



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

**Containing Information up to and including November 27, 2020**

**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 Property on Vancouver Island. The North Island Property 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 November 3, 2020, the Company completed a private placement consisting of 24,607,678 common shares at a price of \$0.13 per share for total consideration of \$3,200,000. Proceeds will be used to complete the updated Preliminary Economic Assessment, advance exploration activities and for general working capital purposes.
- Recently completed metallurgical tests improved the copper and gold recovery rates at the Hushamu Deposit by an average of 17% and 24% respectively, compared to the tests forming the bases for estimates used in the previously published PEA.
- Recently completed metallurgical tests improved the copper and gold recovery rates at the Red Dog Deposit by an average of 5% and 65% respectively, compared to the tests forming the bases for estimates used in the previously published PEA.
- Subsequent to September 30, 2020 the Company made additions to the Board and Management teams with the intent to increase its capital markets presence and accelerate the development of the North Island Project. Senior management appointments included Sam Lee as President and CEO (October 5, 2020) with John McClintock continuing as VP Exploration, and Nicholas Van Dyk as VP Corporate Development and Investor Relations (November 17, 2020). Board changes included the addition of Kevin O’Kane and Sam Lee and the resignation of John McClintock (November 5, 2020).

**2021 OUTLOOK**

With the recent completion of a \$3.2 million private placement and the expertise of new senior management and Board members, the Company is well positioned to achieve its near-term goals. Following the successful metallurgical results obtained for the Hushamu and Red Dog Deposits, the Company now plans to update the PEA to incorporate upside potential related to the expected higher gold and copper recovery rates, inclusion of silver and rhenium metal recovery, and updated economic assumptions including metal price forecasts, exchange rates, and cost estimates. In addition, the Company will look to initiate a pre-feasibility study in 2021, advance exploration activities at Hushamu and Red Dog to include step-out drilling designed to improve existing resources, and test additional targets at NW Expo and Pemberton Hills.

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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 and nine months ended September 30, 2020.

**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.

## **RESULTS OF OPERATIONS**

### **Nine months ended September 30, 2020**

The Company's Net Loss of \$284,308 for the nine months ended September 30, 2020 ("the **Current Period**") was slightly more than the Net Loss for the nine months ended September 30, 2019 (the "**Comparative Period**") of \$268,017. Results were largely influenced by management's decision to advance the Northisle Project by focusing on metallurgical testing to improve the project economics while optioning the Pemberton Hills Property to Freeport. Mineral property expenditures (Current Period - \$103,712; Comparative Period - \$102,585) which benefited from the recovery of prior period exploration expenses related to mineral property exploration tax credits (Current Period - \$50,488; Comparative Period - \$nil) and share based compensation (Current Period - \$115,300; Comparative Period - \$67,114), a non-cash expense, account for most of the differences between the two reporting periods.

### **Three months ended September 30, 2020**

The Company's Net Loss of \$123,402 for the three months ended September 30, 2020 ("the **Current Quarter**") was significantly more than the Net Loss for the three months ended September 30, 2019 (the "**Comparative Quarter**") of \$71,148. Results were largely influenced by management's decision to advance the Northisle Project by focusing on metallurgical testing to improve the project economics resulting in increased mineral property expenditures (Current Quarter - \$76,857; Comparative Quarter - \$14,325) and wages (Current Quarter - \$32,112; Comparative Quarter - \$20,693) in the Current Quarter.

## **NEW MANAGEMENT**

### **Sam Lee - President and CEO**

On October 5, 2020 the Company announced the appointment of Sam Lee as President and CEO replacing John McClintock. Mr. McClintock will continue with the Company as Vice President, Exploration.

Over the past 20 years Mr. Lee has advised on some of the most prominent M&A, equity, and debt transactions in the international and Canadian global mining industry totalling over \$100 billion in value. During this period, he has worked in major resource markets including Toronto, Sydney, and Vancouver where he led various strategic initiatives for CIBC World Markets. Most recently he was Managing Director and head of CIBC's Vancouver Mining Group. Mr. Lee holds a Bachelor of Applied Science, Faculty of Engineering, from the University of Toronto, was a graduate of the Lassonde Mineral Engineering program, and is a CFA charterholder. He also serves on the board of directors of the Vancouver Symphony Orchestra and the Vancouver Symphony School of Music.

### **Nicholas Van Dyk – Vice President, Corporate Development and Investor Relations**

On November 17, 2020 the Company announced the appointment of Nicholas Van Dyk as Vice President, Corporate Development and Investor Relations

Nicholas is a public company executive with over 15 years of experience in corporate development, finance, and investor relations with a focus on the mining industry. He has advised a range of public and private companies on strategic corporate matters, including internal and external growth projects as well as M&A transactions, equity, and debt financings totalling more than \$35 billion. Nicholas currently owns a consulting practice, where he advises public and private companies on corporate development and capital markets issues. Previously, he was Vice President, Investor Relations and Corporate Development at Polaris Materials Corporation prior to its acquisition by a major US construction materials company in 2017. As a member of the executive leadership team at Polaris, he led the successful investor relations function and created significant value for shareholders as a key contributor to corporate strategy, business development, finance, community relations and other matters.

Nicholas started his career in the investment banking division of a Canadian chartered bank and has also worked as an equity research analyst. He is a CFA charterholder and is a member of the CFA Institute, the Canadian Investor Relations Institute and the Institute for Corporate Directors. Nicholas previously earned both a BBA and a BSc from Wilfrid Laurier University.

## Kevin O' Kane – Board of Directors

On November 5, 2020 the Company announced the appointment of Kevin O'Kane as independent non-executive director.

Mr. O'Kane has nearly 40 years of extensive business and operating leadership expertise in the natural resource industry. He spent 37 years at BHP Billiton developing, expanding, and operating some of the most formative copper mines in the world which included Spence, Cerro Colorado and Minera Escondida. Mr. O'Kane started his career at the Island Copper Mine situated adjacent to Northisle's project, and spent the following 12 years progressing to the role of Chief Mining Engineer. During his tenure at BHP Billiton he also served as Vice President Health, Safety, Environment and Community for the Copper Business. Most recently, Mr. O'Kane held the position of Executive Vice-President and Chief Operating Officer at SSR Mining Inc, where he led all aspects of its operations, permitting, and sustainability programs globally while achieving record production at all three of its producing mines. Mr. O'Kane currently serves on the board of SolGold Plc.

The Company also announced that John McClintock resigned from the Board and was replaced by Sam Lee.

## THE NORTH ISLAND PROPERTY

The North Island Property (the "Property") 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. The Property is situated about 29 km from the reclaimed BHP Island Copper Mine. A National Instrument 43-101 (NI 43-101) compliant technical report entitled "North Island Project PEA" has been filed by the Company on [www.sedar.com](http://www.sedar.com)

### 2020 Exploration Program

#### Expenditures – The North Island Property

	Nine months ending September 30, 2020	Nine months ending September 30, 2019	Cumulative Property Expenditures*
Amortization of equipment	\$ -	\$ -	\$ 34,265
Camp operations	69,874	5,826	969,984
Claims costs	-	-	41,278
Community engagement	-	900	52,220
Drilling	-	42,253	2,230,129
Engineering and geological	51,666	47,571	2,067,159
Environmental studies	-	-	255,684
Prospecting	32,660	1,445	537,974
Wages	-	4,590	320,780
Mineral property exploration tax credits	(50,488)	-	(538,174)
<b>Total</b>	<b>\$ 103,712</b>	<b>\$ 102,585</b>	<b>\$ 5,971,299</b>

\* Cumulative from the date of incorporation on August 3, 2011 to September 30, 2020. This table does not include expenditure incurred by third party joint venturers.

#### Hushamu Deposit – Preliminary Metallurgical Tests

Preliminary metallurgical test results demonstrate a significant improvement in recoveries of copper and gold for the Hushamu Deposit located within the 100%-owned North Island Property.

The test work was designed to investigate alternative flotation parameters to improve the recovery rates of copper and gold in the two mineralization types in the Hushamu Deposit. The results demonstrate that the average copper and gold recovery rates improved by 17% and 24% respectively, compared to tests used for the Preliminary Economic Assessment ("PEA") published in September 2017.

In addition, the metallurgical test work included assaying and evaluating the recoveries of rhenium and silver which were not included in earlier test work and in the PEA economics. Results demonstrate rhenium recoveries of 66.1% and 29.3% into the low pyrite mineralization concentrate ("CMG") and the high pyrite mineralization concentrate ("SCP") respectively, and silver content in the CMG of 29.3 g/t and 18.0 g/t in the SCP.

### **Test Program Details**

The metallurgical test program was completed by SGS Canada Inc. (“SGS”) at their laboratory facility in Burnaby, BC. The test work was done on two approximately 100kg composites samples of core; one of the SCP and the other of CMG mineralization. The CMG composite came from drill holes H08-08, H12-03, H12-10, H12-12, H14-05 and H17-01 while the SCP sample came from drill holes H17-01 and H-08-08. The samples comprising the composites represent a range of high and lower grade mineralization. The results of the locked cycle tests for the two mineralization types are presented in the table below. For comparison, the results of the locked cycle tests used for the PEA are presented in Table 2. The composites for the earlier metallurgical work were prepared from core samples from H14-05.

Detailed test work included: sample preparation, QEMSCAN analysis, sample characterization, batch rougher batch cleaner and locked cycle test work. Modifications to the original flotation conditions of the 2016 work included, finer primary grind, a single stage regrind of the rougher concentrate, a new reagent scheme and a three stage cleaner circuit.

The results of the metallurgical tests demonstrated that the copper recoveries of low pyrite mineralization improved to 86.6% from 74.5% and to 87.9% from 75.0% in the high pyrite mineralization. Gold recoveries in the low pyrite mineralization improved to 50.6% from 43.7% and to 46.4% from 34.4% in the high pyrite mineralization.

**Table 1: SGS Labs Results of Locked Cycle Tests**

	Calculated Feed grade (% or gpt)					PG (um)	Concentrate grade (% or gpt)					Recovery %				
	Cu	Au	Mo	Ag	Re		Cu	Au	Mo	Ag	Re	Cu	Au	Mo	Ag	Re
SCP	0.33	0.38	0.01	0.56	0.38	76	22.9	13.6	0.18	18.0	8.7	87.9	46.4	26.8	40.9	29.3
CMG	0.31	0.33	0.01	0.77	0.4	76	23.8	14.9	0.48	29.3	23.5	86.6	50.8	69.4	43.1	66.1

**Table 2: 2016 Base Met Locked Cycle Tests**

	Calculated Feed grade (% or gpt)					PG (um)	Concentrate grade (% or gpt)					Recovery %				
	Cu	Au	Mo	Ag	Re		Cu	Au	Mo	Ag	Re	Cu	Au	Mo	Ag	Re
SCP	0.31	0.36	.014	na	na	100	19.0	10.1	0.78	na	na	75.0	34.4	69.8	na	na
CMG	0.25	0.28	0.009	na	na	100	22.0	14.4	0.41	na	na	74.5	43.7	37.6	na	na

### **Red Dog Deposit – Preliminary Metallurgical Tests**

Preliminary metallurgical test results demonstrate a significant improvement in recoveries of copper and gold for the Red Dog Deposit located within its 100%-owned North Island Project.

The test work was designed to investigate alternative flotation parameters to improve the recovery rates of copper and gold in the Red Dog Deposit mineralization. The results demonstrate that the average copper and gold recovery rates improved by 5% and 65% respectively, compared to tests used for the PEA published in September 2017.

In addition, the metallurgical test work included assaying and evaluating the recoveries of rhenium and silver which were not included in earlier test work and in the PEA economics. Results demonstrate rhenium recoveries of 69.4% and silver content in the concentrate of 15.1 g/t.

### **Test Program Results**

The metallurgical test program was completed by SGS at their laboratory facility in Burnaby, BC. The test work was done on an approximately 50 kg composite sample of core from drill holes RD16-01, RD16-02 and RD16-06. The samples comprising the composite represent a range of high and lower grade mineralization. The results of the lock cycle test are presented in the table below. For comparison, the results of the cleaner tests used for the PEA are presented in Table 2. The composites for the earlier metallurgical work were prepared from core samples from H14-05.

Detailed test work included: sample preparation, sample characterization, batch rougher batch cleaner and lock cycle test work. Modifications to the original flotation conditions of the 2016 work included, a regrind of the rougher concentrate to 20um, new reagent scheme and a three stage cleaner circuit.

The results of the metallurgical tests demonstrated that the copper recoveries improved to 89.8% from 85.7%. Gold recoveries improved to 53.0% from 33%.

**Table 1: SGS Labs Results Locked Cycle Tests**

	Calculated Feed grade (% or gpt)					PG (um)	Concentrate grade (% or gpt)					Recovery %				
	Cu	Au	Mo	Ag	Re		100	Cu	Au	Mo	Ag	Re	Cu	Au	Mo	Ag
Red Dog	0.33	0.51	0.005	0.47	0.32	98	26.5	24.5	0.30	15.1	20.2	89.8	53.0	73.5	35.5	69.4

**Table 2: 2016 Base Met Cleaner Tests**

	Calculated Feed grade (% or gpt)					PG (um)	Concentrate grade (% or gpt)					Recovery %				
	Cu	Au	Mo	Ag	Re		100	Cu	Au	Mo	Ag	Re	Cu	Au	Mo	Ag
Red Dog	0.34	0.53	.007	na	na	100	24.2	14.3	na	na	na	85.7	32.2	na	na	na

Following the successful metallurgical results obtained for the Hushamu and Red Dog Deposits Northisle expects to update the PEA to incorporate upside potential related to the expected higher gold and copper recovery rates, inclusion of silver and rhenium metal recovery, and updated economic assumptions including metal prices, exchange rates and cost estimates.

### Qualified Person

Technical information in this Interim MD&A is being prepared under the direction of John McClintock, P.Eng., Vice-President, Exploration of 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 May 22, 2020.

### 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
September 30, 2020	\$ nil	\$ 123,402	\$ 0.001
June 30, 2020	nil	20,354	0.000
March 31, 2020	531	140,552	0.001
December 31, 2019	12,833	29,395	0.000
September 30, 2019	12,926	76,149	0.000
June 30, 2019	10,445	41,800	0.000
March 31, 2019	5,964	155,069	0.001
December 31, 2018	99,659	23,309	0.000

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, 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 had working capital of \$86,956 on September 30, 2020 (December 31, 2019 - \$170,964).

On November 3, 2020, the Company completed a private placement consisting of 24,607,678 common shares at a price of \$0.13 per share for total consideration of \$3,200,000.

## 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 nine months ended September 30, 2020 and 2019 was:

	2020	2019
Consulting Fees - President	\$ 46,781	\$ 36,156
Share based compensation - President	30,667	44,000
Consulting Fees – Chief Financial Officer	8,250	7,250
Share based compensation – Chief Financial Officer	22,500	25,833
<b>Total</b>	<b>\$ 108,198</b>	<b>\$ 113,239</b>

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

At September 30, 2020 the Company owed \$45,533 (December 31, 2019 - \$118,033) to officers and directors of the Company for unpaid consulting fees. Amounts due are non-interest bearing with no specific terms of repayment. Subsequent to September 30, 2020 these amounts were paid in full.

## 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.

## COVID – 19 PANDEMIC

On March 11, 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a pandemic. The spread of COVID-19 has created significant volatility in the Canadian and world markets and has the potential to have a significant and far-reaching effect on the Canadian and world economies, interest rates, and other financial measures. The Company will continue to monitor the ongoing developments regarding the COVID-19 pandemic and the potential impact on the Company's consolidated financial statements.

## 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 and nine months ended September 30, 2020 and 2019 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 November 27, 2020 there were 146,419,194 common shares issued and outstanding.

Stock Options – At November 27, 2020 the following common share purchase options were outstanding:

Expiry date	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)	Number Exercisable (Vested)
May 4, 2021	1,355,000	\$ 0.05	0.43	1,355,000
June 28, 2021	75,000	0.10	0.58	75,000
January 9, 2022	2,250,000	0.17	1.12	2,250,000
February 26, 2023	2,100,000	0.15	2.25	2,100,000
September 4, 2024	1,530,000	0.07	3.77	1,020,000
October 5, 2025	4,000,000	0.12	4.86	4,000,000
November 4, 2025	500,000	0.175	4.94	166,666
November 17, 2025	650,000	0.20	4.98	650,000
	<b>12,460,000</b>	<b>\$ 0.13</b>	<b>3.11</b>	<b>11,616,666</b>

Share Purchase Warrants - As at November 27, 2020 there were no share purchase warrants outstanding.

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

As at November 27, 2020 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).