



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

Containing Information up to and including August 28, 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 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 15th floor 1040 West Georgia Street, Vancouver, B.C. The Company’s common shares trade on the TSX Venture Exchange under the symbol NCX.

2020 OUTLOOK

In November 2019 the Company closed a \$120,000 private placement. Proceeds of the financing are being used to complete additional metallurgical testing of the Hushamu Deposit with the intent of improving recoveries which could have a positive impact on the economics of the project. Results of the metallurgical testing are expected to be announced within the next few months.

RESULTS OF OPERATIONS

Six months ended June 30, 2020

The Company’s Net Loss of \$160,906 for the six months ended June 30, 2020 (“the **Current Period**”) was slightly less than the Net Loss for the six months ended June 30, 2019 (the “**Comparative Period**”) of \$196,869. Activity levels remained constant as results were largely influenced by management’s decision to advance the project by focusing on metallurgical testing to improve the project economics while optioning the Pemberton Hills Property to Freeport. Mineral property expenditures (Current Period - \$26,855; Comparative Period - \$72,024) 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 - \$100,000; Comparative Period - \$51,814), a non-cash expense, account for most of the differences between the two reporting periods.

Three months ended June 30, 2020

The Company’s Net Loss of \$20,354 for the three months ended June 30, 2020 (“the **Current Quarter**”) was slightly less than the Net Loss for the three months ended June 30, 2019 (the “**Comparative Quarter**”) of \$41,800 as the activity levels remained constant. Much like last year, results were largely influenced by management’s decision to advance the project by focusing on metallurgical testing to improve the project economics while optioning the Pemberton Hills Property to Freeport.

¹ Note to Reader

This Interim Management Discussion and Analysis (“Interim MD&A”) should be read in conjunction with the Company’s interim financial statements for the three and six months ended June 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.

THE NORTH ISLAND COPPER AND GOLD PROJECT

The North Island Copper and Gold Project (the “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. The Project is situated about 29 km from the reclaimed BHP Island Copper Mine.

September 2017 Preliminary Economic Assessment

The Company announced the results of a Preliminary Economic Assessment (“PEA”) in September 2017 which demonstrated the potential technical and economic viability of the Project constructed as an open-pit mine, with a concentrator processing nominally 75,000 tonnes/day.

PEA Highlights

- After tax NPV 8% of CAD \$550.4 million, 14.3% IRR, 22-year mine life
- Life of Mine (LOM) metal production of 1.8 billion pounds of copper, 1.7 million ounces of gold and 55 million pounds of molybdenum
- Annual production of 82 million pounds of copper, 79 thousand ounces of gold and 3 million pounds of molybdenum
- Initial capital costs of CAD \$1.34 billion plus sustaining capital of \$139 million
- Direct cash cost of production per pound of copper net of gold, molybdenum and pyrite concentrate is CAD \$1.17

PEA Base Case Economic Results

Parameter	Unit	Base Case
Capital Cost	CAD\$	\$1,344 million
Sustaining Capital	CAD\$	\$139 million
NSR	CAD\$/ore tonne	\$17.61
Average Op Cost/tonne	CAD\$	\$8.66
After tax Net Revenue	CAD\$	\$2,349 million
After tax NPV 8%	CAD\$	\$550 million
After tax IRR and pay back		14.3% and 5.1 years
Metal Price Cu	US\$ per pound	\$3.10
Au	US\$ per ounce	\$1,300
Mo	US\$ per pound	\$9.00
Pyrite concentrate	US\$ per tonne	\$86
Exchange rate	US\$ / CAD\$	0.75

Category		Units	LOM
Tonnes Milled		Mt	600
Average grade	Cu	%	0.18
	Au	gpt	0.24
	Mo	%	0.008
Tonnes produced	Py	MT	14.1
Throughput		tpy	75,000
Mine Life		years	22
Net Cash Cost*		CAD\$	\$1.17

*Net direct cash costs that represent the cash cost incurred at each processing stage from mining through to recoverable metal delivered to market less net by-product credits. Direct cash costs cover mining, ore freight and milling costs, mine site administration and general expenses, concentrate freight, smelting and smelter general and administrative costs, marketing costs (freight and selling).

Initial Capital Expenditures (CAD\$ Millions)

Mine	\$149.2
Pre-Production	\$125.6
Process	\$1,024.9
Owner’s Cost	\$44.5
Total	\$1,344.2

Operating Costs

The mine operating costs were calculated to average CAD\$ 2.02 per tonne moved.

Area	Unit Cost (CAD\$/t moved)
Drilling	0.13
Blasting	0.27
Loading	0.27
Hauling	0.67
Support	0.54
Mine General	0.14
Total Cost	2.02

The process operating costs were calculated to average CAD\$ 4.88/tonne ore.

Area	CAD\$/tonne ore
Salaries & Wages	0.54
Power	1.55
Liners	0.34
Grinding Media	1.06
Reagents	0.85
Maintenance Parts & Repairs	0.44
Supplies & Services	0.10
Total Cost	4.88

Mining

Preliminary mine designs have been developed for Red Dog and Hushamu deposits based upon Indicated and Inferred Resources. Resource models were imported to Minesight® mine planning software where a Lerchs Grossman algorithm was applied to an NSR model to determine possible pit limits.

The mine plan was developed to mine Red Dog concurrently with Hushamu in the early years of the mine life until Red Dog Resources were depleted. The assumed processing rate is 75,000 t/d. The overall mining rate peaks at 64 million t/a in the initial years averaging 54 million t/a over the first 12 years of the total mine life of 22 years. The effective strip ratio after stockpile reclaim was 0.72:1.

The mine will be a conventional truck and shovel operation with electrified pit operations at Hushamu. Waste rock will be placed during construction and operation within the Tailings Management Facility (TMF). A low-grade stockpile will be located at the pit rim on the northwest side of Hushamu. An overburden stockpile will be located adjacent to the low-grade stockpile for use in reclamation of the TMF at the end of the mine life.

The total resources processed in the conceptual mine plan are shown in the following Tables.

Mineral Resources Included in the Mine Plan

Indicated Resources	ROM t x 1000	Cu %	Au g/t	Mo %
Hushamu Starter Pit	80,097.0	0.24	0.27	0.007
Hushamu Phase 1 Expansion	97,217.0	0.20	0.18	0.007
Hushamu Phase 1.5 Expansion	119,509.0	0.18	0.28	0.011
Hushamu Phase 2 Expansion	109,134.0	0.17	0.25	0.008
Red Dog	50,549.0	0.22	0.32	0.005
Total	456,506.0	0.20	0.25	0.008

Indicated Resources	ROM t x 1000	Cu %	Au g/t	Mo %
Hushamu Starter Pit	2,530.0	0.12	0.15	0.015
Hushamu Phase 1 Expansion	12,802.0	0.13	0.12	0.010
Hushamu Phase 1.5 Expansion	40,554.0	0.14	0.22	0.012
Hushamu Phase 2 Expansion	84,859.0	0.14	0.21	0.008
Red Dog	2,152.0	0.17	0.27	0.003
Total	142,897.0	0.14	0.20	0.009

Infrastructure

The nearby town of Port Hardy is a main distribution centre for the north end of Vancouver Island. It has an airport with 3 daily flights to Vancouver, a hospital, schools and a college. All parts of the North Island Project are accessible from Port Hardy through a network of logging roads.

A marine load out structure and a 138 KVA BC Hydro substation exist at the reclaimed Island Copper Mine, approximately 27 km from the North Island mine site. One of BC's largest wind farm complexes is situated adjacent to the northwest end of the property and the 138 KV power line connecting the wind farm to the main BC power grid passes immediately north of the North Island Project.

Economic Analysis

Economic evaluations were generated incorporating forecasts for metal prices using the long term (Base Case), the SEC price and Spot Price. The spot price case is from September 6, 2017.

Parameter	Unit	Base Case	SEC	Spot Price
Copper	US\$ per lb	\$3.10	\$2.50	3.12
Gold	US\$ per oz	\$1300	\$1,213.12	1,333.10
Molybdenum	US\$ per lb	\$9.00	\$7.03	7.14
Pyrite	US\$ per tonne	\$86	\$86	\$86
Exchange rate		0.75	0.75	0.75

Economic Result (After tax)

Net Revenue	CAD\$ M	2,349	1,339	2,342
NPV 8%	CAD\$ M	550	34	549
IRR	%	14.3	8.4	14.3
Pay back	Years	5.1	7.9	5.0

The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would allow them to be categorized as mineral reserves and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Opportunities to Enhance Value

The Project opportunities include advanced metallurgical studies to improve copper, gold and molybdenum recoveries from current life of mine averages of 77.5% for copper, 38.4% for gold (in the copper concentrate) and 59.5% for molybdenum; optimize primary and rougher concentrate regrind sizes; determine the potential for rhenium credits in the molybdenum concentrate; evaluate the use of the Island Copper pit for tailings disposal in conjunction with a waste storage site to reduce overall CAPEX, OPEX, and societal risk; and to evaluate higher production rates of 85 to 90 ktpd. In addition, there are several partially explored copper – gold exploration targets, any one of which could contribute significantly to the resource base of the Project.

Technical Report

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

Pemberton Hills Property Joint Venture

Terms of the agreement

In February 2018 the Company signed a joint venture agreement with Freeport-McMoRan Mineral Properties Canada Inc. ("Freeport") in relation to the Company's Pemberton Hills Property located on Vancouver Island, in British Columbia. Under the terms of the joint venture, Freeport may earn up to a 65per-cent interest in the Pemberton Hills Property by funding a total of \$24 million in exploration expenditures.

Under the terms of the agreement, Freeport may earn an initial 49 per-cent interest in the Pemberton Hills Property by paying \$50,000 cash to Northisle and funding a total of \$4.0 million in exploration expenditures over three years (the

“First Option”). The agreement requires Freeport to commit to \$300,000 in expenditures in the first year, with subsequent optional additional expenditures of \$1.2 million before the second anniversary and a further optional \$2.5 million before the third anniversary of the agreement. Northisle will be the operator during the First Option.

Upon completion of the First Option, a joint venture company will be formed to operate the Pemberton Hills Property under a shareholder’s agreement. Freeport shall then have a one-time right to acquire an additional 16 per-cent interest in the Pemberton Hills Property, for an aggregate 65 per-cent interest in the Pemberton Hills Property (the “Second Option”), by funding an additional \$20 million in exploration expenditures over a four year period.

If Freeport elects to proceed with the Second Option and fails to complete the expenditures required, Freeport’s interest will revert to the 49% interest as earned under the First Option.

Should either party’s interest in the joint venture be reduced below 10 per-cent through dilution, the diluted party will be granted a 2% Net Smelter Returns Royalty (“NSR”). The NSR is subject to a buy-down provision that allows for the NSR to be reduced to 1% for a cash payment of \$2 million.

2019 Exploration Program

Northisle and Freeport launched a second exploration campaign on the Pemberton Hills target in 2019. The initial 2019 program consisted of approximately 24 kilometres of Induced Polarization surveying as well as geological mapping, geochemical and clay studies designed to identify drill targets for a second phase of drilling later in the year.

The geophysical program tested the northern and eastern extensions of advanced argillic alteration located within the same geological terrain that extends west-northwest from BHP Billiton’s past producing Island Copper Mine. The alteration at Pemberton is very similar to that at the nearby Hushamu and Red Dog deposits and in porphyry copper systems found elsewhere in the world.

During the year ended December 31, 2019, the Company received exploration funding from Freeport of \$681,980 of which \$287,981 was unspent at March 31, 2020 (December 31, 2019 - \$323,643) and subsequently returned to Freeport in the Current Quarter (May 2020). During the Current Period the Company recognized revenue of \$531 (Comparative Period - \$5,964) as its operator fee in connection with the Pemberton Hills exploration program.

2020 Exploration Program

Metallurgical testing, put on hold in March 2020 due to the Covid-19, resumed in June 2020 with results expected within the next few months. The company is waiting on instruction from Freeport regarding further exploration at the Pemberton Hills Project.

Exploration expenditures

North Island Copper-Gold Property, B.C. Canada	Six months ending June 30, 2020	Six months ending June 30, 2019	Cumulative Property Expenditures*
Amortization of equipment	\$ -	\$ -	\$ 34,265
Camp operations	36,582	4,200	936,693
Claims costs	-	-	41,278
Community engagement	-	900	52,220
Drilling	-	42,253	2,230,129
Engineering and geological	8,100	34,872	2,023,593
Environmental studies	-	-	255,684
Prospecting	32,661	1,445	537,974
Wages	-	4,590	320,780
Mineral property exploration tax credits	(50,488)	-	(538,174)
Total	\$ 26,855	\$ 88,260	\$ 5,894,442

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

Quality Control

Information in this Interim 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 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
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
September 30, 2018	Nil	99,107	0.002

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's had working capital of \$158,808 on June 30, 2020 (December 31, 2020 - \$170,964).

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 three months ended June 30, 2020 and 2019 was:

	2020	2019
Consulting Fees - President	\$ 19,594	\$ 19,438
Share based compensation - President	26,667	12,560
Consulting Fees – Chief Financial Officer	6,250	5,250
Share based compensation – Chief Financial Officer	20,000	7,327
Total	\$ 72,511	\$ 44,575

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

At June 30, 2020 the Company owed \$81,783 (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.

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 six months ended June, 2020 and 2019 that is available on Northisle's website at www.northisle.ca or on its SEDAR Page Site accessed through www.sedar.com.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares without nominal or par value. As at August 28, 2020 there were 121,086,516 common shares issued and outstanding.

Stock Options – At August 28, 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	0.68	1,355,000
June 28, 2021	75,000	0.10	0.83	75,000
January 9, 2022	2,250,000	0.17	1.37	2,250,000
February 26, 2023	2,100,000	0.15	2.50	2,100,000
September 4, 2024	1,530,000	0.07	4.02	510,000
	7,310,000	\$ 0.12	2.13	6,290,000

Share Purchase Warrants - As at August 28, 2020 there were no share purchase warrants outstanding.

Dividends, Off Balance Sheet Arrangements or Proposed Transactions

As at August 28, 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 or on the sedar website www.sedar.com.