



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

**Containing Information up to and including May 30, 2017**

**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 and Red Dog Deposits and five other partially explored copper-gold porphyry occurrences. The Company’s head office is located at 15<sup>th</sup> floor 1040 West Georgia Street, Vancouver, B.C. The Company’s common shares trade on the TSX Venture Exchange under the symbol NCX.

**Highlights**

- On May 5, 2017 the Company completed a \$1,522,247 non-brokered private placement consisting of \$1,042,247 from a unit private placement at a price of \$0.15 and \$480,000 from a flow-through share private placement at a price of \$0.20.
- The Company filed has filed an independent technical report for the maiden NI-43-101 Mineral Resource Report on its Red Dog copper-gold deposit, which was prepared in accordance with National Instrument 43-101 -- standards of disclosure for mineral projects.

**RESULTS OF OPERATIONS**

**Three months ended March 31, 2017**

The Company’s Net Loss of \$248,424 for the three months ended March 31, 2017 (“the **Current Period**”) was significantly higher than the Net Loss for the three months ended March 31, 2016 (the “**Comparative Period**”) of \$85,347. The results were largely influenced by the stronger financial markets for mineral exploration companies and management’s continuing efforts to advance the development of the Company’s North Island Project. As a result, engineering and geological expenditures (Current Period - \$100,445; Comparative Period - \$8,646) increased during the Current Period.

**2017 OUTLOOK**

A private placement and exercise of warrants in June 2016 raised the Company over \$1.0 million dollars which was enough to complete a drill program and verification on the mineralized zone at Red Dog. Engineering studies with the objective of completing a Preliminary Economic Assessment (“PEA”) has now started. With additional funds from a recently completed financing, the Company plans to initiate a drill program on its deep Red Dog and Hushamu extension targets and complete the engineering studies and PEA in 2017 on the North Island Project.

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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, 2017.

**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.

## THE NORTHISLE PROJECT

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.

The Company recently announced a maiden NI-43-101 Mineral Resource on its Red Dog copper-gold (Cu-Au) deposit that confirms increased tonnage at similar grades to the historical resource estimate and supports the Company’s plan to combine Red Dog and Hushamu into a single project.

Red Dog is located only eight kilometres by road from Northisle’s Hushamu deposit (see below). In addition to its close proximity, Red Dog’s grade is 50% higher than Hushamu’s, which may benefit the economics by providing higher-grade feed during the initial years of a potential mine plan. A PEA is currently under way to evaluate the strength of the combined project.

### Red Dog Deposit

#### 2016 Drill Program

Northisle has completed a program of four verification diamond drill holes designed to verify the results of the historical drilling at the Red Dog mineralized zone and required as part of the process of verifying the historical resource. Geological logging of the rock-types, structures, alteration and mineralization in the verification drill-holes match closely those reported in the historical drill logs.

Three of the four historical drill holes selected for twinning occurred in a north to south line through the centre of the historical resource. The fourth verification hole was drilled at the eastern end of the historical resource. This year’s holes were placed from 2 to 6 metres from the historical collars and drilled at the same azimuth and dip as the corresponding historical hole. The variation in distance was the result of the larger drilling rig used in this year’s program that could not safely be placed in all cases within 2 metres of the original drill-hole.

#### Verification Drill Results

Hole	From (m)	To (m)	Width (m)	Copper (%)	Gold (gpt)
<b>RD-16-06</b>	<b>30</b>	<b>152</b>	<b>122</b>	<b>0.30</b>	<b>0.41</b>
*RD-16-03	1.2	100.8	99.6	0.28	0.48
<i>including</i>	<i>1.2</i>	<i>72.0</i>	<i>70.8</i>	<i>0.30</i>	<i>0.55</i>
*RD-16-02	8	154	146	0.33	0.52
*RD-16-01	1.5	200	198.5	0.31	0.47

*Reported widths are drilled widths. True widths have not been determined.*

Drill-hole RD 16-06, drilled at -45 degrees to the south, was collared seven metres from and parallel to historical drill hole EC 133 drilled by Utah Mines Ltd. in 1982. The historical hole assayed 0.31% copper and 0.46 gpt over 121.9 metres.

In addition to the four resource verification holes, three holes, RD16-04, RD16-05 and RD16-05A, were drilled to test for deeply-buried porphyry copper mineralization to the south of the Red Dog deposit. Due to poor ground conditions all three holes were lost at depths of 151, 124 and 206 metres, respectively, well before the targeted depth of 500 metres. Holes RD 16-04 and RD16-05A intersected anomalous levels of copper, in the 200 to 1500ppm range, over the final 50 metres of the holes, indicating that the deep porphyry target remains to be tested as a priority target in the next drill program.

Analysis of core samples was carried out at BVL Minerals’ (formerly ACME Analytical) Vancouver facility. Gold analysis is by fire assay methods with atomic absorption finish. Analysis for copper and other metals is by a four acid digestion with ICP finish. Quality Assurance and Control (QA/QC) included insertion of standards and blanks in to the sample stream and duplicate samples on quartered core.

A plan and section for the Red Dog deposit can be found on the Northisle website at [www.northisle.ca](http://www.northisle.ca)

## Resource Estimate

The Red Dog Resource estimate is based on 38 drill holes totalling 6,382 metres. The majority of the holes used in the resource calculation were drilled by Utah Mines Ltd in 1980 to 1982 and Moraga and Crew Resources in 1989 to 1991. Over the past year, Northisle compiled the historical drill results, verified drill locations and re-drilled four of the historical holes - two from the 1980s drill programs and two from the 1989 to 1991 drill programs. Results from the verification drilling compared well with the historical results. The recent Northisle drilling and geological interpretation has been independently reviewed by Brian Game, P.Geo. The resource estimate was completed by Phil Burt, P. Geo.

A full technical report co-authored by Brian Game and Phil Burt is filed on SEDAR. The following table shows the tonnages and grades for the Red Dog Project at a range of copper at cut-off grades (COG%).

### *Red Dog Indicated Mineral Resource – Tonnes and Grade*

Cut-off (%Cu)	Tonnes	%Cu	ppm Au	%Mo
0.10	54,490,000	0.22	0.31	0.004
0.15	36,568,000	0.27	0.38	0.005
0.20	23,633,000	0.32	0.46	0.007
0.25	15,553,000	0.38	0.54	0.008
0.30	11,042,000	0.42	0.60	0.009

### *Red Dog Inferred Mineral Resource – Tonnes and Grade*

Cut-off (%Cu)	Tonnes	%Cu	ppm Au	%Mo
0.10	2,979,000	0.17	0.25	0.002
0.15	1,774,000	0.20	0.30	0.003
0.20	848,000	0.23	0.33	0.003
0.25	107,000	0.28	0.36	0.007
0.30	27,000	0.33	0.39	0.009

### *Parameters in Resource Estimate*

Resources are based on 38 holes totalling 6,382 metres. A three dimensional geological model was built based on a combination of lithologies and alteration such that two geological domains and one above surface domain was modelled. Raw assays were composited down hole into 5 metre intervals. A statistical analysis of metal values in both the raw and composited data suggested that copper, gold and molybdenum grades are remarkably uniform with no high outliers so grade capping was not required. A block model with 5 m x 5 m x 5 m blocks was created and each block classified based on the geological domains. Block partial percentages and sub-blocking to 1.25 m was used at domain boundaries. Grades of Cu, Au and Mo were interpolated into blocks by Inverse Squared Distance. For the Indicated Resource category, a minimum of 4 and maximum of 16 composites were required to estimate each block using a 150m x 100 m x 60 m search ellipsoid. A maximum of 3 composites from any single hole were allowed. For the Inferred category, a minimum of 4 and maximum of 16 composites were used to estimate each block using a 200 m x 160 m x 80 m search ellipsoid. Four composites were allowed from a single drill hole. A specific gravity of 2.76 g/cc used is based on 98 measurements spanning all rock-types encountered in the 2016 verification drill holes. Final grade-tonnage estimates were confined to a single geological domain above 250 m elevation.

The resource was classified in accordance to National Instrument 43-101 and CIM definition.

## **Hushamu Deposit**

The Company has a current resource estimate of the Hushamu Deposit which has been filed on SEDAR.

	Resource Grade					Contained Metal				
	Tonnes (x1000)	Copper %	Gold g/t	Mo %	Re ppm	Cu Eq %	Copper B lb	Gold M oz	Mo M lb	Re Kg x 1000
<b>Indicated</b>	304,000	0.21	0.29	.010	0.55	0.45	1.4	2.8	65.7	167.4
<b>Inferred</b>	205,600	0.18	0.26	.008	0.38	0.39	0.8	1.7	34.9	78.1

*\*\* 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:  $CuEQ = \frac{(Cu\% \times 22.0462 \times 2.50) + (Au \text{ g/t} \times 1100.00 / 31.1035) + (Mo\% \times 22.0462 \times 14.00)}{}$ . Rhenium values have not been used in the cut-off grade or Cu Equivalent calculations*

## **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 risks and uncertainties faced by the Company are substantially unchanged from those disclosed in the Company's Annual MD&A dated April 28, 2017.

## **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.

<b>Quarter ended</b>	<b>Revenue</b>	<b>Net Loss</b>	<b>Basic and diluted Loss per share</b>
March 31, 2017	\$ Nil	\$ 248,424	\$ 0.002
December 31, 2016	Nil	133,803	0.001
September 30, 2016	Nil	321,114	0.003
June 30, 2016	Nil	24,980	0.000
March 31, 2016	Nil	85,347	0.001
December 31, 2015	Nil	187,419	0.002
September 30, 2015	Nil	66,171	0.001
June 30, 2015	Nil	86,935	0.001

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 was the case during June 2016, subsequent 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 working capital of \$140,265 on March 31, 2017.

### **Private Placement**

On May 5, 2017 the Company completed a \$1,522,247 non-brokered private placement consisting of:

- \$1,042,247 from a unit private placement at a price of \$0.15 per unit, with each unit consisting of one common share and one-half (1/2) share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share at a price of \$0.20 for a period of 2 years from closing; and
- \$480,000 from a flow-through share private placement at a price of \$0.20 per flow-through share.

The proceeds will be used by Northisle to finance a drilling program on its Red Dog and Hushamu deposits and for general working capital. Drilling at Red Dog will test for deep porphyry mineralization south of the known deposit while drilling at Hushamu will test for a southeastern extension of the deposit.

## **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:

	2017	2016
Consulting Fees - President	\$ 25,437	\$ 16,469
Share based compensation - President	26,666	4,488
Consulting Fees – Chief Financial Officer	9,000	9,000
Share based compensation – Chief Financial Officer	13,333	3,647
<b>Total</b>	<b>\$ 74,436</b>	<b>\$ 33,604</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, 2017 the Company owed \$236,284 (December 31, 2016 - \$236,284) to officers and directors of the Company for unpaid consulting fees. 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, 2017 and 2016 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 30, 2017 there were 114,486,516 common shares issued and outstanding.

### Stock Options

At May 30, 2017 the following common share purchase options were outstanding:

Expiry date	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)	Number Exercisable
November 30, 2017	370,000	0.17	0.59	370,000
June 28, 2018	200,000	0.10	1.16	200,000
February 11, 2019	1,375,000	0.05	1.79	1,375,000
June 24, 2020	1,565,000	0.05	3.15	1,036,656
May 4, 2021	1,575,000	0.05	4.01	1,036,656
June 28, 2021	75,000	0.10	4.16	25,000
January 9, 2022	2,550,000	0.17	4.67	849,992
	<b>7,710,000</b>	<b>\$ 0.06</b>	<b>3.78</b>	<b>4,893,304</b>

### Share Purchase Warrants

As at May 30, 2017 the following warrants are outstanding:

Expiry	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)
June 6, 2018	2,500,000	\$ 0.05	1.18
May 5, 2019	3,474,158	0.25	1.92
	<b>5,974,158</b>	<b>\$ 0.17</b>	<b>1.61</b>

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

As at May 30, 2017 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).