



Condensed interim consolidated financial statements

For the three months ended September 30, 2022

In US dollars

Unaudited

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Highland Copper Company Inc. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

Highland Copper Company Inc.

Condensed Interim Consolidated Statements of Financial Position

<i>(unaudited, in US dollars)</i>	September 30, 2022	June 30, 2022
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	11,539,180	12,929,815
Sales taxes receivable	31,920	51,041
Prepaid expenses and other	32,795	70,924
	11,603,895	13,051,780
Non-current		
Environmental bond (Note 4 a)	1,676,149	1,676,149
Capital assets	27,975	29,672
Exploration and evaluation assets (Note 4)	22,898,677	22,856,259
TOTAL ASSETS	36,206,696	37,613,860
LIABILITIES		
Current		
Accounts payable and accrued liabilities	1,059,557	1,257,830
	1,059,557	1,257,830
Non-current		
Environmental liability (Note 5)	2,099,026	2,097,425
TOTAL LIABILITIES	3,158,583	3,355,255
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	83,948,586	83,948,586
Contributed surplus	15,596,143	15,220,385
Deficit	(67,029,298)	(66,026,815)
Cumulative translation adjustment	532,682	1,116,449
TOTAL EQUITY	33,048,112	34,258,605
TOTAL LIABILITIES AND EQUITY	36,206,696	37,613,860

Going concern (Note 2).

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

On behalf of the Board,

/s/ Denis Miville-Deschênes
Denis Miville-Deschênes, Director

/s/ Caroline Donally
Caroline Donally, Director

Highland Copper Company Inc.
Condensed Interim Consolidated Statements of Income (loss) and Comprehensive Income (loss)

<i>(unaudited, in US dollars)</i>	Three months ended September 30,	
	2022	2021
	\$	\$
Expenses and other items		
Exploration and evaluation (Note 8)	617,846	204,908
Management and administration (Note 9)	436,994	596,858
Share-based compensation	375,758	-
Depreciation and amortization	2,637	1,503
Gain on disposal of exploration and evaluation assets (Note 4 b)	-	(2,946,908)
Accretion on environmental liability (Note 5)	1,601	2,625
Finance expense (Note 10)	-	322,147
Finance income	(23,995)	(3,654)
Loss (gain) on foreign exchange	(408,459)	53,795
Net income (loss) for the period	(1,002,482)	1,768,726
Other comprehensive income (loss)		
Item that may be subsequently reclassified to income		
Foreign currency translation adjustment	(583,768)	42,181
Comprehensive income (loss) for the period	(1,582,150)	1,810,907
Basic and diluted loss per common share	0.00	(0.00)
Weighted average number of common shares - basic and diluted	736,363,619	568,804,533

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Highland Copper Company Inc. Condensed Interim Consolidated Statements of Shareholders' Equity

<i>(unaudited, in US dollars)</i>	Number of issued and outstanding common shares	Share capital	Contributed Surplus	Deficit	Cumulative translation adjustment	Total shareholders' equity (deficit)
		\$	\$	\$	\$	\$
Balance at June 30, 2022	736,363,619	83,948,586	15,220,385	(66,026,815)	1,116,449	34,258,605
Private placement (Note 9)	-	-	-	-	-	-
Share issue expenses (Note 9)	-	-	-	-	-	-
Share-based compensation	-	-	375,758	-	-	375,758
Net income for the period	-	-	-	(1,002,482)	-	(1,002,482)
Foreign currency translation adjustment	-	-	-	-	(583,768)	(583,768)
Balance at September 30, 2022	736,363,619	83,948,586	15,596,143	(67,029,298)	532,681	33,048,113
Balance at June 30, 2021	472,933,689	66,137,274	11,961,512	(63,970,379)	1,179,267	15,307,674
Private placement	263,429,930	17,971,063	2,853,764	-	-	20,824,827
Share issue expenses	-	(159,750)	-	-	-	(159,750)
Net income for the period	-	-	-	1,768,726	-	1,768,726
Foreign currency translation adjustment	-	-	-	-	42,181	42,181
Balance at September 30, 2021	736,363,619	83,948,587	14,815,276	(62,201,653)	1,221,448	37,783,658

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Highland Copper Company Inc.

Condensed Interim Consolidated Statements of Cash Flows

<i>(unaudited, in US dollars)</i>	Three months ended September 30,	
	2022	2021
	\$	\$
Operating activities		
Net income (loss) for the period	(1,002,482)	1,768,726
Adjustments		
Shared-based compensation	375,758	-
Depreciation and amortization	2,637	1,503
Gain on disposal of exploration and evaluation assets (Note 4 b)	-	(2,946,908)
Accretion on environmental liability (Note 5)	1,601	2,625
Unrealized loss (gain) on foreign exchange	(408,359)	53,795
Finance expense (Note 10)	-	322,147
Changes in working capital items		
Sales taxes receivable	19,121	(15,099)
Prepaid expenses and other	38,127	1,442
Accounts payable and accrued liabilities	(198,272)	(1,306,154)
	(1,171,869)	(2,117,923)
Investing activities		
Environmental bond (Note 5)	-	(1,676,149)
Capital assets	(940)	-
Mineral properties	(65,000)	-
Proceeds from sale of exploration and evaluation assets (Note 5)	-	3,000,000
Additions to exploration and evaluation assets	-	(50,000)
	(65,940)	1,273,851
Financing activities		
Issue of share capital	-	20,824,827
Share issue expenses	-	(159,750)
Credit facility	-	-
Reimbursement of credit facility	-	(6,337,766)
Reimbursement of note payable	-	-
Repayment of lease liabilities	-	-
	-	14,327,311
Effect of exchange rate changes on cash held in foreign currency	(151,526)	(34,535)
Net change in cash and cash equivalents	(1,389,365)	13,448,704
Cash, beginning of period	12,928,515	2,982,600
Cash and cash equivalents, end of period	11,539,180	16,431,304
Supplemental cash flow information		
Additions to exploration and evaluation assets and to environmental liability	65,000	593,148

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2022 (unaudited - in US dollars)

1. GENERAL INFORMATION

Highland Copper Company Inc. is a Canadian-based company. Highland and its subsidiaries (together "Highland" or the "Company") are primarily engaged in the acquisition, exploration and development of mineral properties in the State of Michigan, USA. Highland's common shares are listed on the TSX Venture Exchange under the symbol HI, and on the OTCQB Venture Marketplace under the symbol "HDRSF".

At September 30, 2022, the Company's principal assets, located in Michigan's Upper Peninsula region, include the 100%-owned Copperwood copper project (the "Copperwood Project") and the White Pine North copper project (the "White Pine North Project").

All financial results in these unaudited condensed interim consolidated financial statements are expressed in US dollars unless otherwise indicated.

The Board of Directors approved these unaudited condensed interim consolidated financial statements on November 28, 2022.

2. GOING CONCERN

These unaudited condensed interim consolidated financial statements have been prepared on the basis of a going concern, which assumes that the Company will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

The Company is subject to a number of risks and uncertainties associated with its future exploration and development activities. The recovery of amounts recorded for exploration and evaluation assets depends on the ability of the Company to obtain the necessary financing to complete the development of the projects, and future profitable production from the projects or proceeds from their disposition thereof.

To date, the Company has not yet generated positive cash flows from its operating activities and is in the exploration and development stage. The Company has a deficit of \$67,029,298 at September 30, 2022 (a deficit of \$66,026,815 at June 30, 2022). At September 30, 2022, the Company has a working capital of \$10,544,340 (a working capital of \$11,793,951 at June 30, 2022). The Company has relied upon external financings, primarily through the issuance of equity, as well as proceeds from the disposal of exploration and evaluation assets, to fund its operations in the past. Since the Company does not generate revenues, the Company will need to obtain additional funds through the issuance of shares, the exercise of warrants and share options or from other sources to pursue its operations and meet its obligations related to the development of the Copperwood and White Pine North projects beyond the current fiscal year. Despite the fact that it has been able to raise funds in the past, there is no guarantee of success for the future. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2022 (unaudited - in US dollars)

The conditions and uncertainties described above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption was not appropriate for these consolidated financial statements, adjustments which could be material would be necessary to the carrying value of assets and liabilities and reported expenses.

3. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and follow the same accounting policies as the Company's most recent annual consolidated financial statements. These condensed interim consolidated financial statements do not contain all of the information and disclosures required for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the years ended June 30, 2022 and 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2022 (unaudited - in US dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Copperwood Project	White Pine North Project	Total
	\$	\$	\$
Balance at June 30, 2022	17,804,059	5,052,200	22,856,259
Acquisition	65,000	-	65,000
Effect of change in foreign exchange	-	(22,582)	(22,582)
Balance at September 30, 2022	17,869,059	5,029,518	22,898,677

a) White Pine North Project, Michigan, USA

On May 13, 2014, the Company acquired from CRC all rights, title and interest in the White Pine North Project. On July 27, 2021, in accordance with the acquisition agreement, Highland (i) deposited an agreed amount of \$1,676,149 with the Michigan Department of Environment, Great Lakes, and Energy ("EGLE") associated with the remediation and closure plan of the previous White Pine operation; and (ii) released CRC from its environmental obligations with the Michigan Department of Environmental Quality. Highland assumed all of CRC's environmental liabilities related to the former White Pine mine site and will also be responsible for all ongoing environmental obligations.

b) Sale of the UPX Project

On August 27, 2021, the Company completed the sale of its mineral exploration project referred to as the UPX Property, through the sale of all of the issued and outstanding shares of UPX Minerals Inc. ("UPX Minerals"), an indirect wholly-owned subsidiary of Highland, to Sweetwater, an entity owned by Orion, in exchange for a cash consideration of \$3,000,000 and the assumption by Sweetwater of the remaining amount due under a promissory note in favor of Kennecott Exploration Company and Rio Tinto Nickel Company ("RTX"), resulting in a gain on sale of \$2,946,908 presented in the consolidated statements of income and comprehensive income.

	\$
Sale of the UPX Project	
Cash received	3,000,000
Assumption by Sweetwater of the promissory note in favor of RTX (Note 7)	17,956,985
	20,956,985
Net assets sold	(18,010,077)
Gain on disposal of the UPX property	2,946,908

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2022 (unaudited - in US dollars)

5. ENVIRONMENTAL LIABILITY

The environmental liability consists of reclamation costs related to the final acquisition of the White Pine North Project (Note 5). The undiscounted cash flow amount of the total liability was estimated at \$3,104,902 at July 27, 2021 and the present value of the total liability was estimated at \$2,099,026, calculated using a discount rate of 3.12% and reflecting payments to be made from 2022 to 2051, inclusively.

	Three months ended
	September 30, 2022
	\$
Balance, beginning of period	2,097,425
Accretion expense	1,601
Balance, end of period	2,099,026

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three months ended September 30, 2022 (unaudited - in US dollars)

6. SHARE CAPITAL

Issued and fully paid

At September 30, 2022, the Company had 736,363,619 issued and outstanding common shares (736,363,619 issued and outstanding common shares at June 30, 2022).

Issuance of securities

On August 27, 2021 and on September 9, 2021, the Company completed, in two tranches, a non-brokered private placement through the issuance of 263,429,930 units (the "Units") at a price of Can \$0.10 per Unit for total proceeds of Can \$26,342,993 (\$20,824,827). Each Unit consisted of one common share of the Company and one half of one common share purchase warrant (each whole warrant, a "Warrant") with each Warrant exercisable to acquire one common share of the Company at a price of Can \$0.18 per share until August 27, 2023 and September 9, 2023. The fair value of the common shares was calculated by using the TSXV share price on the date of the issuance and the fair value of the warrants was estimated at Can \$0.03 per warrant by applying the Black-Scholes option pricing model, using an expected time-period of 2 years, a weighted average risk-free interest rate of 0.9%, a weighted average volatility rate of 88% and a 0% dividend factor. An amount of \$2,853,764 was allocated to the share purchase warrants and presented as part of contributed surplus. Share issue expenses related to this private placement amounted to \$159,751, including finders' fees of \$82,600.

Share purchase warrants

The following table reflects the number of issued and outstanding share purchase warrants at September 30, 2022:

Grant date	Number of warrants		Number of warrants		Price per share	Expiry date
	June 30, 2021	Granted	September 30, 2021			
					\$	
August 27, 2021	-	126,464,965	126,464,965	0.18		Aug 27, 2023
September 9, 2021	-	5,250,000	5,250,000	0.18		Sep 9, 2023
	-	131,714,965	131,714,965	0.18		

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2022 (unaudited - in US dollars)

7. STOCK OPTIONS

At September 30, 2022 and June 30, 2022, the Company had 24,050,000 issued and outstanding stock options.

The following table reflects the stock options issued and outstanding at September 30, 2022:

	Three months ended September 30,		Year ended June 30,	
	Number	Average exercise price (C\$)	Number	Average exercise price (C\$)
Options, beginning of year	17,525,000	0.12	8,675,000	0.17
Granted	13,300,000	0.11	-	-
Expired	(6,775,000)	0.11	-	(0.20)
Options, end of year	24,050,000	0.12	7,525,000	0.12

The following table reflects the stock options issued and outstanding at June 30, 2022:

Issue date	Number of options	Exercise price C\$	Remaining contractual life (years)	Number of exercisable options	Exercise price of exercisable options C\$
October 26, 2017	750,000	0.17	0.1	750,000	0.17
December 16, 2021	3,500,000	0.11	4.2	1,166,667	0.11
February 24, 2022	6,500,000	0.15	4.4	2,166,667	0.15
July 29, 2022	13,300,000	0.10	6.8	2,166,667	0.10
	24,050,000	0.12	2.7	6,249,999	0.13

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three months ended September 30, 2022 (unaudited - in US dollars)

8. EXPLORATION AND EVALUATION EXPENSES

The Company incurred the following exploration and evaluation expenses:

	Three months ended September 30,	
	2022	2021
	\$	\$
Labour	438,207	16,119
Studies	54,359	111,388
Office, overhead and other administrative costs	125,280	77,401
	617,846	204,908

9. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses:

	Three months ended September 30,	
	2022	2021
	\$	\$
Administrative and general	182,748	434,307
Office	120,600	26,739
Professional fees	60,378	126,820
Investor relations and travel	73,807	3,170
Reporting issuer costs	-	5,822
	436,994	596,858

10. FINANCE EXPENSE

	Years ended June 30,	
	2022	2021
	\$	\$
Interest on credit facility (Note 6)	-	119,351
Interest on note payable	-	-
Interest on promissory note (Note 7)	-	202,796
Accretion on lease liabilities	-	-
Other	-	-
	-	322,147

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2022 (unaudited - in US dollars)

11. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition and exploration of mineral properties in Michigan, USA. Assets are located as follows:

	September 30, 2022		
	Canada	USA	Total
	\$	\$	\$
Current assets	9,407,039	2,196,858	11,603,897
Environmental bond	-	1,676,149	1,676,149
Capital assets	4,033	23,942	27,975
Exploration and evaluation assets	354,447	22,544,230	22,898,677
Total assets	9,765,518	26,441,180	36,206,698

	June 30, 2022		
	Canada	USA	Total
	\$	\$	\$
Current assets	10,494,771	2,557,009	13,051,780
Environmental	-	1,676,149	1,676,149
Capital assets	3,941	25,731	29,672
Exploration and evaluation assets	377,029	21,259,727	21,636,757
Total assets	10,875,741	25,518,616	36,394,358

**HIGHLAND COPPER COMPANY INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
- QUARTERLY HIGHLIGHTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022**

The following management's discussion and analysis - quarterly highlights ("Interim MD&A") of Highland Copper Company Inc. ("Highland" or the "Company") for the three months ended September 30, 2022 provides material information about the Company's business activities during the interim period and updates disclosure previously provided in the Company's management's discussion and analysis for the year ended June 30, 2022 ("Annual MD&A").

This Interim MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three months ended September 30, 2022 (the "Interim Financial Statements"), the Company's audited consolidated financial statements for the years ended June 30, 2022 and 2021 (the "Annual Financial Statements") and the Company's Annual MD&A, including the section describing risks and uncertainties. All financial results presented in this Interim MD&A are expressed in US dollars unless otherwise indicated.

The effective date of this Interim MD&A is November 28, 2022.

DESCRIPTION OF BUSINESS

Highland and its subsidiaries are engaged in the acquisition, exploration and development of mineral properties. The Company's assets are **Copperwood**, a feasibility stage copper project, and **White Pine North**, an advance-stage copper project, both located in the Upper Peninsula region of the State of Michigan, USA.

Highland, a Canadian-based company, was incorporated under the *Business Corporations Act (British Columbia)* in 2006. Highland's common shares are listed on the TSX Venture Exchange ("**TSXV**") under the symbol HI and on the OTCQB Venture Marketplace (the "**OTCQB**") under the symbol "HDRSF". As at September 30, the Company has 736,363,619 common shares issued and outstanding. Orion Resource Partners ("**Orion**"), Condire Investors LLC ("**Condire**") and Greenstone Resources II LP ("**Greenstone**") hold respectively 27.7%, 16.2% and 15.9% of the Company's issued and outstanding common shares.

HIGHLIGHTS DURING THE THREE MONTHS ENDED SEPTEMBER 30, 2022

Copperwood Project

- The Company has initiated an update of the feasibility study on its Copperwood Project which was completed in 2018, taking into account various factors including current market prices for metals, prices to purchase equipment, supplies and consumables and for labor rates. The Company has retained the services of G Mining Services Inc. ("**GMSI**"), a Canadian mining consultancy firm, to complete the updated feasibility study

White Pine North Project

- A drilling program will be conducted this coming winter with the goal of upgrading the Inferred resources into the Measured and Indicated category to be used in a Feasibility Study.

- The Company has initiated baseline environmental studies as it begins the permitting process for White Pine North.

Combined Scenario

- The Company has initiated a study to better define the potential of a combined development and production scenario for Copperwood and White Pine North. Ore from both sites could then be transported from the mines, mixed and processed through the plant for production of a concentrate. We expect this study to be completed in the first half of 2023. As part of this study, the viability of refurbishing an existing rail line for the purpose of transporting ore and concentrate will be studied.
- The appeal of this scenario is a minimized environmental footprint and considerable operating synergies, in addition to a potentially higher copper production profile.

Corporate activities

- The Company realized net loss of \$1.0 million during the three months ended September 30, 2022 (nil per share) compared to net income of \$1.8 million during the comparative period in 2021 (nil per share).
- As at September 30, 2022, the Company is debt free and has a working capital (total current assets less total current liabilities) of \$10.5 million.
- On July 29, 2022, Highland Copper announced that, subject to regulatory approval, it has approved the grant of 13,300,000 incentive stock options to directors and executive officers of the Company.

EXPLORATION AND EVALUATION EXPENSES

The amounts capitalized during the three months ended September 30, 2022 include a lease payment of \$65,000 related to the Copperwood Project.

Exploration and evaluation expenses charged to earnings during the three months ended September 30, 2021 and 2020 are as follows:

	Copperwood	White Pine	Other	Three months ended Sept 30, 2022	Three months ended Sept 30, 2021
	Project	Project	expenses	Total	Total
	\$	\$	\$	\$	\$
Labour and contractors	197,634	50,155	-	247,789	69,889
Studies and consultants	115,227	105,925	-	221,152	57,618
Office, overhead and other administrative costs	18,928	97,843	13,596	130,367	77,401
	331,789	243,215	42,842	617,846	204,908

OPERATING ACTIVITIES

During the three months ended September 30, 2022, the Company realized net loss of \$1,002,482 (nil per share) compared to a net gain of \$1,768,728 (nil per share) during the comparative period in 2021. During the three months ended September 30, 2022, the Company incurred expenses in its regular course of activities. In the previous year however, the Company realized a gain of \$2,946,908 on the sale of UPX Minerals to Sweetwater, taking into account the cash proceeds of \$3,000,000, the assumption by Sweetwater of the Note (including accrued interest) of \$17,956,985 owing to RTX and the carrying value of the UPX Property of \$18,010,077. In the previous year, it also recorded finance expenses of \$322,147 during the reporting period composed mainly of accrued interest of \$202,796 on the Note due to RTX up to the date of the sale of the UPX Property on August 27, 2021 and accrued interest expense of \$119,351 on the loan due under the Credit Facility up to its repayment on August 27, 2021 (finance expenses of \$550,425 during the three months ended September 30, 2020). Other significant items during the period included exploration and evaluation expenses of \$617,846 as detailed above (\$204,908 in 2021), management and administration expenses of \$436,994 (\$596,858 in 2021) and an unrealized loss on foreign exchange of \$412,559 (a foreign exchange gain of \$53,795 in 2021) mainly related to the fluctuations of the exchange rate.

Management and administration expenses during the three months ended September 30, 2022 included wages of \$182,748 (\$436,994 in 2021), professional fees of \$60,378 (\$126,820 in 2021), office expenses of \$120,600 (\$26,739 in 2021) and investor relations and travel of \$73,807 (\$3,170 in 2021).

LIQUIDITIES AND CAPITAL RESOURCES

At September 30, 2022, the Company had working capital of \$10,544,340 compared to working capital (total current assets less total current liabilities) of \$11,793,951 at June 30, 2022.

At September 30, 2022, financial liabilities of \$1,059,557 consisted of accounts payable and accrued liabilities due within the next three months.

RELATED PARTY TRANSACTIONS

The remuneration to directors and key management of the Company, including the President and CEO and the CFO, during the three months ended September 30, 2022 totaled \$124,416 (\$406,245 during the three months ended September 30, 2021).

RISKS AND UNCERTAINTIES

Highland is subject to a number of significant risks and uncertainties due to the nature of its business which includes the acquisition, exploration and development of mineral projects. Failure to successfully address such risks and uncertainties could have a significant negative impact on Highland's overall operations and financial condition and could materially affect the value of Highland's assets and impact its future operating results and business plans. Therefore, an investment in the securities of Highland involves significant risks and should be considered highly speculative.

Highland's ability to raise the necessary funds to develop its projects and place them into commercial production depends in part upon the market's perception of its mineral projects, the price of and demand for copper, the state of the market to finance resource projects and global market conditions in general. No assurance can be given that additional capital will be available at all or available on terms acceptable to Highland.

The extent to which the COVID-19 pandemic impacts the Company's business will depend on future developments which are highly uncertain and cannot be predicted at this time. In addition to the potentially adverse impact on the Company's ability to raise the funds required to continue its activities, the continued spread of the COVID-19 globally could also have an impact on employees' health, the availability of personnel, and other impacts beyond the Company's control, all of which may have a material and adverse effect on the Company's business, financial condition and results of operations.

Additional risks or uncertainties not presently known to Highland or that Highland currently considers immaterial may also impair its business operations. Highland cannot give assurance that it will successfully address these risks. For additional risk factors, refer to the risks and uncertainties described in the Annual MD&A. Readers should carefully consider these risks and uncertainties.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "**forward-looking statements**"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable

securities legislation. Forward-looking statements relate to future events or future performance and reflect expectations or beliefs of the Company's management regarding future events. Forward-looking statements include but are not limited to statements with respect to: funding requirements to explore and develop the Copperwood and White Pine North projects; the estimation of mineral resources and mineral reserves; the timing and cost of the construction of the Copperwood Project; the timing and amount of estimated future production, costs of production and capital expenditures; and the Company's plans and objectives. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document certain forward-looking statements are identified by words including "anticipation", "plan" and "expected".

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the Company's ability to raise capital, risks inherent to future prices of copper and other metals, the accuracy of mineral resource and mineral reserve estimates, increased operating and capital costs, changes to governmental regulations, compliance with governmental regulations and environmental laws and regulations, reliance on approvals and permits from governmental authorities, challenges to title to the Company's mineral properties, maintaining social license to operate, dependence on key management personnel, competition in the mining industry, and other risks of the mining industry as well as those factors detailed from time to time in the Company's interim and annual financial statements and MD&A, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those described in these forward-looking statements, there may be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended.

There can be no assurance that these forward-looking statements will prove to be accurate, as actual results, performance or achievements could differ materially from those anticipated in such statements. Accordingly, readers should not place undue

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

Additional information on the Company is available through regular filings of press releases, financial statements, and MD&A on SEDAR (www.sedar.com) and on the Company's website (www.highlandcopper.com).