



## **NORTHISLE COPPER AND GOLD INC. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**

The following management discussion and analysis of Northisle Copper and Gold Inc. ("Northisle" or the "Company") is dated November 21, 2022 and provides an analysis of the Company's results of operations for the three and nine months ended September 30, 2022.

This discussion is intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as certain forward-looking statements relating to its potential future performance. The information should be read in conjunction with Northisle's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2022, the Northisle audited consolidated financial statements for the year ended December 31, 2021, and the notes thereto prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). Northisle's accounting policies are described in note 3 of the aforementioned audited consolidated financial statements. All of the financial information presented herein is expressed in Canadian dollars, unless otherwise indicated.

The operations of the Company are speculative due to the high-risk nature of the mining industry. Northisle faces risks that are generally applicable to its industry and others that are specific to its operations. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. Such risk factors could materially affect the value of the Company's assets, and future operating results of the Company and could cause actual results to differ materially from those described in the forward-looking statements contained in this management discussion and analysis. *Reference is made to the discussion of forward-looking statements at the end of this document.*

### **DESCRIPTION OF THE BUSINESS**

Northisle 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 (the "Project") on Vancouver Island. The Project is situated between 15 and 40 kilometres southwest of Port Hardy and contains the Hushamu and Red Dog Deposits and at least five other partially explored copper-gold porphyry occurrences. The Company's common shares trade on the TSX Venture Exchange under the symbol NCX.

### **RECENT HIGHLIGHTS:**

- On November 1, 2022, the Company announced the commencement of a surface exploration program at the North Island Project, with the goal of generating drill targets at the Pemberton Hills, Northwest Expo, Red Dog, Goodspeed and Downward Dog targets for potential 2023 drill programs. The programs include surface mapping and sampling as well as a total of approximately 50 line-kilometres of ground geophysical surveys including induced polarization and magnetics.
- On October 24, 2022, Northisle announced the award of a metallurgical testing program for its Hushamu and Red Dog deposits as well as the Northwest Expo target. The program is focused on the design of a modern flowsheet using enhanced process technologies, and particularly to identify process alternatives for the recovery of gold.
- On August 5, 2022, Northisle announced results from its 2022 drilling at Hushamu, which included an intersection of 0.72% Cu Eq. over 50m and 0.47% Cu Eq. over 101m at Hushamu, with drilling extending mineralization more than 200m beyond the modelled pit shell.

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- On June 23, 2022, Northisle secured an aggregate of C\$7 million of charity and traditional flow-through financing, to be used for the exploration for critical metals in British Columbia. Michael Gentile participated in the offering on a pro rata basis, and several new institutional investors also participated.
- On June 22, 2022, Northisle held its annual general meeting where Ms. Keena Hicken-Gaberria was elected as a director and subsequently appointed Chair of Company's Audit Committee.
- On May 31, 2022, Northisle announced results from 2021 drilling at Hushamu, which included an intersection of 0.81% Cu Eq. over 63m and 0.67% Cu Eq. over 147m, as well as the extension of the gold-rich zone at Northwest Expo.
- On April 12, 2022, Northisle announced that it had appointed Ian Chang as Vice President Project Development. Ian is an experienced mining executive with more than 35 years of project development expertise worldwide.
- On March 31, 2022, Northisle announced its plans to define an initial resource in the gold rich zone at Northwest Expo by the end of 2022.
- During Q1 2022, Northisle completed a diamond drilling program at the Macintosh target comprised of 9 holes totalling 3,579 meters. The program tested several induced polarization and magnetic geophysical anomalies underlying a large area of surface alteration adjacent to the proposed site of the mine waste storage facility. Assays indicate that this target is likely an extension of the Hushamu alteration system with several areas remaining for investigation.
- On January 25, 2022, Northisle received initial assay results from its exploration program at Northwest Expo which, together with historical drilling, confirmed a trend of gold-rich copper porphyry mineralization covering 480 meters strike by 360 meters dip, with an average width of 86 meters.

## **CORPORATE DEVELOPMENT**

### **Management Changes**

On November 16, 2022, Nicholas Van Dyk was appointed Corporate Secretary, in addition to his role as Chief Financial Officer. David Douglas has retired as Corporate Secretary and Northisle wishes to thank him for his many years of service to the Company.

On June 22, 2022, Keena Hicken-Gaberria was elected as a director and subsequently appointed as Chair of Company's Audit Company. Longtime board member Larry Yau did not stand for re-election at the Company's annual general meeting.

On April 11, 2022, the Company announced the appointment of Ian Chang as Vice President, Project Development, effective April 19, 2022.

## **PROPERTY OVERVIEW AND DEVELOPMENT**

### **The North Island Project**

The Project is a copper-gold advanced stage project containing the Hushamu and Red Dog Deposits and six other partially explored mineral occurrences of porphyry deposit types containing copper-gold-molybdenum-rhenium situated along the "Northern Island Copper Belt" on Vancouver Island, British Columbia. The Project runs approximately 50km to the northwest of the reclaimed BHP Island Copper Mine. An updated National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") current technical report entitled "North Island Copper and Gold Project NI 43-101 Technical Report Preliminary Economic Assessment", was issued on March 18, 2021 with an effective date of February 4, 2021 and has

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been filed by the Company on [www.sedar.com](http://www.sedar.com) and its website at <https://northisle.ca>. Northisle has completed additional exploration work across the Project during 2021 and 2022.

### 2021 Preliminary Economic Assessment

The Company filed a report describing the results of the 2021 preliminary economic assessment (the 2021 PEA" or the "Report") on SEDAR on March 22, 2021. The 2021 PEA updates on the 2017 preliminary economic assessment for the Project, with the most significant changes being an update to metallurgical recoveries based on testing completed in 2020, as well as a change to the economic assumptions including metal prices and exchange rates.

The 2021 PEA confirms that the North Island Project is one of the most attractive copper-gold porphyry projects in Canada:

- Long mine life of 22 years with average annual production of 177 mm lbs Cu Eq. over the first 6 years, including 112 million lbs of copper, 112 koz of gold and 2.7 million lbs of molybdenum
- Base case metal prices of US\$3.25/lb copper, US\$1650/oz gold, US\$10/lb molybdenum and US\$1,256/kg rhenium
- Average annual after-tax free cash flow of \$321 million during the first 6 years and \$224 million over the life of the operation
- First quartile AISC of \$0.77/lb Cu (net of by-products) and \$2.01/lb Cu Eq. over first 6 years
- Attractive economics with \$1.1 billion After-tax NPV (8%) and 19% After-tax IRR
- Attractive payback of 3.9 years driven by modest capex of \$1.4 billion due to excellent infrastructure from historical mining and other industrial activity

In addition, the 2021 PEA confirmed that there were multiple opportunities to further improve the Project through optimization and exploration with prospective targets at Pemberton Hills, Red Dog and Hushamu.

Key performance indicators for the 2021 PEA are detailed in the table below:

**Table 1: Key Performance Indicators for the 2021 PEA**

	Production			AISC		After-tax Avg. Free Cash Flow	After-tax NPV (8%)	After-tax IRR	GHG Emissions (kg CO2e/lb)	
	Cu (mm lbs)	Au (koz)	Cu Eq. (mm lbs)	Cu (\$/lb)	Cu Eq. (\$/lb)	\$ mm	\$ mm	%	Cu	Cu Eq.
<b>First 6 years average</b>	112.1	111.8	177.5	\$0.77	\$2.01	321				
<b>Life of mine ("LOM") average</b>	95.9	99.9	155.9	\$0.90	\$2.14	224	1,059	19.0	0.66	0.41

The 2021 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 enable them to be categorized as mineral reserves. There is no certainty that the project described in the 2021 PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The full Report can be found on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile, or on the Company's website at <https://www.northisle.ca/north-island-project/technical-reports/>.

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#### Northwest Expo Drilling

Northwest Expo has been the subject of several drill programs dating back to at least 2005. Current exploration is focused on gaining a better understanding of three zones, labelled Zone 1, Zone 2, and Zone 3. Zone 1 contains significant intercepts of gold-rich copper porphyry mineralization and is a compelling target for near-term exploration. Zone 2 exhibits extensive faulting and may represent a down faulted block. Zone 3 contains historic drill intercepts of significant (>0.1% Cu) copper-gold porphyry mineralization from 91 metres to 176 metres in length.

The objective of the 2021 program at Northwest Expo was to drill test anomalies indicated by limited induced polarization (IP) geophysical surveys completed in 2012. A review of historical drilling from 2005 and 2007, and updated with additional data from 2008, identified several intercepts of economically significant gold and copper which are detailed below. Figure 1 shows the location of 2021 drilling at Northwest Expo in the context of historical drilling. The previous IP geophysics identified a 550 m wide chargeability anomaly (>15mV/V) extending south from a line running northeast from 5619500 North (north of DDH EC245) to 571400 East (northeast of DDH NW21-02). This anomaly is open to the northeast. The IP/Mag survey planned to commence in 2022 will cover that un-surveyed area.

Assays for all 2021 holes at Northwest Expo have now been received. NW21-03 is detailed, along with nearby historical drill holes in Zone 1, in Table 2. NW21-04 intersected 33m grading 0.358g/t Au and 54m grading 0.258g/t Au, extending the gold-rich zone at Northwest Expo by approximately 175m to the east. The additional holes completed in Zones 2 and 3 provided a better understanding of the porphyry system at Northwest Expo.

**Table 2: Zone 1 Significant Intercepts**

Hole ID	From (m)	To (m)	Interval (m)	True Width (m)	Au Grade (g/t)	Cu Grade (%)	Mo Grade (%)	Re Grade (g/t)	Cu Eq. Grade (%)	Au Eq. Grade (g/t)
<b>NW21-03</b>	<b>280.25</b>	<b>365.05</b>	<b>84.8</b>	<b>84.0</b>	<b>0.92</b>	<b>0.19</b>	<b>0.005</b>	<b>0.17</b>	<b>0.89</b>	<b>1.20</b>
	<b>280.3</b>	<b>305.0</b>	<b>24.8</b>	<b>24.8</b>	<b>1.30</b>	<b>0.10</b>	<b>0.007</b>	<b>0.30</b>	<b>1.09</b>	<b>1.47</b>
<b>Including NW21-04</b>	<b>373</b>	<b>406</b>	<b>33.0</b>	<b>33.0</b>	<b>0.36</b>	<b>0.07</b>	<b>0.012</b>	<b>0.35</b>	<b>0.38</b>	<b>0.51</b>
<b>and</b>	<b>431</b>	<b>485</b>	<b>54</b>	<b>54</b>	<b>0.26</b>	<b>0.05</b>	<b>0.008</b>	<b>0.28</b>	<b>0.27</b>	<b>0.37</b>
<b>and</b>	<b>500</b>	<b>510</b>	<b>10</b>	<b>10</b>	<b>0.11</b>	<b>0.05</b>	<b>0.006</b>	<b>0.23</b>	<b>0.15</b>	<b>0.20</b>
EC-218	323.8	438	114.2	114.0	0.53	0.11	0.004	*	0.70	0.70
EC-228	151.85	221.9	70.1	70.0	1.15	0.22	0.018	*	1.13	1.52
EC-233	329.2	423.7	94.5	94.0	0.86	0.13	0.002	*	0.77	1.04
EC-234	286.5	384.0	97.5	97.5	0.94	0.16	0.003	*	0.87	1.17
EC-245	148.0	264.9	116.9	110.0	1.18	0.15	0.001	*	1.03	1.39
Including	234.7	264.9	30.2	28.4	2.03	0.25	0.001	*	1.76	2.37
EC08-254	270.00	386.00	116.0	95.0	1.00	0.17	0.005	0.37	0.93	1.26
Including	322.0	352.0	30.0	24.6	1.50	0.21	0.008	0.24	1.35	1.82

\* Not analyzed in historical drilling. For Au Equivalent g/t and Cu Equivalent % calculations used a value of 0.001g/t Re.

**Bolded** holes are from 2021 drilling

Copper and gold equivalent calculations based on the following metal prices which were used in the Company's 2021 PEA on the Project:

Cu = US\$3.25/lb, Au = US\$1,650/oz, Mo = US\$10/lb, Re = \$1,256/kg. Calculations assume 100% recovery; totals may not add due to rounding

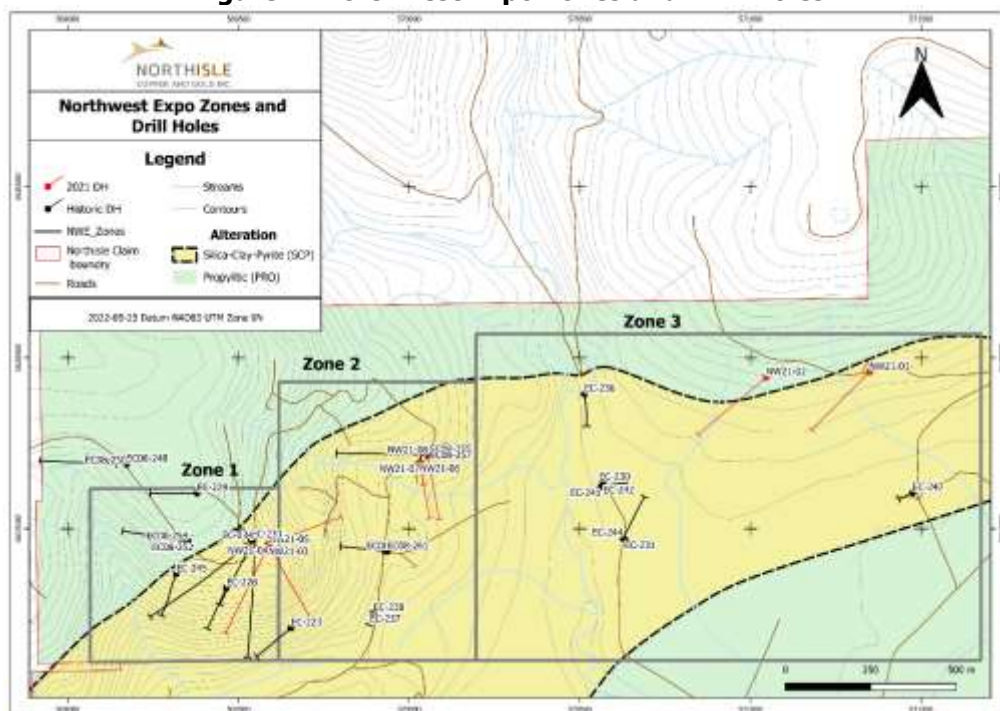
**Note on equivalent calculation:**

Copper equivalent is determined by calculating total contained metal value/tonne, dividing by the copper price, and then dividing the resultant number of pounds of copper by 2204.6. Gold equivalent is determined by calculating total contained metal value/tonne, dividing by the gold price, and then multiplying the resultant number of troy ounces of gold by 31.103

The observed styles of alteration and mineralization in drill holes at Northwest Expo are consistent with the current hypothesis that this porphyry system is tilted to the southwest so that the core of the porphyry system lies to the northeast.

A plan view Northwest Expo, showing the above drill holes, can be found in Figure 1 below.

**Figure 1: Northwest Expo Zones and Drill Holes**



Collar data for the relevant drill holes in Zones 1, 2 and 3 can be found on the Company's website [here](#).

**Zone 1 – Gold-rich Porphyry Target**

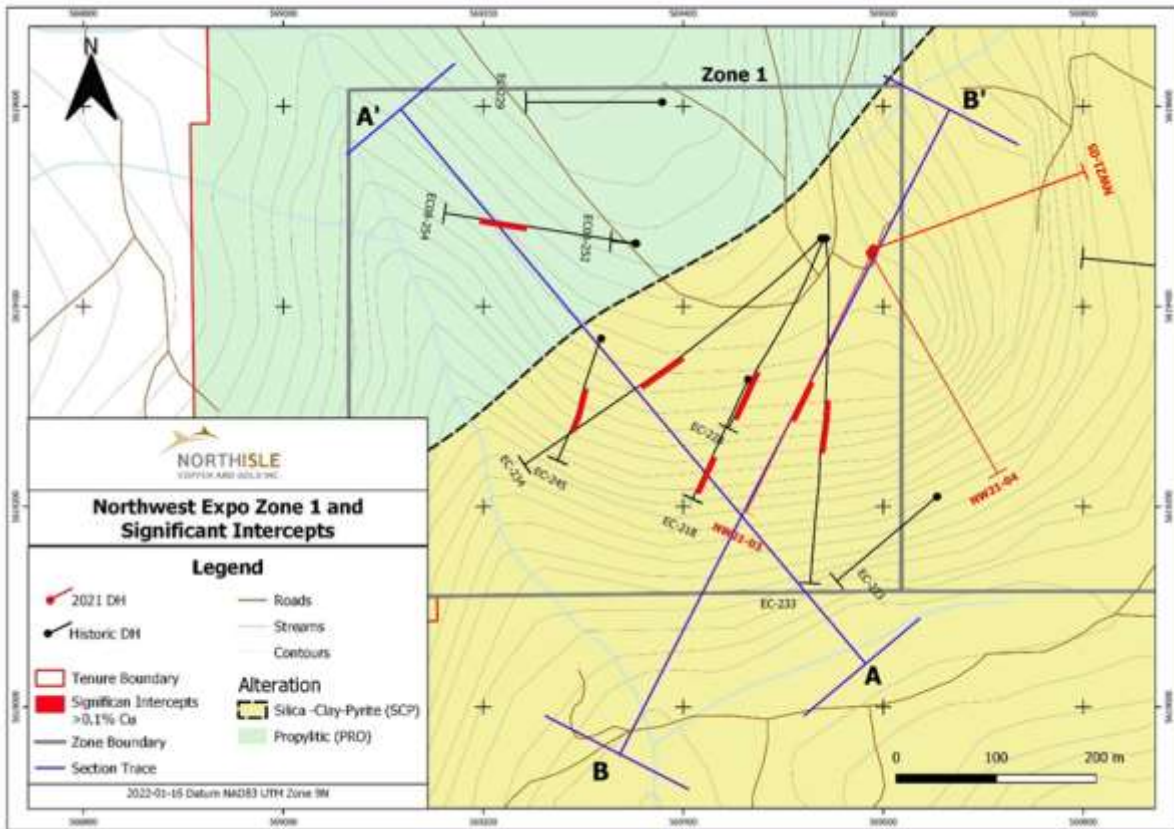
This zone is underlain by Jurassic Bonanza Formation andesitic volcanoclastics, flows and feldspar porphyry dykes and minor diorite with intense silica-clay-pyrite alteration imposed upon them, as well as hydrothermal breccias and silica immiscibility textured rocks emanating from an aerially extensive hydrothermal system. Mineralization occurs predominantly in characteristic chlorite-magnetite+/-sericite altered rocks (CMG) which is identical to the mineralization observed at Island Copper, Hushamu, Red Dog and Goodspeed areas.

Figure 2 shows the location of current and historical drill holes in Zone 1, including significant intercepts (> 0.1% Cu) of drilling to date as well as the location of two cross-sections detailed in Figure 3 (Section A-A') and Figure 4 (Section B-B'). Table 2 details the grades of those intercepts.

Drill hole NW21-03 is of particular interest as it confirms a zone of high-grade gold-copper porphyry mineralization which extends from EC-254 in the west approximately 480 meters horizontally to NW21-03 in the east, and from EC-254 in the north 120 metres horizontally to EC-228 in the south, for an interpreted total extent of at least 500 meters strike length by between at least 240 - 480 metres dip length (Sections A-A' and B-B' in Figure 3 and Figure 4 respectively). Drill holes which intersect this zone have significant mineralized intercepts (>0.1% Cu) ranging from 70 metres to 116 m in length, and an interpreted average true width of 86 metres.

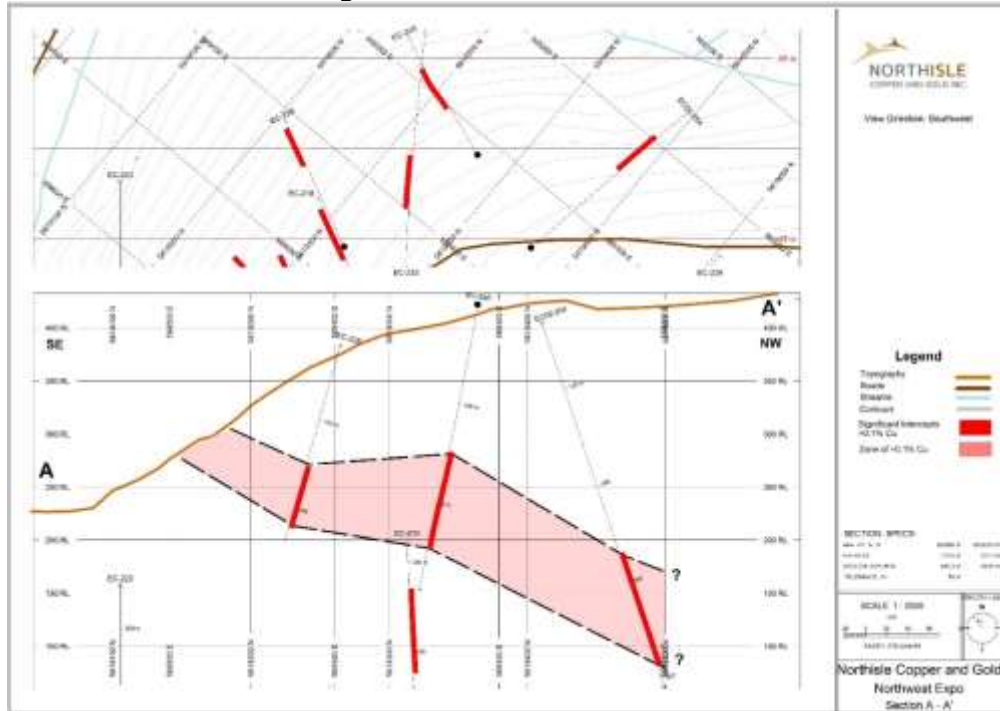


**Figure 2: Zone 1 Drill Holes and Significant Intercepts**



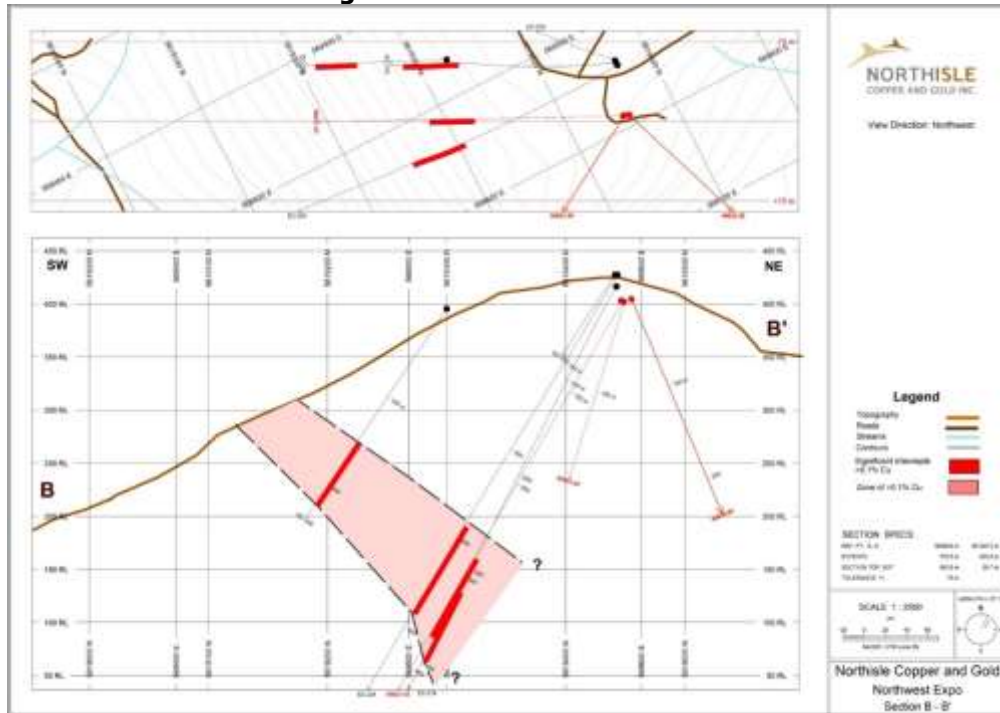
It was observed in several historic holes and in NW21-03 and NW21-04 assays that a zone with higher molybdenum and rhenium grades occurs above and overlaps with the intercepts noted in Table 2. None of the 2005-2007 holes were analyzed for rhenium. Northisle plans to carry out check re-assays of those holes for Cu, Au, Mo and Re.

**Figure 3: Zone 1 Section A-A'**



NOTE: Please refer to Table 2 for details of the assays of the significant intercepts.

**Figure 4: Zone 1 Section B-B'**

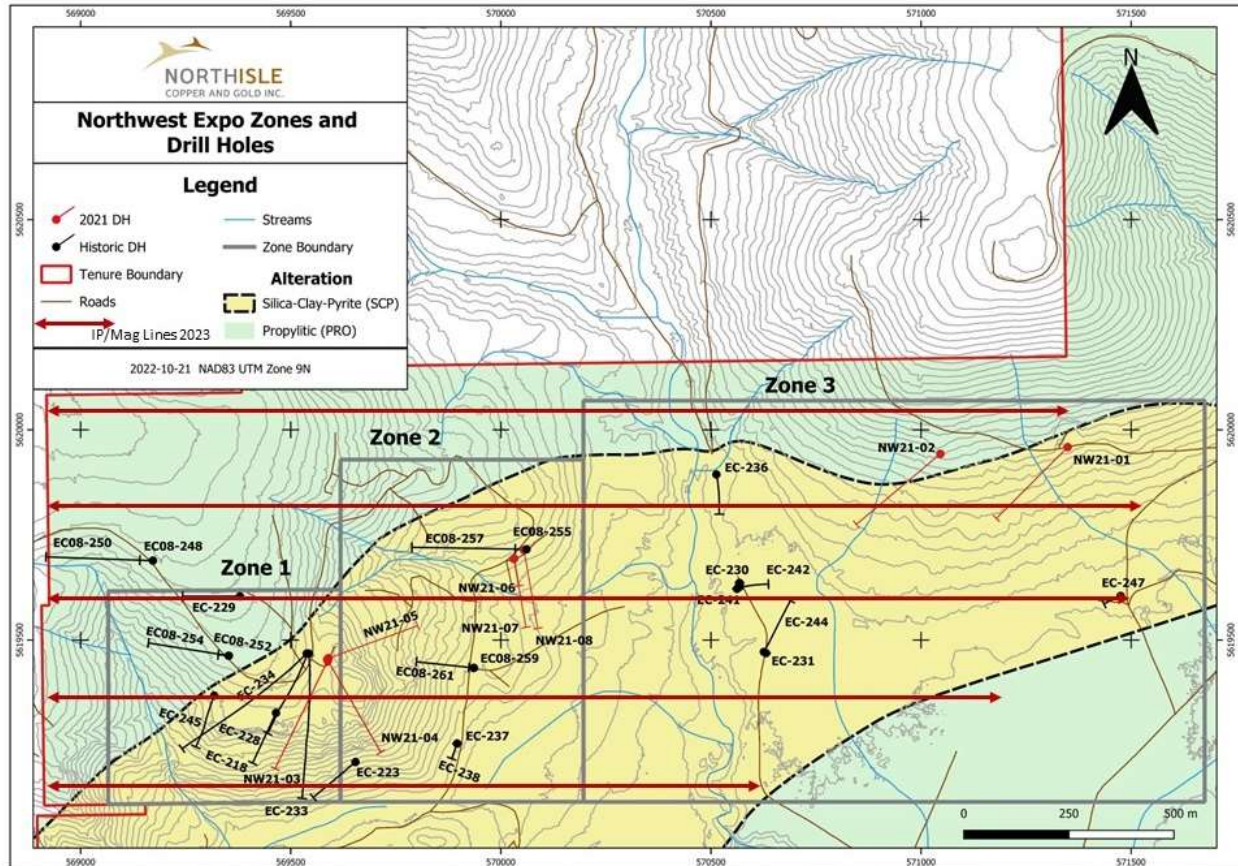


NOTE: Please refer to Table 2 for details of the assays of the significant intercepts.

The geophysical survey commenced during Q4 will cover the existing gold-rich Zone 1 as well as the area northeast of this zone, including an area where historical drill hole EC-236 intersected 158.4m grading 0.12% Cu, 0.09g/t Au and EC-242 intersected 91.5m grading 0.18%Cu and 0.15g/t Au. Other holes in

the area failed to penetrate overburden. It is hypothesized that the porphyry system which created the mineralization found in Zone 1 may be found in this area, referred to as Zone 3. See Figure 5.

**Figure 5: Northwest Expo 2022 Geophysical Survey**



### Hushamu Drilling

Ten planned drill holes at Hushamu have now been completed, totalling 4,934 metres. Drilling at Hushamu was paused to allow the drill to test the targets at Macintosh, as described above. The holes completed during late 2021 and early 2022 were targeted at filling in an under-drilled volume to the southwest of the resource and intercepted mineralization consistent with that found elsewhere in the Hushamu Deposit. The objective of the recently completed drilling was to test areas near the defined resource with potential for increasing the global resource. Assays from 2021 and 2022 drilling at Hushamu have indicated that the potential exists to upgrade the grade in certain under-drilled areas of the resource within the conceptual pit outline considered during the 2021 PEA. In addition, HU22-06 demonstrated that mineralization extends more than 200m beyond the modelled pit shell. Additional in-fill drilling is planned for 2023, targeting conversion of in-pit Inferred Resources to Indicated.

### Pemberton Hills Ownership and Exploration

On February 4, 2021, the Company announced that it had regained 100% control of the exploration tenements comprising the Pemberton Hills target at the Project. This area had previously been optioned to Freeport-McMoran Mineral Properties Canada Inc. ("Freeport"), who provided notice of termination of their option after Northisle and Freeport were unable to agree to an extension of the option.



Exploration work completed to date with Freeport's funding, including \$2 million of induced polarization, detailed clay and structure studies, and scout drilling have defined a 1.5km by 2.5km target, northeast of the larger 6.5km by 1.5km lithocap, for what is interpreted to be a buried copper gold porphyry system. The target is indicated by a coincident anomalous IP chargeability, trace element, clay, geological and structure vectors present in surface outcrops and in surrounding drill holes.

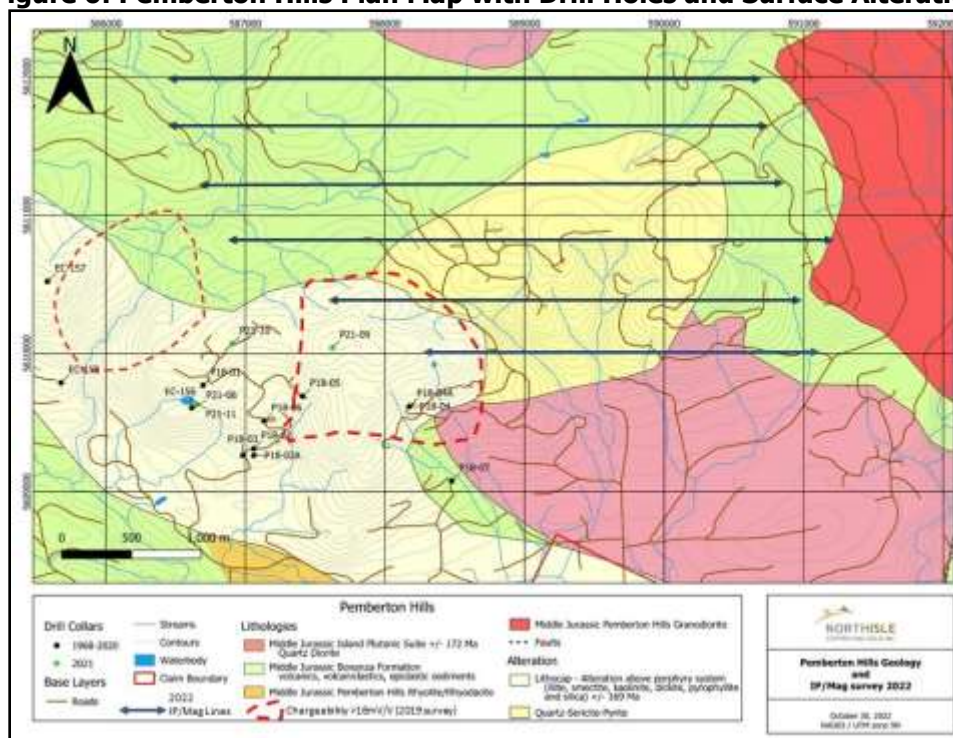
The 2021 exploration program at Pemberton Hills was initially planned to test this target with 3 drill holes, each with a planned minimum depth of 600m per hole. All of the holes reached their planned depth and were extended further (see table below). An additional hole drilled from the same site as the historical hole EC-156 tested the area to the northwest of P21-08.

**Table 3: Pemberton Hill Drill Hole Collar Locations**

Hole ID	Azimuth	Dip	Easting UTM	Northing UTM	Hole Depth (m)
PH21-08	120	-80	586660	5609617	732
PH21-09	120	-80	587622	5610040	645
PH21-10	120	-80	586904	5610066	909
PH21-11	300	-70	586660	5609617	1029

Northisle has now received all assay results from its 2021 drilling program at Pemberton Hills. The objective of the 2021 program was to test a porphyry copper-gold-molybdenum target beneath the aerially extensive lithocap present in the Pemberton Hills area and which has been the subject of various exploration programs by Northisle since 2017. The lithocap is an alteration zone comprised variably of kaolinite, dickite, pyrophyllite, smectite, and other clay materials, pyrite and silica typically found above buried porphyry deposits. The map in Figure 6 shows an updated interpretation of the surface geology of the Pemberton Hills area as well as the recently completed geophysical survey lines from the fall 2022 surface exploration program. Results from this survey are pending and are anticipated to be released in the coming weeks.

**Figure 6: Pemberton Hills Plan Map with Drill Holes and Surface Alteration**



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While none of the 2021 drill holes penetrated the Pemberton Hills lithocap, despite testing it to a vertical depth of 966 metres, the results of the drilling are considered to be consistent with the existence of a hypothesized deeply buried, large porphyry system. While there were no significant core assays or mineralized intervals obtained from the 2018 and 2021 drill programs, of importance is the widespread occurrence of significantly anomalous molybdenum mineralization that occurs in late structures and hydrothermal breccias cutting both the lithocap and overlying silica cap. The breccias and late structures are mineralized with extremely fine grained molybdenite associated with a late, very fine-grained pyrite and accompanying alteration of kaolinite, dickite and lesser pyrophyllite plus silicification.

These structures, clay minerals indicating higher temperatures, and high acidity (typically occurring just above porphyry systems) plus associated molybdenum mineralization are interpreted to be overprinting the older lithocap alteration and emanating from a porphyry system at depth. Similar narrow mineralized structures were noted in the 2018 drilling at Pemberton Hills. Collectively, these mineralized structures and alteration features observed in the 2018 and 2021 drilling vector towards an area of approximately 1.5km by 2.5km to the northeast of the 2018 and 2021 drill holes indicative of a probable source area of the hypothesized buried copper-gold-molybdenum bearing porphyry system.

The Company intends to complete additional TerraSpec clay analyses and has created a comprehensive 3D model which combines pyrite abundance, metal ratios, clay analyses, geophysics and structure information and will be used to more tightly vector towards the hypothesized mineralized porphyry system at depth and to the northeast upon receipt of the 2022 surface exploration data.

### Red Dog Drilling

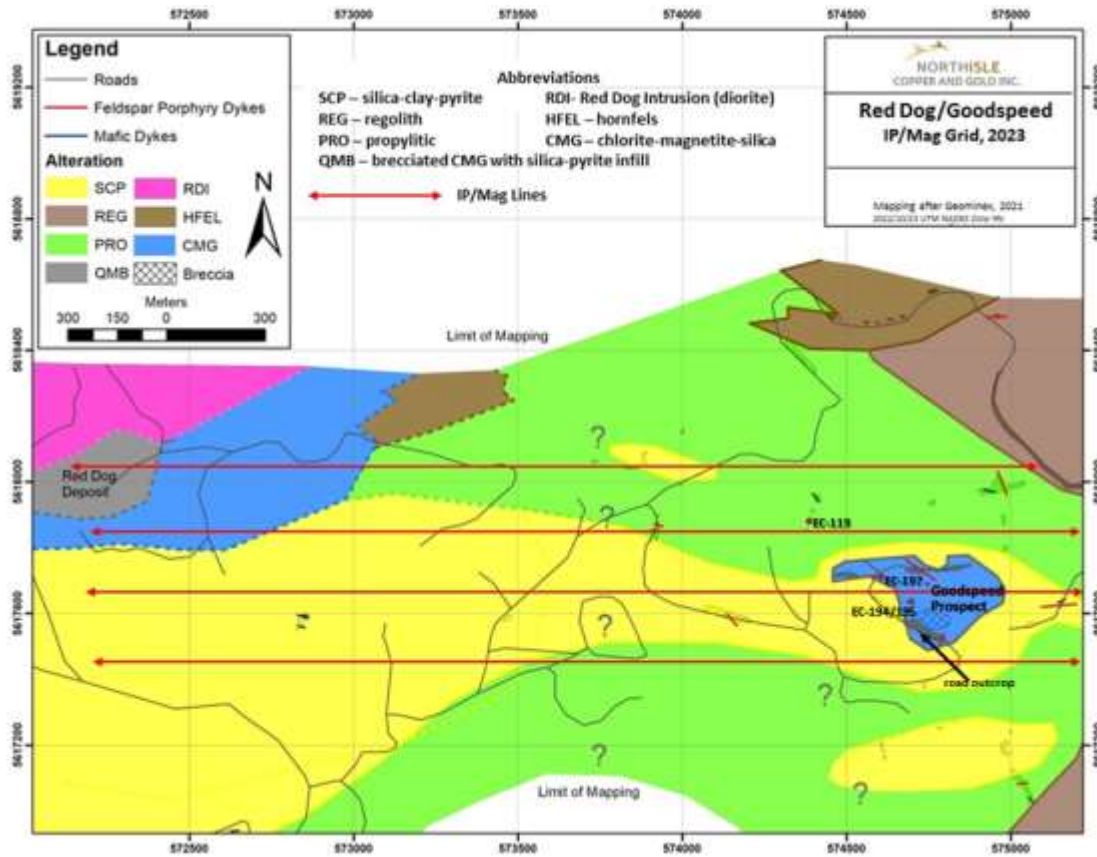
At Red Dog, drill hole RD21-01 was targeted to test silica-clay-pyrite (SCP) alteration at depth to the south of a major east-west trending fault zone and to drill through the fault and underneath the Red Dog Deposit which consists of a mineralized silica-magnetite breccia. The objective was to find the source porphyry for this mineralization. This drill hole encountered SCP alteration but no mineralized intervals on either side of the fault. RD21-02 was drilled to test an IP chargeability anomaly northwest of the Red Dog Deposit. The anomaly was found to be caused by SCP and propylitic alteration occurring from near surface to over 300 m depth in the hole. The hole ended in late basalt and felspar-porphyry dykes. Assay results for holes RD21-01 and RD21-02 have now been received and although have no significant assays the lithologies encountered confirm the existence of a very large area of alteration consistent with an extensive hydrothermal system with anomalous copper in soils. Future drilling will be undertaking following completion of an induced polarization and magnetic geophysical survey.

**Table 4: Red Dog Drill Hole Collar Locations**

Hole ID	Azimuth	Dip	Easting UTM	Northing UTM	Hole Depth (m)
RD21-01	0	-70	572064	5617616	504
RD21-02	360	-90	571454	5618404	393

The 2022 geophysics program in the Red Dog / Goodspeed area is intended to test for buried porphyry targets in the area between the two areas of mineralization. See Figure 7.

**Figure 7: Red Dog and Goodspeed 2022 Geophysical Survey**



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#### **Goodspeed and South Macintosh**

In addition to the Hushamu and Red Dog deposits there are several known porphyry occurrences and high-level porphyry type altered zones that require additional work to better define drill targets. Drilling at the Goodspeed target in the 1960s and 1990s intersected encouraging copper values including 0.32% over 24 metres, 0.19% over 72 metres and 0.16% over 42m.

2021 structural and alteration mapping at Goodspeed has outlined a large area of silica-clay-pyrite alteration with a 500 metre by 350 metre core of chlorite-magnetite (CMG) alteration containing stockwork quartz-magnetite-chalcopyrite veining in places. This CMG alteration is also found peripheral to and within the breccia comprising Northisle's Red Dog copper-gold-molybdenum deposit 3.5 kilometres to the west, Northwest Expo 6 kilometres northwest, as well as its Hushamu copper-gold-molybdenum deposit 8 kilometres to the southeast. Further mapping, sampling and clay analyses was commenced in the fall of 2022 and will be continued in early 2023 to support the in-progress surface geophysics program, with drill targets to be identified for follow-up in 2023.

At South Macintosh, immediately southeast of Hushamu, recent logging roads exposed a large area of previously unknown high-level porphyry alteration which was the target of a surface mapping program which was completed during May 2021. This area 1.4km southeast of Hushamu is observed to be 2.4 km long in a NW-SE direction and at least 1.5 km wide. An IP/Mag survey was completed in mid-November and along with TerraSpec clay analyses helped provide targets for drill testing during Q1 2022.

Drilling of nine holes totalling 3,589m at Macintosh has been completed and assays, while not being of significant grade, indicate that Macintosh may be an extension of the same alteration system identified at Hushamu. There are several un-tested areas to the southwest of the target which remain to be tested by future drill programs.

#### **New South Hep Target**

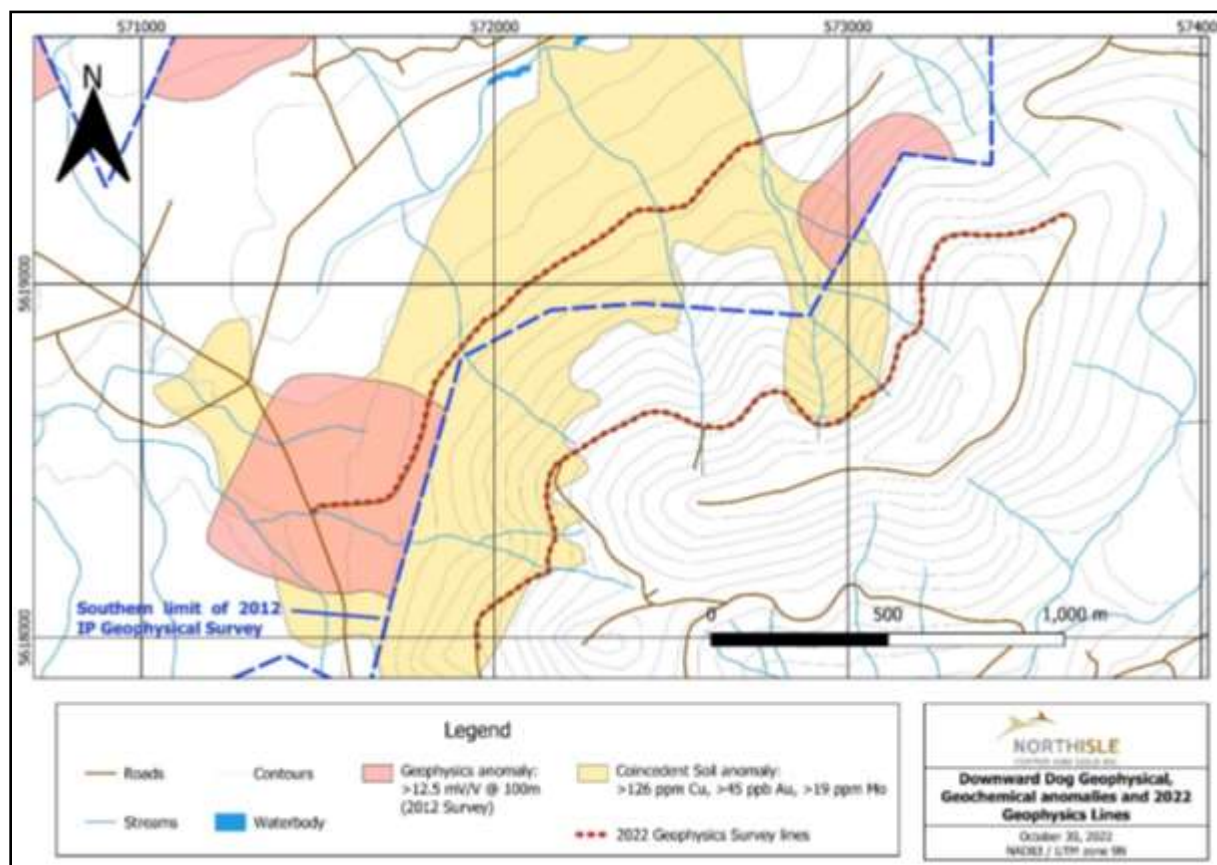
During aerial reconnaissance of the area in October 2021 a 500m wide area was exposed by three slides in a logged area 2.5km NW of the Hushamu deposit that exhibited colour anomalies similar to SCP alteration observed on the Company's other deposits and targets. At the southern extent of a 2019 IP survey lines to the north and east of this exhibit chargeability anomalies. Reconnaissance exploration commenced in this area during 2022 and will be continued during 2023.

#### **New Downward Dog Target**

During analysis of historic IP geophysics and soil geochemistry it was observed that north and northwest of the Red Dog Deposit (see Figure 8) the south and southeast limit of a previous IP survey indicated >17.5 mV/V chargeability anomalies at 40m and 100m depths. A 2005 soil geochemistry survey in this area of no outcrop was found to exhibit coincident anomalies (95th percentile) of >128ppm Cu, >87ppb Au, >34ppm Mo with a peripheral anomalous zone of >194ppm Zn. This coincident Cu, Au, Mo anomaly along with the peripheral zinc anomaly is typically seen above porphyry deposits. An IP/magnetics survey will be carried out to determine the extent of the zone.



**Figure 8: Downward Dog 2012 IP Anomaly, 2005 Soil Geochem Anomaly, 2022 IP / Mag**



### Mineral Property Expenditures

The Company's exploration expenses for the periods presented were as follows:

	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Cumulative Property Expenditures
	\$	\$	\$
Amortization of equipment	46,891	46,890	143,674
Claims costs	824	300	42,402
Community engagement	198,227	27,664	310,325
Engineering	100,252	206,001	2,515,124
Exploration and camp support	3,376,568	2,511,054	10,765,883
Environmental studies	456,044	73,507	939,189
Salary and wages	147,500	90,265	617,801
Mineral property exploration tax credits		-	(544,016)
<b>TOTAL</b>	<b>4,326,306</b>	<b>2,955,681</b>	<b>14,790,382</b>

Cumulative property expenditures are from the date of incorporation on August 3, 2011 to September 30, 2022. This table does not include expenditures incurred by third party joint venturers.

**Northisle Copper and Gold Inc.**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the three and nine months ended September 30, 2022

*All financial information presented below is expressed in Canadian dollars, unless otherwise indicated.*

**RESULTS OF OPERATIONS**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022 \$	2021 \$	2022 \$	2021 \$
Mineral property expenditures	856,135	1,060,138	4,326,306	2,955,681
Filing and regulatory fees	7,246	1,149	78,209	30,616
Office and administration	13,174	12,508	58,964	38,463
Professional fees	12,716	17,737	52,194	106,489
Rent and utilities	10,400	7,500	26,750	14,500
Share-based payments (note 7, 8)	155,258	51,278	454,133	137,600
Shareholder communication and travel	77,451	79,603	381,135	234,402
Wages and benefits (note 8)	171,290	59,582	571,109	176,397
<b>CORPORATE EXPENSES</b>	<b>1,303,670</b>	<b>1,289,495</b>	<b>5,948,800</b>	<b>3,694,148</b>
Foreign exchange loss (gain)	(122)	-	197	(2,475)
Interest income	-	(6,028)	(193)	(8,090)
Flow-through premium recovery	(309,364)	(138,059)	(751,007)	(343,549)
<b>LOSS AND COMPREHENSIVE LOSS</b>	<b>994,184</b>	<b>1,145,408</b>	<b>5,197,797</b>	<b>3,340,034</b>

THREE MONTHS ENDED SEPTEMBER 30, 2022

Northisle incurred a loss of \$994,184 (\$0.00 per common share) for the three months ended September 30, 2022, compared to a loss of \$1,145,408 (\$0.01 per common share) over the same period in 2021. The scale and nature of the Company's activity have remained generally consistent throughout these periods, but a few items led to differences in the comparative figures, as follows:

During the three months ended September 30, 2022, mineral property expenditures decreased by \$204,003 compared to the same period in 2021 as the Company awaited additional exploration permits for its Northwest Expo target.

Share-based payments increased by \$103,980 during the three months ended September 30, 2022, compared to the same period in 2021 due to the timing, valuation and recognition differences relating to underlying stock option, restricted share unit and deferred share unit grants.

Wages and benefits increased by \$111,708 during the three months ended September 30, 2022, compared to the same period in 2021 due to an increase in head count and employee salaries.

During the three months ended September 30, 2022, the Company recorded a flow-through premium recovery of \$309,364 compared to a flow-through premium recovery of \$138,059 during the nine months ended September 30, 2021, as the Company continued work on its drilling and exploration program.

**Northisle Copper and Gold Inc.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2022

**NINE MONTHS ENDED SEPTEMBER 30, 2022**

Northisle incurred a loss of \$5,197,797 (\$0.03 per common share) for the nine months ended September 30, 2022, compared to a loss of \$3,340,034 (\$0.02 per common share) over the same period in 2021. The scale and nature of the Company's activity have remained generally consistent throughout these periods, but a few items led to differences in the comparative figures, as follows:

During the nine months ended September 30, 2022, mineral property expenditures increased by \$1,370,625 compared to the same period in 2021 as the Company continued its exploration program primarily focused on the Hushamu, Northwest Expo and Macintosh targets. The Company also increased environmental and community engagement related programs.

Filing and regulatory costs increased by \$47,593 during the nine months ended September 30, 2022, compared to the same period in 2021 as the Company held its annual general meeting and also realized higher regulatory fees associated with filing its 2021 year-end financial statements.

Professional fees decreased by \$54,295 during the nine months ended September 30, 2022, compared to the same period in 2021 as the Company reduced legal activity.

Share-based payments increased by \$316,533 during the nine months ended September 30, 2022, compared to the same period in 2021 due to the timing, valuation and recognition differences relating to underlying stock option, restricted share unit and deferred share unit grants.

Shareholder communication and travel increased by \$146,733 during the nine months ended September 30, 2022, compared to the same period in 2021 as the Company continued to increase promotional activities and investor outreach.

Wages and benefits increased by \$394,712 during the nine months ended September 30, 2022, compared to the same period in 2021 due to an increase in head count and employee salaries.

During the nine months ended September 30, 2022, the Company recorded a flow-through premium recovery of \$751,007 compared to a flow-through premium recovery of \$343,459 during the nine months ended September 30, 2021, as the Company continued work on its drilling and exploration program, initiated environmental activity and increased community engagement.

**LIQUIDITY AND CAPITAL RESOURCES**

For the nine months ended September 30,	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
Operating activities	(5,726,392)	(3,349,799)
Financing activities	7,214,648	6,871,583
Investing activities	108,170	(146,396)
<b>CHANGE IN CASH AND EQUIVALENTS</b>	<b>1,596,426</b>	<b>3,375,388</b>
Cash and cash equivalents – beginning	5,794,741	2,942,711
<b>CASH AND CASH EQUIVALENTS</b>	<b>7,391,167</b>	<b>6,318,099</b>

**Northisle Copper and Gold Inc.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2022

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Northisle had \$7,391,167 in cash as at September 30, 2022, compared to \$5,794,741 in cash as at December 31, 2021. As at September 30, 2022, the Company had working capital of \$4,561,544 and adjusted working capital (after excluding the flow-through premium liability of \$3,195,158) of \$7,756,702.

The Company will continue to require additional funding to maintain its ongoing exploration and development programs, property maintenance payments and operations. Its principal source of funds is the issuance of common shares. Northisle's common shares are publicly traded. As such, the price of its common shares is susceptible to factors beyond management's control including, but not limited to, fluctuations in commodity prices and foreign exchange rates and changes in the general market outlook. Should Northisle require funds during a time when the price of its common shares is depressed, the Company may be required to accept significant dilution to maintain enough liquidity to continue operations or may be unable to raise sufficient capital to meet its obligations.

**Operating Activities**

The main components of cash flows used for operating activities are discussed in the Results of Operations section, above.

**Financing Activities**

During the nine months ended September 30, 2022, the Company received \$451,250 from the exercise of stock options. During the nine months ended September 30, 2021, the Company received \$84,166 from the exercise of stock options.

During the nine months ended September 30, 2022, the Company completed non-brokered private placements for gross proceeds of \$7,000,405. During the nine months ended September 30, 2021, the Company completed non-brokered private placements for gross proceeds of \$7,102,357.

**Investing Activities**

During the nine months ended September 30, 2022, the Company redeemed short-term investments totaling \$108,170. During the nine months ended September 30, 2021, the Company purchased equipment totaling \$146,396.



**SUMMARY OF QUARTERLY RESULTS**

The following table sets forth selected financial information derived from unaudited interim consolidated financial statements for each of the eight most recent quarters.

<b>As at and for the quarter ended</b>	<b>30-Sep-22</b>	<b>30-Jun-22</b>	<b>31-Mar-22</b>	<b>31-Dec-21</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Loss and comprehensive loss	994,184	2,099,352	2,104,261	1,885,176
Loss per share – basic and diluted	0.00	0.01	0.01	0.01
Cash and cash equivalents	7,391,167	9,122,759	4,072,653	5,794,741
Total assets	18,092,202	19,816,959	14,842,720	16,643,150
<b>As at and for the quarter ended</b>	<b>30-Sep-21</b>	<b>30-Jun-21</b>	<b>31-Mar-21</b>	<b>31-Dec-20</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Loss and comprehensive loss	1,145,408	1,417,645	777,480	908,483
Loss per share – basic and diluted	0.01	0.01	0.01	0.01
Cash and cash equivalents	6,318,099	7,199,275	9,058,688	2,942,711
Total assets	16,667,732	17,546,024	19,311,131	13,038,747

Mineral exploration and development 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 common shares. When 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 on favourable terms, the Company's activity levels and the size and scope of planned exploration and development programs will also increase.

During the three months ended September 30, 2022, the Company's mineral property expenditures decreased compared to previous quarters.

During the three months ended June 30, 2022, March 31, 2022, December 31, 2021, September 30, 2021, and June 30, 2021, Northisle's loss and comprehensive loss increased compared to previous quarters as the Company's exploration and drilling program was ongoing.

During the three months ended December 31, 2021, the Company had an increase in corporate activity related to the implementation of an equity incentive plan and improved AGM disclosure which resulted in higher professional fees than compared to prior quarters.

The Company also increased investor outreach and marketing activities during three months ended June 30, 2022, September 30, 2021, and June 30, 2021.

During the three months ended June 30, 2022, the Company completed a non-brokered private placement for gross proceeds of \$7,000,450.

During the three months ended March 31, 2021, the Company completed a non-brokered private placement for gross proceeds of \$7.1 million. The Company had also begun a drilling and exploration program and published its 2021 PEA Report during the three months ended March 31, 2021. Both these items increased mineral property expenditures.

During the three months ended December 31, 2020, the Company completed a non-brokered private placement for gross proceeds of \$3.2 million. The Company's loss and comprehensive loss for the three months ended December 31, 2020, was larger than previous quarters due to an increase in share-based payments associated with stock option grants that took place during quarter, as well as increased activity related to the advancement of the 2021 PEA Report.

## RELATED PARTY TRANSACTIONS

### Management compensation

The Company's related parties include its directors and officers, who are the key management of the Company. The remuneration of directors and officers during the periods presented was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022 \$	2021 \$	2022 \$	2021 \$
President & Chief Executive Officer	68,750	-	206,250	-
Chief Financial Officer	55,000	10,000	165,000	37,000
Vice President, Exploration	42,500	30,000	127,500	90,265
Vice President, Project Development	30,000	-	55,000	-
Vice President, Corporate Development	-	30,000	-	90,000
Share-based payments	139,277	31,027	408,874	105,809
<b>MANAGEMENT COMPENSATION</b>	<b>335,527</b>	<b>101,027</b>	<b>957,624</b>	<b>323,074</b>

The Company's Vice President, Corporate Development was appointed Chief Financial Officer on September 1, 2021.

## OUTSTANDING SHARE DATA

As at the date of this report, the Company has 199,699,604 common shares outstanding. The Company had 5,048,000 warrants outstanding with an exercise price of \$0.28 and 11,997,333 stock options outstanding with exercise prices ranging from \$0.07 - \$0.40 per stock option. In addition, there are 781,000 restricted share units and 348,000 deferred share units to be settled by way of common shares issued from treasury.

## CONTRACTUAL OBLIGATIONS

The Company has no off-balance sheet arrangements, no capital lease agreements and no contractual obligations. Neither the Company nor any of its subsidiaries has any externally imposed capital requirements. The Company has no proposed transactions.

## FINANCIAL INSTRUMENT RISK

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to liquidity, credit, and market risk from the use of financial instruments. Financial instruments consist of cash, certain other assets, and accounts payable and accrued liabilities.

### Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company uses cash forecasts to ensure that there is sufficient cash on hand to meet short-term business requirements. The Company's accounts payable and accrued liabilities are all due in less than

**Northisle Copper and Gold Inc.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2022

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one year. Cash is invested in highly liquid investments which are available to discharge obligations when they come due. The Company does not maintain a line of credit.

**Credit risk**

Financial instruments that potentially subject the Company to credit risk consist primarily of cash, short term investments and reclamation deposits. These financial instruments are at risk to the extent that the institutions issuing or holding them cannot redeem amounts when they are due or requested. To limit its credit risk, the Company uses a restrictive investment policy. It deposits cash and cash equivalents in Canadian chartered banks as well as guaranteed investment certificates from Canadian chartered banks with a credit rating of R-1(high) or equivalent. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents Northisle's maximum exposure to credit risk.

**ADDITIONAL INFORMATION**

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

**NATIONAL INSTRUMENT 43-101 COMPLIANCE**

Unless otherwise indicated, the Company has prepared the technical information in this MD&A ("Technical Information") based on information contained in the 2021 PEA, the Company's Annual Information Form for the year ended December 31, 2021 and news releases (collectively, the "Disclosure Documents") available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Each Disclosure Document was prepared by or under the supervision of a qualified person (a "Qualified Person") as defined in NI 43-101. Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

Technical Information in the MD&A has been prepared under the supervision of Robin Tolbert, P.Geo., VP Exploration of the Company and a Qualified Person as defined by NI 43-101.

## **Northisle Copper and Gold Inc.**

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2022

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#### **CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION**

This MD&A contains "forward-looking information" and "forward-looking statements" (referred to together herein as "forward-looking statements"). Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking statements are not historical facts. Forward-looking 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 forward-looking statements.

Forward-looking statements in this MD&A include, but are not limited to:

- statements related to the Project and the Company's planned and future activities on the Project;
- the anticipated timing and results of future exploration and drilling of the Project and the Company's assumptions and estimates used in its drill results, the interpretation of those results and its resource estimates;
- statements related to Northisle's ability to implement its business strategies associated with its mineral exploration and production;
- discussions of results from operations (including, without limitation, statements about the Company's opportunities, strategies, competition, expected activities and expenditures as the Company pursues its business plan, the adequacy of the Company's available cash resources and other statements about future events or results), performance (both operational and financial), business prospects, future business plans and opportunities;
- expectations regarding the ability of the Company to raise capital and to continue its exploration and development plans on its properties; and
- statements as to management's expectations with respect to, among other things, the activities contemplated in this MD&A.

Forward-looking statements are necessarily based upon a number of estimates and assumptions, including assumptions with respect to the factors below, that, while considered reasonable by the Company, are inherently subject to significant risks and uncertainties. Known and unknown factors could cause actual results to differ materially from those anticipated in the forward-looking statements, including, but not limited to, the following:

- mineral resource calculations are only estimates;
- significant uncertainty exists related to inferred mineral resources;
- actual capital costs, operating costs and production, and economic returns may differ significantly from those described in the 2021 PEA;
- mining operations require geologic, metallurgic, engineering, title, environmental, economic and financial assessment that may be materially incorrect and thus the Company may not be able to produce as expected;
- the Company does not have any operating revenue;
- the mineral exploration industry is intensely competitive;
- additional financing may not be available to the Company when required or, if available, the terms of such financing may not be favourable to the Company;



**Northisle Copper and Gold Inc.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2022

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- failure to maintain relationships with the communities in which the Company operates and other stakeholders may adversely affect the Company's business;
- fluctuations in the demand for copper and gold;
- the Company's exploration activities are dependent upon the grant of appropriate licenses, concessions, leases, permits and regulatory consents, which may be withdrawn or not granted;
- the Company's operations could be adversely affected by possible future government legislation, policies and controls or by changes in applicable laws and regulations;
- there is no guarantee that title to the properties in which the Company has a material interest will not be challenged or impugned;
- public health crises such as the COVID-19 pandemic may adversely impact the Company's business; and
- the other factors, risks, and uncertainties described in the Company's Annual Information Form and Management Discussion & Analysis for the year ended December 31, 2021.

The actual results or performance by Northisle could differ materially from those expressed in, or implied by, any forward-looking statements. Accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations or financial condition of the Company. Northisle is under no obligation to update any forward-looking statements, except as required under applicable securities law.