



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

**Containing Information up to and including May 26, 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 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 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.
- In April 2015, the Company closed a non-brokered private placement for total proceeds of \$114,000.

**RESULTS OF OPERATIONS**

**Three months ended March 31, 2015**

The Company’s Net Loss of \$88,164 for the three months ended March 31, 2015 (“the **Current Period**”) was slightly less than the Net Loss for the three months ended March 31, 2015 (the “**Comparative Period**”) of \$109,762. The results were largely influenced by the weak financial markets for mineral exploration companies and management’s decision to minimize the exploration program at the Company’s North Island Project until additional capital can be secured.

**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.

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**<sup>1</sup> 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, 2015.

**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.

## 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	Tonnes	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)
(CUEQ)	(x1000)									
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:  $CuEq = \frac{(Cu\% \times 22.0462 \times 2.50)}{(22.0462 \times 2.5)} + \frac{(Au \text{ g/t} \times 1100.00 / 31.1035)}{(22.0462 \times 2.5)} + \frac{(Mo\% \times 22.0462 \times 14.00)}{(22.0462 \times 2.5)}$

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

### *Hushamu Inferred Mineral Resource – Tonnes and Grade*

Cut-off	Tonnes	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.

#### 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**

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 28, 2015.

### **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 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
March 31, 2015	\$ Nil	\$ 88,164	\$ 0.001
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

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, as did happen in the three months ended September 30, 2014, the Company's activity levels will 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's had a working capital deficit of \$124,124 on March 31, 2015. Subsequent to March 31, 2015 the Company closed a non-brokered private placement for total proceeds of \$114,000.

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 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

Remuneration for key management personnel for the Current and Comparative Period was:

	2015	2014
Consulting Fees - President	\$ 15,000	20,000
Share based compensation - President	4,356	3,960
Consulting Fees – Chief Financial Officer	9,000	16,250
Share based compensation – Chief Financial Officer	3,539	3,218
<b>Total</b>	<b>\$ 31,895</b>	<b>\$ 43,428</b>

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, 2015 the Company owed \$141,094 (December 31, 2014 - \$117,094) to officers and directors of the Company for unpaid wages. Amounts due are non-interest bearing with no specific terms of repayment.

## 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, 2015 and 2014 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 May 26, 2015 there were 76,760,200 common shares issued and outstanding.

### Stock Options

As at May 26, 2015 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	0.16	765,834
\$0.30	1,290,000	0.30	1.89	1,290,000
\$0.17	370,000	0.15	2.67	370,000
\$0.10	200,000	0.10	3.24	200,000
\$0.05	1,375,000	0.05	3.87	907,500
	<b>4,000,834</b>	<b>\$ 0.17</b>	<b>2.45</b>	<b>3,533,334</b>

### Share Purchase Warrants

As at May 26, 2015 the following warrants are outstanding:

Expiry	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)
June 27, 2016	10,860,000	\$ 0.07	1.25

## Dividends, Off Balance Sheet Arrangements or Proposed Transactions

As at May 26, 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 Interim MD&A.

**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).