



Condensed Interim Consolidated Financial Statements

**For the three and nine months ended
March 31, 2024**

**In US dollars
(Unaudited)**

HIGHLAND COPPER COMPANY INC.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Highland Copper Company Inc.
Condensed Interim Consolidated Statements of Financial Position

<i>(Unaudited, in US dollars)</i>	March 31 2024	June 30, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 21,441,020	\$ 7,030,317
Amounts receivable	61,477	66,870
Prepaid expenses and deposits	313,439	71,655
	<u>21,815,936</u>	<u>7,168,842</u>
Non current assets		
Environmental bond (Note 4a)	2,267,680	613,633
Investment in associates (Note 4b)	15,704,078	-
Capital assets	-	20,037
Exploration and evaluation assets (Note 4)	19,465,070	24,113,990
Total assets	\$ 59,252,764	\$ 31,916,502
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 640,383	\$ 1,997,597
	<u>640,383</u>	<u>1,997,597</u>
Non current liabilities		
Loans and borrowings (Note 5)	1,661,779	-
Asset retirement obligation (Note 6)	1,128,961	1,939,141
Total liabilities	\$ 3,431,123	\$ 3,936,738
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	\$ 83,948,586	\$ 83,948,586
Contributed surplus	16,654,569	16,058,937
Deficit	(45,237,185)	(72,830,802)
Cumulative translation adjustment	455,671	803,043
Total equity	\$ 55,821,641	\$ 27,979,764
Total liabilities and equity	\$ 59,252,764	\$ 31,916,502

Going concern (Note 2)

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

Approved on behalf of the Board of Directors:

/s/ Barry O'Shea

Barry O'Shea, CEO

/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		Nine months ended	
	2024	March 31, 2023	2024	March 31, 2023
Expenses and other items				
Exploration and evaluation (Note 9)	\$ 248,435	\$ 1,615,948	\$ 8,206,218	\$ 3,400,869
Management and administration (Note 10)	517,681	447,162	2,493,424	1,420,125
Depreciation and amortization	-	2,693	1,288	8,325
Share-based compensation	130,006	145,713	595,632	697,261
Gain on sale of controlling interest in White Pine (Note 4b)	-	-	(39,521,720)	-
Accretion on environmental liability	-	1,601	-	4,802
Share of loss in associates (Note 4b)	1,293,393	-	1,564,892	-
Finance income	(270,594)	(74,281)	(556,947)	(155,423)
Loss (gain) on foreign exchange	(48,816)	(8,689)	(376,404)	(338,960)
Net income (loss) for the period	(1,870,105)	(2,130,147)	27,593,617	(5,036,999)
Other comprehensive income (loss)				
Item that may be subsequently reclassified to income				
Foreign currency translation adjustment	(61,340)	18,848	(347,372)	(461,854)
Comprehensive income (loss) for the period	\$ (1,931,445)	\$ (2,111,299)	\$ 27,246,245	\$ (5,498,853)
Basic and diluted income (loss) per share	\$ (0.00)	\$ (0.00)	\$ 0.04	\$ (0.01)
Weighted average number of common shares				
basic and diluted	736,363,619	736,363,619	736,363,619	736,363,619

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>	Nine months ended March 31,	
	2024	2023
Operating activities		
Net income (loss) for the period	\$ 27,593,617	\$ (5,036,999)
Adjustments		
Share-based compensation	595,632	697,261
Depreciation and amortization	1,288	8,325
Gain on sale of controlling interest in White Pine Copper LLC	(39,521,720)	-
Share of loss in associates	1,564,892	-
Accretion on environmental liability	-	4,802
Interest expense	17,354	-
Unrealized loss (gain) on foreign exchange	(376,404)	(338,960)
Changes in working capital items		
Sales taxes receivable	5,393	(91,217)
Prepaid expenses and other	(241,784)	(21,391)
Accounts payable and accrued liabilities	(1,357,214)	(175,005)
	<u>(11,718,946)</u>	<u>(4,953,184)</u>
Investing activities		
Environmental bond (Note 4)	(1,654,047)	1,062,516
Additions to capital assets	-	(12,997)
Proceeds from sale of controlling interest in White Pine Copper LLC	28,190,688	-
Additions to exploration and evaluation assets	(266,025)	(266,025)
Investment in associate	(170,000)	-
	<u>26,100,616</u>	<u>783,494</u>
Effect of exchange rate changes on cash held in foreign currency	29,033	(131,219)
Net change in cash and cash equivalents	14,410,703	(4,300,909)
Cash and cash equivalents, beginning of the period	7,030,317	12,929,815
Cash and cash equivalents, end of the period	<u>\$ 21,441,020</u>	<u>\$ 8,628,906</u>

Supplemental cash flow information (Note 12)

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 shares	Share Capital	Contributed Surplus	Deficit	Cumulative translation adjustment	Total shareholders' equity
Balance at June 30, 2023	736,363,619	\$ 83,948,586	\$ 16,058,937	\$ (72,830,802)	\$ 803,043	\$ 27,979,764
Net income for the period	-	-	-	27,593,617	-	27,593,617
Share-based compensation	-	-	595,632	-	-	595,632
Foreign currency translation adjustment	-	-	-	-	(347,372)	(347,372)
Balance at March 31, 2024	736,363,619	\$ 83,948,586	\$ 16,654,569	\$ (45,237,185)	\$ 455,671	\$ 55,821,641
Balance at June 30, 2022	736,363,619	\$ 83,948,586	\$ 15,220,385	\$ (66,026,815)	\$ 1,116,449	\$ 34,258,605
Net loss for the period	-	-	-	(5,036,999)	-	(5,036,999)
Share-based compensation	-	-	697,261	-	-	697,261
Foreign currency translation adjustment	-	-	-	-	(461,854)	(461,854)
Balance at March 31, 2023	736,363,619	\$ 83,948,586	\$ 15,917,646	\$ (71,063,814)	\$ 654,595	\$ 29,457,013

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

Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended March 31, 2024 and 2023
(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 Michigan, USA. The address of the Company's registered office is 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia, Canada, V6E 4N7. Highland's common shares are listed on the TSX Venture Exchange (the "TSXV") under the symbol "HI" and on the OTCQB Venture Marketplace under the symbol "HDRSF".

The Company's principal assets, located in Michigan's Upper Peninsula region, include the 100%-owned Copperwood copper project (the "Copperwood Project") and the 34%-owned 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 May 29, 2024.

2. GOING CONCERN

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, 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, future profitable production from the projects, or proceeds from their disposition thereof.

For the nine-month period ended March 31, 2024, the Company had negative cash flows from operations of \$11,718,946 (\$4,953,184 for nine months ended March 31, 2023). In addition, the Company had an accumulated deficit of \$45,237,185 as at March 31, 2024 (\$72,830,802 as at June 30, 2023). The Company will require additional financing to fund its operations and to meet its planned investment in the Copperwood and White Pine North projects. As at March 31, 2024, the Company had working capital (total current assets less total current liabilities) of \$21,175,553 (\$5,171,245 as at June 30, 2023) and believes it has sufficient liquidity to meet its obligations for the next 12 months. However, since the Company is in the exploration and development stage, no revenue nor positive cash flow has yet been generated from its operating activities. The Company has relied upon external financings, primarily through the issuance of equity, exercise of warrants and share options, as well as proceeds from the disposal of exploration and evaluation assets, to fund its operations in the past. While the Company has

Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2024 and 2023

(Unaudited - in US dollars)

been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing in the future.

If management is unable to obtain adequate 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.

The conditions and uncertainties described above indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. These consolidated interim financial statements do not reflect any adjustments to the carrying values or the classification of assets and liabilities and reported expenses that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

During the quarter ended September 30, 2023, the Company completed a transaction with Kinterra Copper USA LLC ("Kinterra") where the Company sold 66% of the common shares of White Pine LLC, which owns the White Pine North Project, in exchange for \$30 million in cash (the "Kinterra Transaction"). The funds are not restricted and may be allocated to the Copperwood Project where the Company has initiated early site work.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. These condensed interim consolidated financial statements do not include all the information and footnotes required by International Financial Reporting Standards ("IFRS") for annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended June 30, 2023, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The accounting policies used in the preparation of these condensed interim consolidated financial statements are the same as those applied in the Company's most recent consolidated annual financial statements for the year ended June 30, 2023. In addition, the Company adopted the following policy for investment in associate to account for its investment in the White Pine North Project.

The Company accounts for its investment in associate using the equity method. Under the equity method, the Company's investment in associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of net earnings/losses and other comprehensive earnings/losses of the investee, after any adjustments necessary to give effect to uniform accounting policies, any other movement in the investee's reserves, and for impairment losses after the initial recognition date. The Company's share of earnings or losses of its investee are recognized in the Company's Statement of Income/Loss and Comprehensive Income/Loss during the period. The investment in associate is evaluated at each reporting period by management for indicators that carrying value is impaired and may not be recoverable.

Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2024 and 2023

(Unaudited - in US dollars)

The comparative information includes the consolidation of the White Pine North Project, while in current period, the investment in the White Pine North Project is accounted for using the equity method after completion of the Kinterra Transaction.

b) Critical accounting estimates and judgments

The preparation of the Company's condensed interim consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The Company has consistently applied the significant accounting judgments, estimates and assumptions set out in the Company's audited consolidated financial statements for the year ended June 30, 2023, to all the periods presented in these condensed interim consolidated financial statements.

Judgement was also applied in the inputs used in accounting for the fair value of share-based payment for stock options granted during the period (Note 8).

4. EXPLORATION AND EVALUATION ASSETS

	Copperwood Project	White Pine Project	Total
Balance at June 30, 2023	\$ 18,070,084	\$ 6,043,906	\$ 24,113,990
Additions to exploration and evaluation assets	266,025	-	266,025
Addition to asset retirement obligation	1,128,961	-	1,128,961
Disposition of controlling interest in White Pine Copper LLC	-	(6,043,906)	(6,043,906)
Balance at March 31, 2024	\$ 19,465,070	\$ -	\$ 19,465,070

a) Environmental Bond

On May 13, 2014, the Company acquired from Copper Range Company (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.

In December 2022, the Company secured a surety bond as financial assurance for the White Pine North Project. As part of that process, the Company placed a cash deposit of \$613,633 with the surety provider, which represents 35% of the value of the total assurance. Following the completion of the Kinterra Transaction in July 2023, the financial assurance for the White Pine North Project of \$613,633 was returned.

Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended March 31, 2024 and 2023
(Unaudited - in US dollars)

During the quarter ended September 30, 2023, the Company secured a surety bond as financial assurance for the Copperwood Project. The Company paid a cash deposit of \$2,267,680, which represents 35% of the financial assurance valued at \$6,479,089.

b) Deconsolidation of White Pine North Project, Michigan, USA, and investment in associates

On July 24, 2023, the Company completed a transaction with Kinterra Copper USA LLC in which the Company sold 66% of the common shares of White Pine LLC, which owns the White Pine North Project, in exchange for \$30 million in cash.

Effective July 24, 2023, the Company held an interest of 34% (compared to 100% as at June 30, 2023) in White Pine Copper LLC and management determined that the Company was no longer in a position of control over White Pine Copper LLC. Management determined it was able to exert significant influence on White Pine Copper LLC and accordingly, the Company deconsolidated White Pine Copper LLC on July 24, 2023, and started accounting for its investment in White Pine Copper LLC using the equity method. The Company hence derecognized the assets and liabilities of the White Pine North from its consolidated statement of financial position, recorded its interest at fair value as an investment in associate for \$15,552,471 and recognized a net non-cash gain on deconsolidation of \$42,247,718.

The following tables summarize the financial information related to White Pine Copper LLC on July 24, 2023, immediately prior to deconsolidation, before intercompany adjustments:

Non-current assets	
Capital assets	\$ 18,748
Exploration and evaluation assets	6,043,906
Non-current liabilities	
Asset retirement obligation	(1,939,141)
<u>Total net assets</u>	<u>\$ 4,123,513</u>

The following table details the gain on sale:

Fair value of consideration received (net)	\$ 28,190,688
Fair value of retained non-controlling investment in White Pine Copper LLC	15,454,545
Carrying amount of White Pine Copper LLC	(4,123,513)
<u>Gain on sale of controlling interest in subsidiary</u>	<u>\$ 39,521,720</u>

Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended March 31, 2024 and 2023
(Unaudited - in US dollars)

Investment in associate:

	Nine months ended March 31, 2024
Balance as at June 30, 2023	\$ -
Fair value of retained non-controlling investment in White Pine Copper LLC	15,454,545
Cash calls	1,814,425
Share of loss	(1,564,892)
Balance as at March 31, 2024	\$ 15,704,078

5. LOANS AND BORROWINGS

In addition to its \$30 million initial investment, Kinterra has agreed to fund, subject to certain conditions, a further \$30 million in expenditures to advance the White Pine North Project. The commitment consists of \$20 million representing Kinterra's 66% pro rata expenditure, as well as a \$10 million unsecured loan available to the Company to satisfy its pro rata expenditure. The \$10 million unsecured loan (the "Initial Loan") is subject to an interest rate of 10%, compounded annually from the date of each advance, and matures on July 24, 2026 (the "Initial Maturity Date"). If the Company does not repay all amounts owing under the Initial Loan, including all accrued interest thereon by the Initial Maturity Date, all amounts outstanding under the Initial Loan, excluding all accrued interest, will be automatically converted into a capital contribution of Kinterra Copper, hence diluting the Company's proportionate ownership in the White Pine North Project.

A second unsecured loan (the "Advanced Loan") will become available to the Company after the first \$30 million has been spent on the White Pine North Project, provided that the Company has repaid the Initial Loan upon maturity or such amounts have been converted to Kinterra Copper capital contribution. The Advanced Loan is subject to an interest rate of 10%, compounded annually from the date of each advance, and matures on the earlier of i) July 24, 2028 and ii) the date of determination by White Pine North Project's management committee to commence detailed engineering (the "Advanced Loan Maturity Date"). If the Company does not repay all amounts owing under the Advanced Loan, including all accrued interest thereon by the Advanced Loan Maturity Date, all amounts outstanding under the Advanced Loan, excluding all accrued interest, will be automatically converted into a capital contribution of Kinterra Copper, hence diluting the Company's proportionate ownership in the White Pine North Project.

The balance of the Initial Loan is as follows:

	Nine months ended March 31, 2024
Balance at June 30, 2023	\$ -
Cash call funded by Kinterra on behalf of Highland Copper	1,644,425
Accrued interest	17,354
Balance at March 31, 2024	\$ 1,661,779

Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended March 31, 2024 and 2023
(Unaudited - in US dollars)

6. ASSET RETIREMENT OBLIGATION

The asset retirement obligation consists of a provision for reclamation costs related to the Copperwood Project. The undiscounted cash flow amount of the total liability was estimated at \$1,599,474 at March 31, 2024. The present value of the total liability was calculated using a discount rate of 4.18% and is reflecting payments to be made from 2039 to 2040, inclusively, while taking into consideration an inflation of 2.0% over that period.

	Copperwood Project	White Pine Project	Total
Balance at June 30, 2023	\$ -	\$ 1,939,141	\$ 1,939,141
Addition to asset retirement obligation	1,128,961	-	1,128,961
Disposition of controlling interest in White Pine Copper LLC	-	(1,939,141)	(1,939,141)
Balance at March 31, 2024	\$ 1,128,961	\$ -	\$ 1,128,961

7. SHARE CAPITAL

Issued and fully paid

At March 31, 2024, the Company had 736,363,619 issued and outstanding common shares (736,363,619 issued and outstanding common shares at June 30, 2023).

Share purchase warrants

The following table reflects the number of issued and outstanding share purchase warrants as at March 31, 2024:

Grant date	Number of warrants		Number of warrants	Exercise price per share (C\$)	Exercise price per share (\$)	Expiry Date
	June 30, 2023	Expired	March 31, 2024			
August 27, 2021	126,464,965	(126,464,965)	-	0.18	0.14	August 27, 2023
September 9, 2021	5,250,000	(5,250,000)	-	0.18	0.14	September 9, 2023
	131,714,965	(131,714,965)	-	0.18	0.14	

The share purchase warrants expired without being exercised.

8. STOCK OPTIONS

As at March 31, 2024, the Company had 39,550,002 (23,300,000 as at June 30, 2023) issued and outstanding stock options.

Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended March 31, 2024 and 2023
(Unaudited - in US dollars)

The following is a summary of stock option activities for the nine months ended March 31, 2024 and 2023:

	Nine months ended March 31, 2024		Nine months ended March 31, 2023	
	Number of stock options	Weighted average exercise price (C\$)	Number of stock options	Weighted average exercise price (C\$)
Options, beginning of period	23,300,000	0.12	17,525,000	0.13
Granted	16,250,002	0.07	13,300,000	0.10
Expired	-	-	(7,525,000)	0.12
Options, end of period	39,550,002	0.10	23,300,000	0.12

Stock options issued and outstanding as at March 31, 2024 are as follows:

Grant date	Number of stock options	Weighted average exercise price (C\$)	Remaining contractual life (years)	Number of exercisable options	Weighted average exercise price of exercisable options (C\$)
December 16, 2021	3,500,000	0.11	2.7	3,500,000	0.11
February 24, 2022	6,500,000	0.15	2.9	6,500,000	0.15
July 25, 2022	13,300,000	0.10	5.3	9,800,000	0.10
October 13, 2023	16,250,002	0.07	6.5	5,416,669	0.07
	39,550,002	0.10	5.2	25,216,669	0.11

The fair value of the options granted during the period was estimated at CA\$0.06 per option by applying the Black-Scholes option pricing model, using an expected life of 7 years, a risk-free interest rate of 3.78%, a volatility rate of 88.71% and a 0% dividend factor.

9. EXPLORATION AND EVALUATION EXPENSES

The Company incurred the following exploration and evaluation expenses during the three and nine months ended March 31, 2024:

	Three months ended March 31,		Nine months ended March 31,	
	2024	2023	2024	2023
Labour	\$ 411,768	\$ 505,260	\$ 1,470,719	\$ 1,317,331
Excavation and site works	(230,621)	-	6,395,530	-
Studies	-	962,807	-	1,642,508
Office, overhead and other administrative costs	67,288	147,881	339,969	441,030
	\$ 248,435	\$ 1,615,948	\$ 8,206,218	\$ 3,400,869

Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended March 31, 2024 and 2023
(Unaudited - in US dollars)

10. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses during the three and nine months ended March 31, 2024:

	Three months ended March 31,		Nine months ended March 31,	
	2024	2023	2024	2023
Administrative and general	\$ 186,086	\$ 177,704	\$ 1,361,951	\$ 623,661
Office	53,648	52,354	137,138	132,475
Professional fees	139,896	143,622	657,794	425,272
Investor relations and travel	138,051	73,482	336,541	238,717
	\$ 517,681	\$ 447,162	\$ 2,493,424	\$ 1,420,125

11. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management personnel are persons responsible for planning, directing, and controlling the activities of the Company, including directors and officers. For the three and nine months ended March 31, 2024 and 2023, key management compensation comprises:

	Three months ended March 31		Nine months ended March 31	
	2024	2023	2024	2023
Salaries, fees, bonuses, and termination payments	\$ 186,248	\$ 135,425	\$ 1,250,981	\$ 524,065
Share-based compensation	130,006	145,713	595,632	697,261
	\$ 316,254	\$ 281,138	\$ 1,846,613	\$ 1,221,326

12. SUPPLEMENTAL CASH FLOW INFORMATION

The non-cash financing activities not already disclosed in the consolidated statements of cash flows were as follows:

	Nine months ended March 31,	
	2024	2023
Financing activities		
Loans and borrowings from Kinterra to fund White Pine cash calls	\$ 1,644,425	\$ -

Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended March 31, 2024 and 2023
(Unaudited - in US dollars)

13. 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:

As at March 31, 2024	Canada	USA	Total
Current assets	\$ 1,900,366	\$ 19,915,570	\$ 21,815,936
Environmental bond	-	2,267,680	2,267,680
Investment in associate	-	15,704,078	15,704,078
Capital assets		-	-
Exploration and evaluation assets		19,465,070	19,465,070
Total assets	\$ 1,900,366	\$ 57,352,398	\$ 59,252,764

As at June 30, 2023	Canada	USA	Total
Current assets	6,946,673	222,169	7,168,842
Environmental bond	-	613,633	613,633
Investment in associate	-	-	-
Capital assets		20,037	20,037
Exploration and evaluation assets		24,113,990	24,113,990
Total assets	\$ 6,946,673	\$ 24,969,829	\$ 31,916,502



Management's Discussion and Analysis

For the three and nine months ended
March 31, 2024

In US dollars

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and nine months ended March 31, 2024

This management discussion and analysis ("MD&A") of financial position and results of operations of Highland Copper Company Inc. ("Highland" or the "Company") is prepared as of May 29, 2024 and should be read in conjunction with the Company's condensed consolidated interim financial statements for the three and nine months ended March 31, 2024, the audited consolidated financial statements for the year ended June 30, 2023 and the MD&A for the year ended June 30, 2023, including the section describing risks and uncertainties.

The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in US dollars unless otherwise indicated. Additional information relevant to the Company's activities can be found on SEDAR+ at www.sedarplus.ca and on the Company's website, www.highlandcopper.com.

DESCRIPTION OF BUSINESS

Highland and its subsidiaries are engaged in the acquisition, exploration, and development of mineral properties. The Company's principal projects are Copperwood, a feasibility stage copper project, and White Pine North (34% interest), an advanced-stage copper project, both located in the Upper Peninsula region (the "U.P.") of the State of Michigan, USA. Copperwood is anticipated to produce approximately 30,000 tons of copper per year for 11 years, with potential upside from the inferred tonnage¹. Copperwood is permitted to develop and operate. White Pine North is a joint venture with Kinterra Copper USA, LLC ("Kinterra"), who is also the operator of the project. White Pine North is anticipated to produce approximately 42,000 tons of copper per year for more than 20 years².

Highland is a Canadian-based company, 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 of March 31, 2024, the Company has 736,363,619 common shares issued and outstanding. Orion Resource Partners, Condire Investors LLC, and Greenstone Resources II LP hold respectively 27.7%, 16.2% and 15.9% of the Company's issued and outstanding common shares.

¹ See the NI 43-101 technical report entitled "Feasibility Study Update Copperwood Project Michigan, USA" with an issue date of April 20, 2023, prepared for the Company by G Mining Services Inc. and available under the Company's profile on SEDAR+, for the assumptions, risks and analysis underlying anticipated production at the Copperwood Project (the "Copperwood Project Feasibility Study").

² See the NI 43-101 technical report entitled "Preliminary Economic Assessment White Pine North Project Michigan, USA" with an issue date of September 7, 2023, prepared for the Company by G Mining Services Inc. and available on SEDAR+, for the assumptions, risks and analysis underlying anticipated production at the White Pine North Project.

HIGHLIGHTS DURING THE THREE MONTHS ENDED MARCH 31, 2024

- On March 26, 2024, after a thorough review of the Company's permitted Copperwood Project ("Copperwood"), the Michigan Strategic Fund Board unanimously approved a performance-based grant of \$50 million from the Strategic Site Readiness Program ("SSRP"). The transfer of funds is pending final approval from the Appropriations Committees in both the Michigan House and Senate.
- On February 22, 2024, the Company announced the appointment of Barry O'Shea as Chief Executive Officer, effective immediately. Mr. O'Shea has also been appointed to Highland's Board of Directors. Mr. O'Shea joined Highland Copper in February 2022 as the Company's Chief Financial Officer and was appointed Interim CEO in October 2023.
- During the quarter, White Pine Copper LLC., the Company's joint venture with Kinterra Copper USA LLC, successfully completed its winter drilling program at the White Pine North project ("White Pine"). The goal of the drilling program was primarily to collect samples for geotechnical and metallurgical testing to support Feasibility Study work. The program ran from mid-January 2024 through March 2024 and was completed as planned, drilling a total of 6,593 meters in 10 holes focusing on the first ten years of the mine plan area. The program was completed with no reportable safety or environmental incidents

PROJECT UPDATES

Copperwood Project

Early Site Work

During the current construction season, which will span between May to November 2024, the Company will leverage its successful 2023 site works efforts under the Wetlands and Streams Permit, authorized by the Michigan Department of Environment, Great Lakes, and Energy ("EGLE"), as it progresses with essential initiatives within the Copperwood Project. These endeavors encompass a range of activities, including the continuation of the Stream Relocation project, involving a shift of focus from intensive earthworks to the implementation of in-stream structures and the creation of approximately 4 acres of emergent wetlands along the stream. Additionally, the Company is dedicated to finalizing its onsite wetland mitigation project, which upon completion will result in the establishment of 14.3 acres of wetlands, culminating in a total of 18.3 acres of newly created emergent wetlands on-site. Concurrently, off-site activities for stream mitigation are slated to commence this construction season, most notably the replacement of a restrictive multi-culvert stream crossing with a single-span crossing, a measure designed to significantly enhance fish and wildlife passage.

Application for Government Grant

On March 26, 2024, the Company announced that the Michigan Strategic Fund Board has unanimously approved a performance-based grant of \$50 million from the Strategic Site Readiness Program for the Copperwood Project. The Copperwood Project is strongly aligned with Michigan's focus on mobility and electrification and has the potential to be a key source of U.S. domestic copper to supply the ongoing clean energy transition. The transfer of funds is pending final approval from the Appropriations Committees in both the Michigan House and Senate.

The SSRP program is funded through the Strategic Outreach and Attraction Reserve Fund ("SOAR") and

provides economic assistance for the purpose of creating investment-ready sites to attract and promote investment in the state. The grant award comes after a thorough review of the Copperwood Project by the state of Michigan and the Company's demonstration of the importance of the Project's development to the Upper Peninsula. The grant funds will be in the form of performance-based reimbursements for eligible activities relating to infrastructure development, most notably expenditure on roads, communications infrastructure and bringing power to site. The infrastructure improvements supported by the grant will provide benefits to the surrounding communities and businesses, both during the operations and in the long-term.

The Copperwood Project team has been working alongside local and regional community groups, government representatives and regulatory bodies in the Upper Peninsula for over a decade. Transparent and regular communications are central to the Company's values and have resulted in strong support for the project throughout this application process. In addition to the 22 formal resolutions of support and approximately 10 letters of support that accompanied the grant application, more than 20 local community members and representatives participated in the MSF Board meeting and provided public comment in support of the project, speaking to its importance for the region.

The Western Upper Peninsula has suffered industry closures in the past decades that took their toll on the local economy. The return of mining to the area is seen as an opportunity for significant economic uplift and can become a transformative catalyst to renewed industrial investments in the area that will support the regional economy for the decades to come. In addition, the potential creation of approximately 380 long-term, family sustaining jobs as well as substantial direct, indirect and induced economic benefits from additional spending in the area, can play a role in kickstarting a new chapter of prosperity for the Western Upper Peninsula.

White Pine North Project

During the quarter, White Pine Copper LLC., the Company's joint venture with Kinterra, successfully completed its winter drilling program on the White Pine North Project.

The goal of the drilling program was primarily to collect samples for geotechnical and metallurgical testing to support Feasibility Study work. The drilling program was carried out by Timberline Drilling Inc. with geological support from Dahrouge Geological Consulting Ltd. The program ran from mid-January through March and was completed as planned, drilling a total of 6,593 meters in 10 holes focusing on the first ten years of the mine plan area. The program was completed with no reportable safety or environmental incidents.

All holes received geophysical and geotechnical surveys and ore zone material will undergo further metallurgical testing to support engineering studies and permitting requirements. Four of the holes will be revisited this summer for hydrogeological testing. Plans are also underway for a summer drilling program that will focus on infill and resource definition.

In addition to drilling, multiple environmental baseline programs will be conducted throughout the summer to support future permitting efforts.

SCIENTIFIC AND TECHNICAL INFORMATION

The scientific and technical information related to Highland's mineral properties set out in this MD&A has been reviewed and approved by Michael J. Foley, P.Eng., a qualified person as defined in NI 43-101.

SELECTED QUARTERLY INFORMATION

The following table provides information for the eight fiscal quarters ended March 31, 2024:

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Exploration and evaluation expenditures	\$ 248,435	\$ 3,211,949	\$ 4,745,834	\$ 1,272,006
Net (income) loss	1,870,105	4,873,235	(34,336,957)	1,984,193
Loss per share - basic and diluted	0.00	0.01	(0.05)	0.01

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2023
Exploration and evaluation expenditures	1,615,948	1,167,075	617,846	521,732
Net loss	2,130,147	1,906,471	1,000,381	1,185,937
Loss per share - basic and diluted	0.01	0.00	0.00	0.00

The changes in the Company's financial results on a quarter-by-quarter basis are primarily due to fluctuations in the activity level of the Company's exploration and evaluation programs, project acquisitions, and corporate functions. The Company is a mineral exploration and development company and does not currently generate operating revenue.

The exploration and evaluation expenditures for the quarters ended December 31 and September 30, 2023, included costs relating to the early site work conducted at the Copperwood Project required for the Wetlands and Streams Permit. The work was completed in the fall. No site work was carried out during the winter months.

In the quarter ended September 30, 2023, the Company completed the sale of controlling interest in White Pine Copper, LLC to its joint venture partner Kinterra, resulting in a gain of \$39,521,720 for the period.

RESULTS OF OPERATIONS

	Three months ended		Nine months ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Exploration and evaluation	\$ 248,435	\$ 1,615,948	\$ 8,206,218	\$ 3,400,869
Management and administration	517,681	447,162	2,493,424	1,420,125
Depreciation and amortization	-	2,693	1,288	8,325
Share-based compensation	130,006	145,713	595,632	697,261
Gain on sale of controlling interest in White Pine	-	-	(39,521,720)	-
Accretion on environmental liability	-	1,601	-	4,802
Share of loss in associates	1,293,393	-	1,564,892	-
Finance income	(270,594)	(74,281)	(556,947)	(155,423)
Loss (gain) on foreign exchange	(48,816)	(8,689)	(376,404)	(338,960)
Net income (loss) for the period	\$ (1,870,105)	\$ (2,130,147)	\$ 27,593,617	\$ (5,036,999)

Results of operations for the three months ended March 31, 2024 ("Q3 2024") compared to the three months ended March 31, 2023 ("Q3 2023") and nine months ended March 31, 2024 ("YTD 2024") compared to the nine months ended March 31, 2023 ("YTD 2023") are as follows:

Exploration and evaluation expenditures

The decrease in exploration and evaluation expenditures of \$1.4 million in Q3 2024 compared to Q3 2023 is mainly attributable to the winter drilling campaign carried out at White Pine and the technical study work conducted for both Copperwood and White Pine during Q3 2023. The Company owned 100% of White Pine during Q3 2023; therefore, the costs incurred were recognized as the Company's exploration and exploration expenditures.

The increase in exploration and evaluation expenditures of \$4.8 million in YTD 2024 compared to YTD 2023 is mainly attributable to the early site work conducted at Copperwood during the summer and the fall of 2023. The work was required to maintain the Copperwood permits in good standing.

Management and administration

Management and administration expenditures remained consistent in Q3 2024 compared to Q3 2023. The increase of \$1.1 million in YTD 2024 compared to YTD 2023 is primarily due to termination payments incurred with change in management and increased professional fees associated with increased corporate activities.

Gain on sale of controlling interest in White Pine

In the quarter ended September 30, 2023, the Company completed the sale of controlling interest in White Pine Copper, LLC to its joint venture partner Kinterra, resulting in a gain of \$39,521,720 for the period.

Share of loss in associates

The Company accounts for its 34% interest in the White Pine North Project joint venture using the equity method. The amount recognized as 'share of loss in associate' for the period represents the Company's share of White Pine's loss incurred during Q3 2024 and YTD 2024.

Finance income

Finance income represents interest earned on the Company's cash and cash equivalents. The increase in finance income during Q3 2024 and YTD 2024 compared to same periods last year is a result of higher interest rate and higher cash and cash equivalent balances during the three and nine months ended March 31, 2024.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2024, the Company had working capital (total current assets less total current liabilities) of \$21,175,553 compared to \$5,171,245 at June 30, 2023. The increase in working capital during the nine months ended March 31, 2024, is mainly attributable to the sale of the Company's controlling interest in the White Pine North Project for gross proceeds of \$30 million. Uses of cash during the nine months

ended March 31, 2024 included funding the early site work at the Copperwood Project and corporate activities.

The Company will continue to fund its portion of the White Pine North Project by drawing on the \$10 million unsecured loan provided by its joint venture partner Kinterra.

The Company currently has no source of operating cash flow. Continuance as a going concern is dependent upon the Company's ability to obtain adequate equity or debt financing, or, alternatively, dispose of its non-core properties on an advantageous basis, among other things. While the Company has been successful in the past in obtaining financing for its operations, there is no assurance that it will be able to obtain adequate financing in the future, and as a result, a material uncertainty exists that casts significant doubt about the Company's ability to continue as a going concern.

OFF BALANCE-SHEET ARRANGEMENTS

During the period ending March 31, 2024, the Company was not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, capital expenditures, liquidity, or capital resources of the Company.

RELATED PARTY TRANSACTIONS

Key management personnel are people responsible for planning, directing, and controlling the activities of the Company, including directors and officers. For the three and nine months ended March 31, 2024 and 2023, key management compensation comprises:

	Three months ended		Nine months ended	
	March 31		March 31	
	2024	2023	2024	2023
Salaries, fees, bonuses, and termination payments	\$ 186,248	\$ 135,425	\$ 1,250,981	\$ 524,065
Share-based compensation	130,006	145,713	595,632	697,261
	<u>\$ 316,254</u>	<u>\$ 281,138</u>	<u>\$ 1,846,613</u>	<u>\$ 1,221,326</u>

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 736,363,619 common shares and 39,550,002 stock options outstanding.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to risks that arise from its use of financial instruments. The Company's exposures to financial risk and how the Company manages each of those risks is described in the Company's MD&A for the year ended June 30, 2023. There were no significant changes to the Company's exposure to those risks or to the Company's management of its risk exposures during the nine months ended March 31, 2024.

RISKS AND UNCERTAINTIES

The Company is engaged in the acquisition, exploration, evaluation, and development of mineral projects which, by nature, are speculative. Due to the high-risk nature of the Company's business and the present stage of the Company's various projects, an investment in the Company's common shares should be considered a highly speculative investment that involves significant financial risks, and prospective investors should carefully consider all of the information disclosed in this MD&A and the Company's other public disclosures, including the risks disclosed in the "Risks and Uncertainties" section of the Company's MD&A for the year ended June 30, 2023 prior to making any investment in the Company's common shares. The risks disclosed in the "Risks and Uncertainties" section of the Company's MD&A for the year ended June 30, 2023 do not necessarily comprise all the risks faced by the Company. Additional risks not currently known to the Company, or that the Company currently considers immaterial, may also adversely affect the Company's business, result of operations, financial results, prospects, and price of common shares.

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 for both the Copperwood and White Pine North projects; the Company's ongoing activities at Copperwood; the projected employment for both construction and operation of the Copperwood Project; the anticipated economic benefits to the local and state economies resulting from the construction and operation of the Copperwood Project; the timing of completion of, anticipated size of, and expected results of, the winter drill program for the White Pine North Project; the anticipated approval of the grant; the timing of the next presentation to the MSF Board; 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, inaccuracy of the assumptions used in preparing the Copperwood Feasibility Study, the White Pine North PEA, and the PSC report; 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, maintenance of state permits; 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, the Copperwood Feasibility Study and the White Pine North PEA, all of which are filed and available for review under the Company's profile on SEDAR+ at www.sedarplus.ca. 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 reliance on these forward-looking statements.

CAUTIONARY NOTE TO U.S. INVESTORS CONCERNING RESOURCE ESTIMATES

The resource estimates and other technical disclosure in this MD&A were prepared in accordance with National Instrument 43-101 adopted by the Canadian Securities Administrators ("NI 43-101") and the 2014 CIM Standards. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Highland is not required to provide disclosure on its mineral properties in the form required by the United States Securities and Exchange Commission (the "SEC") as Highland is presently a "foreign issuer" under the U.S. Exchange Act. Accordingly, United States investors are cautioned that the disclosure Highland provides on its mineral properties in this MD&A and under its continuous disclosure obligations in Canada may be different from the disclosure that Highland would otherwise be required to provide as a U.S. domestic issuer.

United States investors are cautioned that while terms used under the SEC rules are "substantially similar" to CIM Definitions, there are differences in the definitions.

There is no assurance any resources and reserves that Highland reports as "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" and "proven mineral reserves" and "probable mineral reserves" under NI 43-101 would be the same had Highland prepared these estimates under the standards adopted by the SEC.

United States investors are also cautioned that while the SEC now recognizes "measured mineral resources", "indicated mineral resources" and "inferred mineral resources", investors should not assume that any part or all the mineral deposits in these categories will ever be converted into a higher category of mineral resources or into mineral reserves. Mineralization described by these terms has a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. Investors are cautioned not to assume that any "measured mineral resources", "indicated mineral resources", or "inferred mineral resources" that we report in this AIF are or will be economically or legally mineable.

Further, “inferred resources” have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Therefore, investors are also cautioned not to assume that all or any part of the inferred resources exist. In accordance with Canadian rules, estimates of “inferred mineral resources” cannot form the basis of feasibility or other economic studies, except in limited circumstances where permitted under NI 43-101.