2012. This information should be read in conjunction with the consolidated audited financial statements, prepared in accordance with IFRS, and related notes.

	<b>2013</b>	<b>2013</b>	<b>2012</b>
Total revenue	\$ Nil	\$ Nil	\$ Nil
Net loss and comprehensive loss	675,419	735,403	8,196,760
Basic and diluted loss per share	0.01	0.01	0.157
Total assets	10,208,435	10,088,488	10,843,509
Total long-term liabilities	Nil	Nil	Nil
Cash dividends per share	Nil	Nil	Nil

**<sup>1</sup> Note to Reader**

This Annual Management Discussion and Analysis (“Annual MD&A”) should be read in conjunction with the Company’s audited financial statements for the year ended December 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.

**<sup>2</sup>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.

Number of shares issued and outstanding	72,960,200	57,080,200	57,137,983
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Net loss is expected to fluctuate from year-to-year primarily due to the activity level of the Company's exploration projects, the strength of equity markets and the Company's ability to finance on favourable terms.

## RESULTS OF OPERATIONS

### Year Ended December 31, 2014

The Company's net loss of \$675,419 for the year ended December 31, 2014 ("the **Current Period**") was slightly less than the net loss for the year ended December 31, 2013 (the "**Comparative Period**") of \$735,403. The results were influenced by management's August 2014 decision to initiate a drill program at the Company's North Island Project in British Columbia resulting in increased mineral property expenditures (Current Period - \$599,388 before offsetting tax credits; Comparative Period - \$259,858). Increased mineral property expenditures were offset by decreases in wages (Current Period - \$120,716; Comparative Period - \$224,340), office expenditures (Current Period - \$34,706; Comparative Period - \$67,535) and investor relations (Current Period - \$26,670; Comparative Period - \$48,122). Also influencing the results in the Current Period was the receipt of \$206,019 in provincial mineral and exploration tax credits for exploration carried out in 2013 and 2012.

### Three Months Ended December 31, 2014

The Company's net loss for the three months ended December 31, 2014 ("the **Current Quarter**") of \$118,216 was slightly less than the net loss for the three months ended December 31, 2013 (the "**Comparative Quarter**") of \$159,744. As previously discussed in this Annual MD&A, the results were influenced by management's August 2014 decision to initiate a drill program at the Company's North Island Project in British Columbia resulting in increased mineral property expenditures (Current Quarter - \$64,034 before offsetting tax credits; Comparative Period - \$31,824) offset by decreases in office and public company administrative expenses.

## 2015 OUTLOOK

Current weaknesses in the mineral exploration sector and decreased market valuations of mineral properties have forced the Company to slow down the development of the North Island Project until financial markets improve and additional funding can be obtained. Management must 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 alternatives if it wishes to proceed with exploration at this time.

## PROJECT SUMMARY

The North Island Project is an advanced exploration project containing the Hushamu and Red Dog Deposits and five other partially explored mineral occurrences of porphyry and related deposit types containing copper-gold-molybdenum-rhenium situated along the "Northern Island Copper Belt" on Vancouver Island, British Columbia. This Project is situated about 29 km from the reclaimed BHP Island Copper Mine.

### NI 43-101 Mineral Resource

In July 2012 the Company announced the initial **NI-43-101 Resource Estimate** on its Hushamu copper - gold - molybdenum (Cu-Au-Mo) porphyry deposit.

The Indicated Mineral Resource contains **1.4 Billion lbs copper, 2.8 million ozs gold, 65.7 million lbs molybdenum, or 3.0 billion lbs Copper Equivalence (Cu Eq)** in the Base Case scenario at a 0.30% Cu Eq cutoff grade. The Indicated Mineral Resource also contains 167,350 kgs of rhenium. Although the rhenium grades are encouraging, they have not been used in the Cu Eq calculations but could add to the overall economics.

In addition to the Indicated Mineral Resource, an Inferred Mineral Resource containing 205 million tonnes averaging 0.39% Cu-Eq has been identified. The Inferred Mineral Resource contains 0.8 billion lbs copper, 1.7 million ozs gold, 34.9 Million lbs molybdenum, or 1.8 billion lbs Cu-Eq in the Base Case Scenario at a 0.30% Cu Eq cutoff grade. The Inferred Mineral Resource also contains 78,135 kgs of rhenium.

The resource estimate is based on 136 drill holes totalling 31,580 metres including 18 holes recently completed by Northisle, five verification holes drilled within the current resource in 2005 and 2008 by Lumina Resource Corp and IMA Exploration Inc., and 113 holes drilled in the period 1970 through 1994 by Utah International Ltd., BHP-Utah Mines Ltd., and Moraga Resources Ltd. Over the past year the Company has re-logged the historical holes and re-assayed approximately 80% of the historical core for Re and where historical assays were missing for Mo and Au. Additionally, 10 historical holes were resampled and assayed for all metals of interest. The results of the re analysis were statistically similar to the original analyses. The re-logging, geological interpretation and re-assaying of the historical holes and the recent Northisle drilling has been independently reviewed by Scott Casselman P.Geo. The resource estimate was completed by Gary Giroux of Giroux Consultants Ltd. A full technical report co-authored by Scott Casselman and Gary Giroux is available on SEDAR. The following table shows the tonnages and grades for the Hushamu Deposit at a range of Copper Equivalent cutoff grades (COG%).

*Hushamu Indicated Mineral Resource – Tonnes and Grade*

Cut-off (CUEQ)	Tonnes (x1000)	Grade > Cut-off					Contained Metal			
		Cu (%)	Au (g/t)	Mo (%)	Re (ppm)	CuEq (%)	Cu contained Blbs	Au contained Mozs	Mo contained MLbs	Re contained (Kg x 1000)
0.10	568,820	0.16	0.21	0.009	0.50	0.34	2.0	3.8	106.6	284
0.15	520,380	0.16	0.22	0.009	0.52	0.36	1.8	3.7	102.1	270.6
0.20	460,400	0.18	0.24	0.009	0.54	0.38	1.8	3.6	93.4	248.6
0.25	385,430	0.19	0.26	0.010	0.55	0.41	1.6	3.2	81.6	212.0
<b>0.30</b>	<b>304,270</b>	<b>0.21</b>	<b>0.29</b>	<b>0.010</b>	<b>0.55</b>	<b>0.45</b>	<b>1.4</b>	<b>2.8</b>	<b>65.7</b>	<b>167.4</b>
0.35	229,080	0.23	0.32	0.010	0.56	0.49	1.2	2.4	50.0	128.3
0.40	168,110	0.25	0.35	0.010	0.56	0.53	0.9	1.9	36.7	94.1
0.45	120,450	0.28	0.38	0.010	0.55	0.57	0.7	1.5	26	66.3
0.50	85,060	0.30	0.41	0.010	0.55	0.62	0.6	1.1	18	46.8

\*\* Copper equivalent calculated using US\$2.50/lb Cu, US\$1100/oz Au and US\$14.00/lb Mo and is not adjusted for mining and metallurgical recoveries as these remain uncertain. The formula used is as follows:  $CuEq = \frac{(Cu\% \times 22.0462 \times 2.50) + (Au \text{ g/t} \times 1100.00 / 31.1035) + (Mo\% \times 22.0462 \times 14.00)}{(22.0462 \times 2.5)}$

Rhenium values have not been used in the cutoff grade or Cu Equivalent calculations

*Hushamu Inferred Mineral Resource – Tonnes and Grade*

Cut-off (CUEQ)	Tonnes (x1000)	Grade > Cut-off					Contained Metal			
		Cu (%)	Au (g/t)	Mo (%)	Re (ppm)	CuEq (%)	Cu Contained (Blbs)	Au Contained (Mozs)	Mo Contained (MLbs)	Re Contained (Kgx1000)
0.10	1,036,400	0.11	0.13	0.005	0.27	0.22	2.5	4.3	118.8	279.8
0.15	725,750	0.13	0.16	0.006	0.32	0.26	2.1	3.7	97.6	232.2
0.20	494,740	0.14	0.19	0.007	0.36	0.30	1.5	3.0	74.2	178.1
0.25	320,860	0.16	0.22	0.007	0.37	0.35	1.1	2.3	51.6	118.7
<b>0.30</b>	<b>205,620</b>	<b>0.18</b>	<b>0.26</b>	<b>0.008</b>	<b>0.38</b>	<b>0.39</b>	<b>0.8</b>	<b>1.7</b>	<b>34.9</b>	<b>78.1</b>
0.35	126,770	0.20	0.29	0.008	0.38	0.43	0.6	1.2	22.4	48.2
0.40	69,640	0.21	0.33	0.008	0.38	0.47	0.3	0.7	12.6	26.5
0.45	34,720	0.23	0.37	0.008	0.37	0.52	0.2	0.4	6.2	12.8
0.50	16,040	0.26	0.42	0.008	0.38	0.57	0.1	0.2	2.8	6.1

\*\* Copper equivalent calculated using US\$2.50/lb Cu, US\$1100/oz Au and US\$14.00/lb Mo and is not adjusted for mining and metallurgical recoveries as these remain uncertain. The formula used is as follows:  $CuEq = \frac{(Cu\% \times 22.0462 \times 2.50) + (Au \text{ g/t} \times 1100.00 / 31.1035) + (Mo\% \times 22.0462 \times 14.00)}{(22.0462 \times 2.5)}$

Rhenium values have not been used in the cutoff grade or Cu Equivalent calculations

The Company is very pleased with the initial resource estimate for the Hushamu Deposit. The grades and size of the resource compare favourably with other deposits in British Columbia that have recently been placed into production or are under construction. Also encouraging is that the deposit remains open for expansion both to the northwest based on recent Induced polarization survey results and to the southeast based on recent drilling. The next step is completing the necessary engineering studies required for a Preliminary Economic Assessment.

#### 2014 Drill Program

A drill program consisting of five holes totalling approximately 1,800 metres has been completed at the Company's North Island Copper-Gold Project. The program included the drilling of an untested Induced Polarization ("IP") anomaly extending for 1.5km from the deposit to the northwest.

TABLE OF RESULTS

Hole No.	Location	From	To	Length	Cu %	Au gpt	Mo %	Re gpt
H14-05	Hushamu	24.4m	160m (EOH)	135.6m	0.39	0.415	0.009	na
H14-04	NW Extension	No significant results, hole drilled on south side of IP anomaly						
H14-03	NW Extension	107.3	204	96.7	0.13	0.02	0.002	0.134
H14-02	NW Extension	No significant results, hole intersected mainly late mineralization intrusive rocks						
H14-01	NW Extension	43	103	63.0	0.12	0.01	0.002	0.12

- All holes were angle holes drilled to the south west. The inclination of holes H14-01 through H14-04 was -50 degrees. Hole H14-05 was drilled at -60 degrees
- Reported lengths are core length and true thickness is not known.

Drill hole H14-05 tested a gap in the grid of drill holes defining the Hushamu deposit. It was expected to cut mineralization close to the average grade of the deposit based on the surrounding drill holes. The results in H14-05 are higher than expected and extend over the entire length of the hole. These results justify additional infill drilling.

Drill Holes H14-01 to H14-03 tested a 900 m length of the northern flank of an Induced Polarization Survey (IP Survey) extending for 1500 metres northwest of the previously supposed edge of the deposit. Drill hole H14-01 and H14 -03 show that significant mineralization extends for at least 700 metres to the northwest beyond the currently defined limits of the Hushamu deposit. Both holes, which are 300 metres apart, encountered numerous fault zones including ones that terminate the copper mineralization at depth. Drill hole H14-02 drilled approximately 200 metres northwest of H14-01 and 900 metres northwest of the current limit of the Hushamu Deposit intersected late mineralization intrusive rocks. The IP chargeability anomaly extends for a further 600 metres beyond H14 -02 and remains untested.

Drill hole H14-04 tested the south flank of the IP chargeability anomaly and intersected pyritic rocks.

The positive results of the initial testing of the NW IP anomaly shows the presence of copper, molybdenum and rhenium mineralization associated with a similar alteration type to that on the northern side of the Hushamu Deposit well away from the currently know deposit and it adds credence that the northern portion of the deposit may have been displaced by faulting to the northwest. It will require additional drill holes to determine the extent of the mineralization cut by this year's drill holes.

Analysis of core samples was carried out at ALS Group's North Vancouver facility. Gold analysis was by fire assay methods with atomic absorption finish. Analysis for copper, molybdenum and rhenium was by aqua regia digestion with ICP finish. QA / QC included insertion of standards and blanks in to the sample stream and duplicate samples on quartered core.

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## Red Dog Acquisition

In February 2015 the company acquired an option to earn a 100% interest in the Red Dog Property, a 400 hectare property entirely enclosed within Northisle's existing North Island Copper-Gold Project and located approximately 8.5km North West of Northisle's Hushamu deposit.

### *Historical Resource*

The Red Dog Property hosts a historical mineral resource of 20 million tonnes grading 0.30% copper, 0.55gpt gold and 0.012% molybdenum. The reader is cautioned that a qualified person has not done sufficient work to classify the historical estimate as current resources and Northisle is not treating the historical estimate as current mineral resources. The historical resource is based on approximately 9,500 metres of diamond drilling. Verification of the historical estimate will require additional drilling including twinning a number of the historical drill holes.

The Red Dog mineralization remains open on to ground held by Northisle. In 2012, an Induced Polarization survey (IP) identified an area of greater than 15mv/v chargeability anomaly (greater than 3 times background) extending for 1km west of the Red Dog claims. This IP anomaly has not been tested by drilling.

A second area of known mineralization, referred to as the Slide Zone, is present on the Red Dog property. Past drilling of the zone encountered encouraging copper and gold values ranging from 0.40% copper over 10m to 0.26% copper over 75m within an area 600m by 150m.

### *Terms of the Acquisition*

Northisle can earn a 100% interest in the property by:

- 1) Issuing 200,000 shares upon signing of the option (issued on February 11, 2015).
- 2) Making payments of \$60,000 in the following amounts and by the times described:
  - a) \$15,000 on or before January 31, 2016
  - b) \$20,000 on or before January 31, 2017
  - c) \$25,000 on or before January 31, 2018;
- 3) Expending \$375,000 on the property in the following amounts and by the times described:
  - a) Sufficient amount on assessment work to maintain the property until May 22, 2016 on or before May 15, 2015;
  - b) \$25,000 on or before January 31, 2016
  - c) \$100,000 on or before January 31, 2017
  - d) \$250,000 on or before January 31, 2018
- 4) Granting a net smelter return royalty in the amount of 3% on the Property of which 2% can be purchased at any time, in 1% increments, for US\$2.0 million.

Management is very pleased with the acquisition of the Red Dog. If the historical resource is verified, it could significantly improve the economics of the Hushamu Resource by potentially adding up to two years of mineralization at nearly 50% higher grade during the initial start-up period.

## **Quality Control**

Information in this Annual MD&A is being 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 Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to

obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Some of the Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

At times, the Company is required to rely on air transport for the supply of goods, personnel and services. Air transport is very susceptible to disruptions due to adverse weather conditions, resulting in unavoidable delays in planned programs and/or cost overruns.

The mineral industry is intensely competitive in all its phases. Northisle competes with many other mineral exploration companies who have greater financial resources and technical capacity.

It is difficult at this stage to quantify the effect of increased demand for the goods and services used in the Company's exploration programs, but cost increases during the upcoming field season could be higher than the rate of inflation prevailing in other sectors of the economy. Exploration companies can also expect to experience difficulty in scheduling drilling contracts, airborne geophysical surveys and other services that are key components of early stage exploration programs.

Mineral exploration is a speculative venture. There is no certainty that the money spent on exploration and development will result in the discovery of an economic ore body. There is no assurance that the Company's exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be related to the success of its exploration programs, which may be affected by a number of factors that are beyond the control of the Company.

The market price of precious metals and other minerals is volatile and cannot be controlled.

The purchase of securities of the Company involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of the Company should not constitute a major portion of an investor's portfolio.

In recent years securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on the TSX Venture Exchange may be affected by such volatility.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Although the Company has exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests. Its claims, permits or tenures may be subject to prior unregistered agreements or transfers or native land claims. Title to the claims, permits or tenures comprising the Company's properties may also be affected by undetected defects. If a title defect exists, it is possible that the Company may lose all or part of its interest in the property to which such defect relates.

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent.

The Company's directors and officers serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (British Columbia) dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his interest and refrain from voting on the matter unless otherwise permitted by the Business Corporations Act (British Columbia). The directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

## **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 mining 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 RESULTS

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
December 31, 2014	\$ Nil	118,216	\$ 0.002
September 30, 2014	Nil	329,284	0.005
June 30, 2014	Nil	118,157	0.002
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

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.

## LIQUIDITY

The Company had a working capital deficiency of \$57,849 on December 31, 2014.

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 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 favourable. 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 calibre of its management.

## TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2013, some of the Company's administrative and geological operations were carried out indirectly through Ravenwolf Management Inc, a private company in which the Company has a 33.3% interest. This arrangement was terminated on April 1, 2013. At December 31, 2014, the Company owed Ravenwolf \$890 (2013 - \$890). Ravenwolf provided the following services for the period ended December 31, 2014 and 2013:



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

These transactions were measured at the exchange amounts agreed to by the parties.

Remuneration for directors and key management personnel was:	2014	2013
Salaries and management fees - President	73,031	109,449
Salaries and management fees – Chief Financial Officer	51,200	86,350
Share-based compensation	53,748	44,737
<b>Total</b>	<b>177,979</b>	<b>\$ 240,536</b>

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

At December 31, 2014, the Company owed \$117,094 (December 31, 2012 - \$123,299) to officers and directors of the Company for unpaid salaries, management fees 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 was secured by the Company's refundable mineral exploration tax credit claim. The Company also issued 160,000 bonus shares with a fair value of \$8,000 as additional consideration to the lenders. This principal, plus interest of \$1,407, was repaid in June 2014.

## FINANCIAL AND OTHER INSTRUMENTS

At present, the Company's most significant financial instruments are cash, accounts receivable, and accounts payable. The recorded amount of these financial instruments approximate their fair value. The Company does not consider its financial instruments exposed to significant liquidity, credit, or price risks.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning Northisle's general and administrative expenses are provided in the Company's Consolidated Financial Statements for the years ended December 31, 2014 and 2013 that is available on Northisle's website at [www.northisle.ca](http://www.northisle.ca) or on its SEDAR Page Site accessed through [www.sedar.com](http://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 April 28, 2015, there were 72,960,200 common shares issued and outstanding.

### Share Purchase Options

As at April 28, 2015, the following share purchase 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	\$ 0.14	0.41	765,834
\$0.30	1,290,000	0.30	2.14	1,290,000
\$0.17	370,000	0.17	2.92	370,000
\$0.10	200,000	0.10	3.49	133,333
\$0.05	1,375,000	0.05	4.12	458,333
	<b>4,000,834</b>	<b>\$ 0.17</b>	<b>2.70</b>	<b>3,017,500</b>

### Share Purchase Warrants

As at April 28, 2015, the following warrants are outstanding:

<u>Expiry Date</u>	<u>Number Outstanding</u>	<u>Exercise Price</u>
June 27, 2016	10,860,000	\$ 0.07

### **Dividends, Off Balance Sheet Arrangements or Proposed Transactions**

As of April 28, 2015, 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 Annual MD&A. A copy of this Annual MD&A will be provided to anyone who requests it.

### **ADDITIONAL INFORMATION**

Additional information is available for viewing at the Company's website [www.northisle.ca](http://www.northisle.ca) or on the sedar website [www.sedar.com](http://www.sedar.com).