



# Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2024

In US dollars  
(Unaudited)

**HIGHLAND COPPER COMPANY INC.**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED 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.**  
**Consolidated Statements of Financial Position**

<i>(Unaudited, in US dollars)</i>	September 30, 2024	June 30, 2024
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 17,080,374	\$ 20,262,813
Sales tax receivable	86,210	74,666
Prepaid expenses and other receivables	458,836	375,090
	<b>17,625,420</b>	<b>20,712,569</b>
Non current assets		
Environmental bond (Note 4a)	2,370,544	2,351,632
Investment in associate (Note 4b)	16,326,007	16,040,034
Exploration and evaluation assets (Note 4)	19,625,861	19,520,861
<b>Total assets</b>	<b>\$ 55,947,832</b>	<b>\$ 58,625,096</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,047,977	\$ 1,373,965
Income tax payable	9,878	9,878
	<b>2,057,855</b>	<b>1,383,843</b>
Non current liabilities		
Loans and borrowings (Note 5)	5,627,958	2,383,329
Deferred income tax liability	964,018	964,018
Asset retirement obligation (Note 6)	1,208,206	1,184,752
<b>Total liabilities</b>	<b>\$ 9,858,037</b>	<b>\$ 5,915,942</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	\$ 83,948,586	\$ 83,948,586
Contributed surplus	17,087,043	16,766,368
Deficit	(55,589,667)	(48,633,682)
Cumulative translation adjustment	643,833	627,882
<b>Total equity</b>	<b>\$ 46,089,795</b>	<b>\$ 52,709,154</b>
<b>Total liabilities and equity</b>	<b>\$ 55,947,832</b>	<b>\$ 58,625,096</b>

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/ Jo Mark Zurel*

Jo Mark Zurel, Director

**Highland Copper Company Inc.**  
**Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income**

<i>(Unaudited, in US dollars)</i>	<b>Three months ended</b>	
	<b>2024</b>	<b>September 30 2023</b>
<b>Expenses and other items</b>		
Exploration and evaluation (Note 9)	\$ 3,243,405	\$ 4,745,834
Management and administration (Note 10)	650,666	776,505
Depreciation and amortization	-	640
Share-based compensation	320,675	96,157
Gain on sale of controlling interest in White Pine (Note 4b)	-	(39,521,720)
Accretion on environmental liability	23,454	-
Share of loss in associates (Note 4b)	2,855,287	83,025
Interest expense (Note 5)	103,369	-
Finance income	(252,651)	(73,798)
Loss (gain) on foreign exchange	11,780	(443,600)
<b>Net (loss) income for the period</b>	<b>(6,955,985)</b>	<b>34,336,957</b>
Other comprehensive loss		
Item that may be subsequently reclassified to income		
Foreign currency translation adjustment	15,951	(325,614)
<b>Comprehensive (loss) income for the period</b>	<b>\$ (6,940,034)</b>	<b>\$ 34,011,343</b>
<b>Basic and diluted (loss) income per share</b>	<b>\$ (0.01)</b>	<b>\$ 0.05</b>
<b>Weighted average number of common shares</b>		
basic and diluted	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.**  
**Consolidated Statements of Cash Flow**

<i>(Unaudited, in US dollars)</i>	Three months ended	
	September 30	
	2024	2023
<b>Operating activities</b>		
Net (loss) income for the period	\$ (6,955,985)	\$ 34,336,957
Adjustments		
Share-based compensation	320,675	96,157
Depreciation and amortization	-	640
Gain on sale of controlling interest in White Pine (Note 4b)	-	(39,521,720)
Share of loss in associates (Note 4b)	2,855,287	83,025
Accretion on environmental liability	23,454	-
Accrued Interest expense on Kinterra loan (Note 5)	103,369	-
Interest income	(252,651)	-
Unrealized gain on foreign exchange	11,780	(443,600)
Changes in working capital items		
Accounts receivable	(11,544)	(294,414)
Prepaid expenses and deposits	(83,746)	(96,030)
Accounts payable and accrued liabilities	674,012	1,354,253
	<b>(3,315,350)</b>	<b>(4,484,732)</b>
<b>Investing activities</b>		
Reimbursement of an environmental bond	-	(1,654,047)
Interest received	233,739	-
Additions to capital assets	-	(65,000)
Additions to exploration and evaluation assets - Copperwood (Note 4)	(105,000)	-
Net proceeds from sale of controlling interest in White Pine (Note 4b)	-	28,190,688
Investment in associate	-	(34,000)
	<b>128,739</b>	<b>26,437,641</b>
Effect of exchange rate changes on cash held in foreign currency	4,172	117,786
Net change in cash and cash equivalents	<b>(3,182,439)</b>	22,070,695
Cash and cash equivalents, beginning of the period	<b>20,262,813</b>	7,030,317
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 17,080,374</b>	<b>\$ 29,101,012</b>

Supplemental cash flow information (Note 13)

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

**Highland Copper Company Inc.**  
**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
<b>Balance at June 30, 2024</b>	<b>736,363,619</b>	<b>83,948,586</b>	<b>16,766,368</b>	<b>(48,633,682)</b>	<b>627,882</b>	<b>\$ 52,709,154</b>
Net loss for the period	-	-	-	(6,955,985)	-	(6,955,985)
Share-based compensation	-	-	320,675	-	-	320,675
Foreign currency translation adjustment	-	-	-	-	15,951	15,951
<b>Balance at September 30, 2024</b>	<b>736,363,619</b>	<b>\$ 83,948,586</b>	<b>\$ 17,087,043</b>	<b>\$ (55,589,667)</b>	<b>\$ 643,833</b>	<b>\$ 46,089,795</b>
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	-	-	-	34,336,957	-	34,336,957
Share-based compensation	-	-	96,157	-	-	96,157
Foreign currency translation adjustment	-	-	-	-	(325,614)	(325,614)
Balance at September 30, 2023	736,363,619	\$ 83,948,586	\$ 16,155,094	\$ (38,493,845)	\$ 477,429	\$ 62,087,264

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

# Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three months ended September 30, 2024 and 2023  
(Unaudited - in US dollars)

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## 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 November 25, 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 three months ended September 30, 2024, the Company had negative cash flows from operations of \$3,315,350 (\$4,484,732 for three months ended September 30, 2023). In addition, the Company had an accumulated deficit of \$55,589,667 as at September 30, 2024 (\$48,633,682 as at June 30, 2024). 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 September 30, 2024, the Company had working capital (total current assets less total current liabilities) of \$15,567,565 (\$19,328,726 as at June 30, 2024) and believes it has sufficient liquidity to meet its obligations for the next 12 months. However, since the Company is in the exploration and evaluation 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

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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 interim condensed consolidated 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.

### 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 IFRS Accounting 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, 2024, 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, 2024.

#### 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, 2024, to all the periods presented in these condensed interim consolidated financial statements.

#### c) Accounting standards issued but not yet effective

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than June 30, 2025. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to



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have a material impact or management has not yet assessed the impact on the Company's consolidated financial statements.

#### 4. EXPLORATION AND EVALUATION ASSETS

	<b>Copperwood Project</b>
Balance at June 30, 2023	\$ 18,070,084
Additions to exploration and evaluation assets	266,025
Addition to asset retirement obligation	1,184,752
<b>Balance at June 30, 2024</b>	<b>\$ 19,520,861</b>
Additions to exploration and evaluation assets	105,000
<b>Balance at September 30, 2024</b>	<b>\$ 19,625,861</b>

##### a) Environmental Bond

In July 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. The Company earned interest on the bond of \$18,912 for the three months ended September 30, 2024 (\$83,952 during the year ended June 30, 2024). The value of the environmental bond as at September 30, 2024 is \$2,370,544 (June 30, 2024 - \$2,351,632).

##### 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 ("Kinterra") in which the Company sold 66% of the common shares of White Pine Copper LLC, which owns the White Pine North Project, in exchange for \$30 million in cash, net of transaction costs amounting to \$1,809,312.

Effective July 24, 2023, the Company held an interest of 34% 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. During the three months ended September 30, 2023, the Company derecognized the assets and liabilities of the White Pine North Project from its consolidated statement of financial position, recorded its interest at fair value as an investment in associate for \$15,454,545 at the transaction date of July 24, 2023 and recognized a gain on sale of controlling interest in subsidiary of \$39,521,720.

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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)
<b>Total net assets</b>	<b>\$ 4,123,513</b>

The following table details the gain on sale recorded in the statement of (loss) income for the three months ended September 30, 2023:

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)
<b>Gain on sale of controlling interest in subsidiary</b>	<b>\$ 39,521,720</b>

Investment in associate:

	<b>Three months ended</b>	Year ended
	<b>September 30, 2024</b>	June 30, 2024
<b>Opening Balance</b>	<b>\$ 16,040,034</b>	\$ -
Fair value of retained non-controlling investment in White Pine Copper	-	15,454,545
Cash calls	<b>3,141,260</b>	2,487,782
Share of loss	<b>(2,855,287)</b>	(1,902,293)
<b>Ending Balance</b>	<b>\$ 16,326,007</b>	\$ 16,040,034

## 5. LOANS AND BORROWINGS

In addition to its \$30 million initial investment in White Pine LLC (see note 4b), the Company and Kinterra have agreed to fund, subject to certain conditions, expenditures with respect to the Initial Program to advance the White Pine North Project. Kinterra will fund its 66% pro rata expenditure, as well as provide an unsecured loan to the Company to satisfy its pro rata expenditure, to be used at Highland's discretion. The 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 will be automatically converted into a capital contribution of Kinterra, 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 to fund its pro rata expenditure after the Initial Loan 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

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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 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:

	<b>Three months ended September 30, 2024</b>
<b>Balance at June 30, 2024</b>	\$ 2,383,329
Cash call funded by Kinterra on behalf of Highland Copper	3,141,260
Accrued interest	103,369
<b>Balance at September 30, 2024</b>	<b>\$ 5,627,958</b>

  

	<b>Year ended June 30, 2024</b>
<b>Balance at June 30, 2023</b>	\$ -
Cash call funded by Kinterra on behalf of Highland Copper	2,317,782
Accrued interest	65,547
<b>Balance at June 30, 2024</b>	<b>\$ 2,383,329</b>

### 6. ASSET RETIREMENT OBLIGATION

During the three months ended September 30, 2024, the Company continued early site work at Copperwood. The Early Site Work primarily concentrated on the timely completion of authorized wetland and stream activities alongside the onsite wetland and stream mitigation activities. To efficiently perform the permitted wetlands and stream impacts, the surrounding upland areas were disturbed to create access routes and laydowns. These disturbances would require future reclamation activities. The asset retirement obligation consists of a provision for reclamation costs related to the Copperwood Project. The undiscounted cash flow amount for the early works reclamation and the monitoring wells was estimated at \$1,722,673 at September 30, 2024. The present value of this liability was calculated using a weighted average discount rate of 4.20% and is reflecting payments to be made from 2039 to 2040 and in 2059, while taking into consideration an inflation rate of 2.0% over that period.

## Highland Copper Company Inc.

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The following table summarizes the Company's asset retirement obligation as at September 30, 2024 and June 30, 2024:

	Copperwood Project	White Pine Project	Total
Balance at June 30, 2023	-	1,939,141	1,939,141
Addition to asset retirement obligation	1,184,752	-	1,184,752
Disposition of controlling interest in White Pine	-	(1,939,141)	(1,939,141)
<b>Balance at June 30, 2024</b>	<b>\$ 1,184,752</b>	<b>-</b>	<b>\$ 1,184,752</b>
Addition to asset retirement obligation	23,454	-	23,454
<b>Balance at September 30, 2024</b>	<b>\$ 1,208,206</b>	<b>-</b>	<b>\$ 1,208,206</b>

### 7. SHARE CAPITAL

*Issued and fully paid*

As at September 30, 2024, the Company had 736,363,619 issued and outstanding common shares (736,363,619 issued and outstanding common shares at June 30, 2024).

### 8. SHARE-BASED PAYMENTS

#### a) Stock Options

The Company has an equity incentive compensation plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company (the "Participant"), non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance, including the shares reserved for RSU's & DSU's, shall not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period between 5 to 7 years from the date of grant. Vesting terms are determined by the Board of Directors at the time of grant.

As at September 30, 2024, the Company had 47,863,891 (39,550,002 as at June 30, 2024) issued and outstanding stock options.

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The following is a summary of stock option activities for three months ended September 30, 2024 and year ended June 30, 2024:

	Three months ended September 30, 2024		Year ended June 30, 2024	
	Number of stock options	Weighted average exercise price (C\$)	Number of stock options	Weighted average exercise price (C\$)
Options, beginning of period	39,550,002	0.10	23,300,000	0.12
Granted	9,825,000	0.12	16,250,002	0.07
Forfeited	(1,511,111)	0.08	-	-
<b>Options, end of period</b>	<b>47,863,891</b>	<b>0.10</b>	<b>39,550,002</b>	<b>0.10</b>

Stock options issued and outstanding as at September 30, 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	2.2	3,500,000	0.11
February 24, 2022	6,500,000	0.15	2.4	6,500,000	0.15
July 25, 2022	13,300,000	0.10	4.8	13,300,000	0.10
October 13, 2023	15,138,891	0.07	6.0	5,416,667	0.07
July 26, 2024	6,850,000	0.12	4.8	2,416,667	0.12
August 19, 2024	825,000	0.12	4.9	275,000	0.12
September 3, 2024	1,750,000	0.12	4.9	583,333	0.12
	<b>47,863,891</b>	<b>0.10</b>	<b>4.7</b>	<b>31,991,667</b>	<b>0.11</b>

The fair value of the options granted during the three months ended September 30, 2024 was estimated by applying the Black-Scholes option pricing model using the inputs outlined in the table below:

Grant date	Expected life (years)	Risk-free rate	Volatility rate	Dividend factor	Fair value of options (C\$)
July 26, 2024	5.00	3.24%	87.81%	0%	0.08
August 19, 2024	5.00	2.99%	87.70%	0%	0.07
September 3, 2024	5.00	2.96%	87.77%	0%	0.07

There were no options granted during the three months ended September 30, 2023. The Company recognized an expense of \$284,762 related to the stock options during the three months ended September 30, 2024 (\$96,157 during the three months ended September 30, 2023).

### b) Other Equity-based Instruments

Pursuant to the terms of the Plan, the Company may grant deferred shares units (“DSUs”) and restricted share units (“RSUs”) to eligible Participants. Upon vesting, the DSUs and RSUs may be settled with cash

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or shares of the Company, at the sole discretion of the Board. The total number of common shares reserved for issuance, including the shares reserved for stock options, shall not exceed 10% of the issued and outstanding common shares. The RSUs and DSU's were granted on July 26, 2024, and will vest equally every year from the first anniversary until the third anniversary of the grant date. The fair value of a DSU and RSU is determined as the fair market value of a common share of the Company on grant date and recorded in equity reserves. As at September 30, 2024, there were 1,562,500 DSUs and 2,244,242 RSUs outstanding. The Company recognized an expense of \$20,719 for RSU and \$15,194 for DSU during the three months ended September 30, 2024 (\$Nil and \$Nil for three months ended September 30, 2023).

The following is a summary of outstanding DSU and RSU as at September 30, 2024:

	Three months ended September 30, 2024	
	Number of RSU's	Number of DSU's
Beginning of period	-	-
Granted	2,244,242	1,812,500
Forfeited	-	(250,000)
<b>End of period</b>	<b>2,244,242</b>	<b>1,562,500</b>

### 9. EXPLORATION AND EVALUATION EXPENSES

The Company incurred the following exploration and evaluation expenses during the three months ended September 30, 2024 and 2023:

	Three months ended September 30	
	2024	2023
Salaries and consulting fees	\$ 595,613	\$ 469,363
Excavation and site works	2,551,283	4,121,235
Office, overhead and other administrative costs	96,509	155,236
	<b>\$ 3,243,405</b>	<b>\$ 4,745,834</b>

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### 10. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses during the three months ended September 30, 2024 and 2023:

		Three months ended September 30	
		2024	2023
Salaries	\$	385,669	\$ 208,426
Office, overhead and other administrative costs		61,735	48,275
Professional fees		146,188	372,116
Investor relations and travel		57,074	147,688
	\$	650,666	\$ 776,505

### 11. EARNINGS PER SHARE

For periods where the Company records a loss, it calculates diluted loss per share using the basic weighted average number of shares. If the diluted weighted average number of shares were used, the result would be a reduction in the loss, which would be anti-dilutive.

The calculation of basic and diluted earnings per share for the three months ended September 30, 2023 was based on net income attributable to common shareholders of \$34,336,957 and the weighted average number of common shares outstanding of 736,363,619. All outstanding options were anti dilutive for the three months ended September 30, 2023 because the exercise price was above the average share price during the period.

### 12. 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 months ended September 30, 2024 and 2023, key management compensation comprises:

		Three months ended September 30	
		2024	2023
Salaries, fees, bonuses, and termination payments	\$	416,113	\$ 178,949
Share-based compensation		314,505	96,157
	\$	730,618	\$ 275,106

## Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three months ended September 30, 2024 and 2023  
(Unaudited - in US dollars)

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### 13. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three months ended	
	September 30	
	2024	2023
<b>Financing activities</b>		
Loans and borrowings from Kinterra to fund White Pine cash calls	\$ 3,141,260	\$ -

### 14. CAPITAL MANAGEMENT

The Company defines capital that it manages as loans and borrowings and shareholders' equity. When managing capital, the Company's objectives are a) to ensure the entity continues as a going concern; b) to increase the value of the entity's assets; and c) to achieve optimal returns to shareholders. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them to production or obtaining sufficient proceeds from their disposal. As at September 30, 2024, managed capital was \$46,089,795 (\$52,709,154 at June 30, 2024).

The Company's properties are in the exploration and evaluation stage and, as a result, the Company currently has no source of operating cash flows. The Company intends to raise such funds as and when required to complete the exploration and development of its projects. The only sources of other future funds presently available to the Company are through the sale of equity capital of the Company, the sale by the Company of an interest in any of its properties in whole or in part or loans. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as on its business performance. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company in reasonable terms. There were no changes in the Company's approach to capital management during the quarter ended September 30, 2024. The Company is not subject to any externally imposed capital requirements as at September 30, 2024.

### 15. FINANCIAL RISK MANAGEMENT

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors. There were no changes to the financial objectives, policies and processes during the quarter ended September 30, 2024.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's ability to continue as a going concern is dependent on management's ability to raise



## Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
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(Unaudited - in US dollars)

the funds required for its continued operations. The Company generates cash flow only from its financing activities.

The following table summarizes the contractual maturities of the Company's financial liabilities as at September 30, 2024 and June 30, 2024:

### September 30, 2024

	Carrying amount	Settlement amount	Within one year	Within two years	Over two years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	2,047,977	2,047,977	2,047,977	-	-
Loans and borrowings	5,627,958	6,618,064	-	6,618,064	-
	7,675,934	8,666,041	2,047,977	6,618,064	-

### June 30, 2024

	Carrying amount	Settlement amount	Within one year	Within two years	Over two years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,373,965	1,373,965	1,373,965	-	-
Loans and borrowings	2,383,329	2,866,570	-	-	2,866,570
	3,757,294	4,240,535	1,373,965	-	2,866,570

### Credit risk

Credit risk is the risk that the Company will incur losses due to the non-payment of contractual obligations by third parties. The Company is exposed to credit risk with respect to cash and cash equivalent held at major Canadian & US chartered banks, a regional US bank as well as the environmental bond.

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash equivalents, environmental bond and the promissory note bear interest at a fixed rate.

The Company's exposure to interest rate risk on its long-term financial liabilities is limited because they bear interest at fixed rates.

### Currency risk

In the normal course of operations, the Company is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of each of the entities within the consolidated group. The currencies in which these transactions are denominated are primarily the Canadian and the US dollar. The consolidated entity does not presently enter into hedging arrangements

## Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three months ended September 30, 2024 and 2023  
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to hedge its currency risk. The Board considers this policy appropriate, considering the consolidated entity's size, current stage of operations, financial position and the Board's approach to risk management.

As at September 30, 2024, financial assets and liabilities denominated in a foreign currency consisted of cash of CAD \$345,125 as well as accounts payable and accrued liabilities of CAD \$253,785. The impact on profit or loss of a 10% increase or decrease in the US dollar against the Canadian dollar would be approximately \$9,000.

### 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents and accounts payable and accrued liabilities is considered to be a reasonable approximation of their fair value due to their immediate or short-term maturity.

Fair value of environmental bond is very similar to the amortized cost due to the nature of the underlying asset. The carrying value of loans and borrowings is considered to be a reasonable approximation of its fair value. The loans and borrowings amount in the balance sheet represents the amount owing to Kinterra Capital ("Kinterra Loan"). The Kinterra loan is a transaction negotiated between two informed unrelated parties; therefore, the transaction price represents fair value of the transaction.

### 17. 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:

<b>As at September 30, 2024</b>	<b>Canada</b>	<b>USA</b>	<b>Total</b>
Current assets	\$ 1,017,019	\$ 16,608,401	\$ 17,625,420
Environmental bond	-	2,370,544	2,370,544
Investment in associate	-	16,326,007	16,326,007
Exploration and evaluation assets	-	19,625,861	19,625,861
<b>Total assets</b>	<b>\$ 1,017,019</b>	<b>\$ 54,930,813</b>	<b>\$ 55,947,832</b>

<b>As at June 30, 2024</b>	<b>Canada</b>	<b>USA</b>	<b>Total</b>
Current assets	1,348,137	19,364,432	20,712,569
Environmental bond	-	2,351,632	2,351,632
Capital assets	-	16,040,034	16,040,034
Exploration and evaluation assets	-	19,520,861	19,520,861
<b>Total assets</b>	<b>\$ 1,348,137</b>	<b>\$ 57,276,959</b>	<b>\$ 58,625,096</b>



# Management's Discussion and Analysis

For the three months ended  
September 30, 2024

In US dollars

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **For the three months ended September 30, 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 November 25, 2024 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended September 30, 2024, the audited consolidated financial statements for the year ended June 30, 2024 and the MD&A for the year ended June 30, 2024, including the section describing risks and uncertainties.

The Company reports its financial position, results of operations and cash flows in accordance with IFRS Accounting 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](http://www.sedarplus.ca) and on the Company's website, [www.highlandcopper.com](http://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 exploration 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 tonnage<sup>1</sup>. Copperwood is permitted for site development and operation. White Pine North is a joint project 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 years<sup>2</sup>.

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 September 30, 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.

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<sup>1</sup> 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").

<sup>2</sup> 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 SEPTEMBER 30, 2024

### Copperwood Project (“Copperwood”)

- Copperwood has substantially completed all obligated early site work as of the date of the MD&A, maintaining key permits in good standing.
- In September 2024, Highland announced the appointment of Dr. Wynand van Dyk as Project Director for Copperwood. Preparation for detailed engineering is underway.
- During the quarter, the Company signed a letter of intent with the Michigan Building and Construction Trades Council reflecting the collective goal to sign a Project Labor Agreement.

### White Pine North Project (“White Pine North” or “White Pine”)

- Subsequent to quarter-end, White Pine has completed its summer drilling program consisting of approximately 14,200 metres for metallurgical and geotechnical samples. The drilling locations are largely infill with respect to the Measured and Indicated resource.
- Multiple key environmental baselining studies have been completed through the summer as preparation for permit submission continues.
- Engineering trade-offs are underway with respect to mining method, process flow sheet and tailings storage facilities as White Pine prepares for engineering studies.

### Corporate Activities

- During the three months ended September 30, 2024, the Company issued 9,825,000 incentive stock options, 2,244,242 Restricted Share Units and 1,812,500 Deferred Share Units to directors, executive officers and employees of the Company. The options are exercisable at an exercise price of \$0.12 per share for a period of up to five years and will vest as to one third immediately and one third on each of the first and second anniversary of the grant. The Restricted Share Units and Deferred Share Units will vest as to one third on each of the first, second and third anniversary of the grant.
- The Company realized a net loss of \$7.0 million for the three months ended September 30, 2024 (\$0.01 per share) compared to net income of \$34.3 million, mainly from the disposition of 66% of White Pine, during the comparative period in 2023 (\$0.05 per share).
- As at September 30, 2024, the Company had working capital (total current assets less total current liabilities) of \$15.6 million.

## PROJECT OVERVIEW AND UPDATES

### Copperwood Project

The Copperwood project is Highland's 100%-owned, fully-permitted copper project in the Upper Peninsula, Michigan, USA. The Copperwood Project Feasibility Study issued in April 2023 demonstrated a project producing 64.6 million pounds of copper annually (approximately 30 thousand tonnes) over an initial 11-year mine life. Notably, the project has significant leverage to copper price and multiple opportunities to improve project economics, particularly converting its significant inferred resource (which is excluded from Feasibility Study economics).

Table 1 – Metal Price Sensitivities – After-Tax Results<sup>1</sup>

Cu Price (\$/lb)	NPV 0% (\$M)	NPV 8% (\$M)	IRR (%)	Payback (years)
5.00	1,013	507	33.4	2.0
4.50	729	333	25.6	2.5
4.25	587	246	21.4	2.9
4.00	456	168	17.6	3.5
3.75	308	75	12.4	4.4

<sup>1</sup> Source: Technical report entitled "Feasibility Study Update Copperwood Project Michigan, USA" with an effective date of March 6, 2023 prepared for Highland by G Mining Services available at [www.sedarplus.ca](http://www.sedarplus.ca) (the "Copperwood Technical Report").

During the quarter ended September 30, 2024, the Company continued to execute on its path to a near-term construction decision at Copperwood:

#### *Early Site Work*

As of the date of this report, the Company has substantially completed its early site work program on site as required by its Wetlands and Streams Permit. This program includes partial site clearing, in addition to the construction of mitigating wetland areas and site stream diversion structures.

At the Gipsy Creek wetland creation site, the Company has constructed a multi-celled wetland that will expand to cover 14.3 acres. In addition, on-site stream channels have been relocated around future major project infrastructure, creating natural stream corridors and wetland pockets. These projects will be permanently protected by conservation easements, encompassing a total of 18.3 acres of newly created emergent wetlands and approximately 13,700 lineal feet (4.18 km) of newly constructed stream. The Company will complete the on-site work with landscaping and tree planting in 2025. The work completed on site has allowed Highland to establish an operating presence, demonstrate strong environmental stewardship and strengthen relationships with local authorities and stakeholders.





Figure 1: Stream diversion with in-stream structures



Figure 2: Stream diversion maturing with natural growth





Figure 3: Newly created wetland designed for native biodiversity to thrive



Figure 4: Wetland creation with anti-erosion structures



Off-site at Bluff Creek, the Company will be replacing a multi-culvert stream crossing with a single-span crossing to significantly enhance fish and wildlife passage. The off-site work is planned to be completed by July 2025.

The substantial completion of this site work satisfies key obligations under the Wetland and Streams Permit. Highland is currently renewing the Part 55 Air Permit, which we expect to complete by Q1 2025.

#### *Application for Government Grant*

In January 2024, the Michigan Economic Development Corporation proposed a \$50 million performance-based grant from the Strategic Site Readiness Program to assist with infrastructure expenditure at the Copperwood Project. The Michigan Strategic Fund (the “MSF”) and Michigan House Appropriations Committee approved the grant in March 2024 and June 2024, respectively. Per Michigan state law, the House approval of the grant funds expires on November 29, 2024, being 60 days after the state’s fiscal year-end. As a matter of procedure, appropriation of the grant funds will require legislative re-approval from the Michigan House Appropriations Committee, along with other appropriations similarly impacted. The grant is also pending approval by the Michigan Senate Appropriations Committee. Highland continues to educate the committee on the merits of the project. The Copperwood project has been endorsed by 22 local municipalities, counties and townships, in addition to the approvals already received from the MSF and House Appropriations Committee for the grant.

#### *Construction Team and Detailed Engineering*

In September 2024, Highland appointed Dr. Wynand van Dyk as the Project Director for the Copperwood project. Dr. van Dyk is a senior executive with 30 years of experience in mining, metallurgy and capital projects at De Beers, Hatch, Lonmin Platinum, and Itafos in addition to consulting engagements for numerous senior producers. Dr. van Dyk’s scale of experience will support Copperwood as it advances to final project design and development.

Since Dr. van Dyk’s appointment, Highland has initiated bidding for key detailed engineering work packages including box cut engineering, mine engineering, process plant engineering, water management and tailings disposal facility engineering, in addition to internal work on the site power plan. This engineering is critical to both derisk and optimize Copperwood’s design, as well as support due diligence during project financing. Highland will adopt a phased approach to engineering with the initial step of finalizing design criteria for key work packages and assessing key opportunities to improve the project. Of particular note, Highland may consider the applicability of ultrafine flotation technology to improve recoveries.

#### *Union Engagement*

During the quarter ended September 30, 2024, Highland signed a letter of intent with the Michigan Building and Construction Trades Council reflecting the collective goal to sign a Project Labor Agreement. This agreement would assure construction work on Copperwood proceeds economically, efficiently, safely, without interruption, and with due consideration for the protection of labor standards, wages, and working conditions in Michigan. Highland has received a formal letter of support from all unions represented by both the Michigan Building and Construction Trades Council and the Upper Peninsula Construction Council.

## **White Pine North Project**

The White Pine North project is the Company's 34%-owned brownfield copper project which is also located in the Upper Peninsula, Michigan, USA. White Pine North has a Preliminary Economic Assessment<sup>3</sup> issued in September 2023 demonstrating a 22-year mine life with average annual payable copper production of 93.5 million pounds (approximately 42 thousand tonnes).

During the quarter ended September 30, 2024, while Highland focused on the Copperwood project, its partner Kinterra, who owns 66% of the White Pine North project, applied its technical and financial strength to advance White Pine:

### *Drilling Programs*

In January 2024, White Pine concluded a winter drill program of 10 holes or approximately 6,600 metres. The primary goal of the drill program was to collect ore samples for geotechnical and metallurgical testing to support further engineering studies. In October 2024, White Pine completed a second drill program of 14 holes, or approximately 14,200 metres, including 28 wedges. At the conclusion of the drill programs, sufficient metallurgical and geotechnical samples have been collected to support key engineering studies. A resource update is planned for the first half of 2025 which will include infill holes from the second drill program.

### *Test work and Engineering Trade-offs*

Geotechnical test work is continuing on samples collected to date. Engineering trade-off studies are also underway to evaluate mining methods, mine access options, and material handling systems. Metallurgical test work has been initiated with the main objective of developing a flowsheet to maximize metal recovery. It primarily consists of grinding and flotation test work on multiple variability samples.

### *Environmental Baselineing*

Environmental baseline studies have been completed for surface water flow and water quality monitoring, groundwater elevation and water quality monitoring, aquatic habitat, threatened and endangered species, wetlands and streams, wildlife habitat, and archaeological and cultural surveys. Environmental baselineing will continue through 2025. This baselineing is a key initial step to support permit applications.

### *Kinterra Loan*

Highland is funding its share of expenditures on White Pine by drawing down on the loan facility provided by Kinterra. As of September 30, 2024, Highland has a loan outstanding of \$5.6 million.

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<sup>3</sup> The preliminary economic assessment is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Information regarding the basis for the preliminary economic assessment and the qualifications and assumptions relied upon, are set out in detail in the report entitled Preliminary Economic Assessment, White Pine North Project, Michigan, USA" dated September 7, 2023 available under Highland's profile on SEDAR+ (the "White Pine Technical Report").

## **OUTLOOK**

For the upcoming quarter, the Company will continue to proactively advance Copperwood toward a construction decision. The key strategic initiatives to support the advancement include:

- Successfully completing the early site mitigation work;
- Continue to derisk the project in high priority areas;
- Securing state funding;
- Preparing for detailed engineering.

At White Pine, we will continue to work alongside the project operator, Kinterra, in advancing the White Pine North project through permitting and feasibility study.

## **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 Dr. Wynand van Dyk, a qualified person as defined in NI 43-101.

## SELECTED QUARTERLY INFORMATION

The following table provides information for the eight fiscal quarters ended September 30, 2024:

	<b>September 30, 2024</b>	<b>June 30, 2024</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Exploration and evaluation expenditures	\$ 3,243,405	\$ 1,541,989	\$ 248,435	\$ 3,211,949
Net loss	6,955,985	3,396,497	1,870,105	4,873,235
Loss per share - basic and diluted	0.01	0.00	0.00	0.01

  

	<b>September 30, 2023</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Exploration and evaluation expenditures	\$ 4,745,834	1,272,006	1,615,948	1,167,075
Net (income) loss	(34,336,957)	2,259,526	2,130,147	1,906,474
(Income) loss per share - basic and diluted	(0.05)	0.01	0.01	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 net income of \$34.3 million in the quarter ended September 30, 2023 was primarily due to the gain on sale of controlling interest in White Pine of \$39.5 million.

The exploration and evaluation expenditures for the quarters ended September and June 30, 2024, and 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 first phase of the work was completed in the fall of 2023. No site work was carried out during the winter months. The Company re-initiated the second and final phase of the stream and wetland mitigation work in May 2024. Except for the Bluff Creek off-site stream mitigation project, landscaping, and tree planting to be completed in spring 2025, Copperwood has substantially completed all obligated early site work as of the date of the MD&A.

## RESULTS OF OPERATIONS

Results of operations for the three months ended September 30, 2024 (“Q1 2025”) compared to the three months ended September 30, 2023 (“Q1 2024”) are as follows:

	Three months ended September 30,	
	2024	2023
Exploration and evaluation	\$ 3,243,405	\$ 4,745,834
Management and administration	650,666	776,505
Depreciation and amortization	-	640
Share-based compensation	320,675	96,157
Gain on sale of controlling interest in White Pine	-	(39,521,720)
Accretion on environmental liability	23,454	-
Share of loss in associates	2,855,287	83,025
Finance income	(252,651)	(73,798)
Interest expense	103,369	-
Loss (gain) on foreign exchange	11,780	(443,600)
<b>Net (loss) income for the period</b>	<b>\$ (6,955,985)</b>	<b>\$ 34,336,957</b>

### *Exploration and evaluation expenditures*

Exploration and evaluation expenditures decreased by \$1.5 million in Q1 2025 compared to Q1 2024. The Company initiated the early site work in Q1 2024, the activities included earthworks, excavation and logging to impact the stream and wetland, also to prepare site for the required mitigation work. Intensive earthworks was carried out in Q1 2024 and does not need to be repeated during Q1 2025 construction season, contributing to the decrease in exploration and evaluation expenditures in current quarter.

### *Management and administration*

Management and administration expenditures decreased by \$0.1 million in Q1 2025 compared to Q1 2024 primarily due to a decrease in professional fees and travel.

### *Shared-based compensation*

Share-based compensation increased by \$0.2 million in Q1 2025 compared to Q1 2024 due to new stock options, Restricted Share Units (“RSU’s”) and Deferred Share Units (“DSU’s”) granted to the Company’s directors and employees during the current quarter.

### *Gain on sale of controlling interest in White Pine*

In the quarter ended September 30, 2023, the Company completed the sale of a controlling interest in White Pine Copper, LLC to its 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 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 Q1 2025. The increase in the current quarter compared to the same quarter last year is primarily due to increased exploration activities, including a drilling campaign at White Pine in the current quarter.

#### *Finance income*

Finance income represents interest earned on the Company's cash and cash equivalents. The increase in finance income during Q1 2025 compared to same period last year is a result of higher interest rate and higher cash and cash equivalent balances during the three months ended September 30, 2024.

#### *Interest Expense on Kinterra Loan*

Kinterra has provided the Company an unsecured loan to satisfy the Company's pro rata expenditure for the Initial Program at White Pine North. The unsecured loan is subject to an interest rate of 10%, compounded annually from the date of each advance, and matures on July 24, 2026. In the same period last year, the Company did not have any loan outstanding.

### **FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

As of September 30, 2024, the Company had working capital (total current assets less total current liabilities) of \$15,567,565 compared to \$19,328,726 as at June 30, 2024. The decrease in working capital during the three months ended September 30, 2024, is mainly attributable to the funding of the early site work at the Copperwood Project and corporate activities. The Company had total assets and total non-current liabilities of \$55,947,832 and \$9,858,037 as at September 30, 2024 compared to \$58,625,096 and \$5,915,942 as at June 30, 2024. The Company had operating cash outflow of \$3,315,350 in the three months ended September 30, 2024, compared to a cash outflow of \$4,484,732 for three months ended September 30, 2023. The decrease is mainly due to lower exploration and evaluation expenditures incurred in Q1 2025 compared to same period last year.

The Company will continue to fund its portion of the White Pine North Project by drawing on the unsecured loan provided by its 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.

### **CAPITAL MANAGEMENT**

The Company's properties are in the exploration and evaluation stage and, as a result, the Company currently has no source of operating cash flows. The Company intends to raise such funds as and when required to complete the exploration and development of its projects. The only sources of other future funds presently available to the Company are through the sale of equity capital of the Company, the sale by the Company of an interest in any of its properties in whole or in part or loans. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as on its business performance. There can be no assurance that the Company will be

successful in its efforts to arrange additional financing on terms satisfactory to the Company in reasonable terms. There were no changes in the Company's approach to capital management during the quarter ended September 30, 2024. The Company is not subject to any externally imposed capital requirements as at September 30, 2024.

#### **OFF BALANCE-SHEET ARRANGEMENTS**

During the period ending September 30, 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 months ended September 30, 2024 and 2023, key management compensation comprises:

		<b>Three months ended</b>	
		<b>September 30</b>	
		<b>2024</b>	<b>2023</b>
Salaries, fees, bonuses, and termination payments	\$	<b>416,113</b>	\$ 178,949
Share-based compensation		<b>314,505</b>	96,157
	<b>\$</b>	<b>730,618</b>	<b>\$ 275,106</b>

#### **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, 41,063,891 stock options, 1,562,500 Deferred Share Units and 2,244,242 Restricted Share Units 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 are described in the Company's MD&A as well as in note 17 of the financial statements for the year ended June 30, 2024. 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 three months ended September 30, 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, 2024 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, 2024 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: (i) the anticipated final approval of the Michigan Strategic Fund grant by the Michigan Senate Appropriations Committee; (ii) the Company’s ongoing and proposed activities at Copperwood, including the anticipated completion of 2025 early site work program, final project design and development and completion of the various initiatives aimed at advancing Copperwood toward a construction decision; (iii) the Company’s intentions to sign a Project Labor Agreement with the Michigan Building and Construction Trades Council and the anticipated terms and benefits of such agreement; (iv) the estimation of mineral resources and mineral reserves at the Company’s mineral projects; (v) the ongoing and anticipated activities at White Pine North, including plans with respect to continuing geotechnical and metallurgical test work, environmental baselining, the timing and completion of a resource update at White Pine and the potential completion of a feasibility study at White Pine; (vi) continued funding of the Company’s portion of the White Pine project; (vii) the Company’s intention to raise additional funds as and when required to complete the exploration and development of its projects, and (viii) the Company’s other 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: (i) the Company’s ability to raise capital necessary to maintain and to advance its mineral projects; (ii) advancement to a construction decision at Copperwood being subject to additional studies, for which the Company will require additional funds which may not be available on a timely basis and could accordingly delay a construction decision; (iii) there being no assurance that the Michigan Senate Appropriations Committee will approve the Michigan Strategic Fund grant, and any such approval may be subject to conditions; (iv) the Company will be



required to repay the loan facility from Kinterra in July 2026 or will have its interest at White Pine diluted; (v) risks related to the volatility in future prices of copper and other metals which may have a negative impact on the Company's share price or ability to raise funds capital; (vi) the accuracy of mineral resource and mineral reserve estimates, and any inaccuracy of the assumptions used in preparing the Copperwood Feasibility Study and the White Pine North PEA; (vii) increased operating and capital costs which could negatively impact not only the Company's operations, but also the results of the Copperwood Feasibility Study and the White Pine North PEA; (viii) the impact of inflation on project costs and budgets for 2025 and beyond; (ix) changes to governmental regulations, compliance with governmental regulations and environmental laws and regulations; (x) reliance on approvals and permits from governmental authorities and the ability of the Company to maintain state permits for Copperwood, or for the White Pine project to obtain necessary permits at White Pine; (xi) challenges to title to the Company's mineral properties; (xii) the ability of the Company to maintain its social license to operate; (xiii) dependence on key management and operating personnel; (xiv) competition in the mining industry; (xv) the inability of the Company to insure against all risks; and (xvi) risks normally associated with the conduct of joint ventures or joint operations; and (xvii) inherent risks involved in the exploration, development and production of minerals, and the presence of unknown geological and other physical and environmental hazards at the Company's projects; 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, and the Company's Annual Information Form for the year ended June 30, 2024, all of which are, or will be, filed and available for review under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://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 MD&A 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.