

NOTICE TO READER**February 25, 2026**

These unaudited condensed interim consolidated financial statements are being filed to correct the comparative financial information in the Statement of Changes in Equity. The financial information is corrected to reflect the corresponding interim period in the immediately preceding of December 31, 2024. No other changes have been made to the unaudited condensed interim consolidated financial statements.



Condensed Interim Consolidated Financial Statements

**For the three and six months ended
December 31, 2025**

**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 unaudited 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>(in US dollars)</i>	December 31, 2025	June 30, 2025
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,696,419	\$ 10,356,450
Sales tax receivable	82,553	74,650
Prepaid expenses and other receivables	201,771	322,382
	5,980,743	10,753,482
Non current assets		
Environmental bond (Note 4a)	2,248,649	2,448,907
Investment in associate (Note 4b)	16,023,922	17,122,228
Exploration and evaluation assets (Note 4)	20,080,261	19,870,561
Total assets	\$ 44,333,575	\$ 50,195,178
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,318,865	\$ 1,888,784
Current portion of loans and borrowings (Note 5)	10,918,231	-
	12,237,096	1,888,784
Non current liabilities		
Loans and borrowings (Note 5)	-	9,535,027
Asset retirement obligation (Note 6)	1,122,395	1,118,269
Total liabilities	\$ 13,359,491	\$ 12,542,080
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	\$ 84,122,955	\$ 83,948,586
Contributed surplus	17,659,484	17,497,960
Deficit	(71,412,421)	(64,397,539)
Cumulative translation adjustment	604,066	604,091
Total equity	\$ 30,974,084	\$ 37,653,098
Total liabilities and equity	\$ 44,333,575	\$ 50,195,178

Going concern (Note 3)

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/ Iain Farmer

Iain Farmer, Director

Highland Copper Company Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

<i>(in US dollars)</i>	Three months ended December 31		Six months ended December 31	
	2025	2024	2025	2024
Expenses and other items				
Exploration and evaluation (Note 9)	\$ 729,944	\$ 1,257,563	\$ 3,019,677	\$ 4,500,968
Management and administration (Note 10)	422,554	416,567	1,221,434	1,067,233
Share-based compensation (Note 9)	168,269	144,056	440,453	464,731
Re-evaluation adjustment - environmental provision (Note 6)	(10,286)	(123,972)	4,126	(100,518)
Share of loss in associates (Note 4b)	1,376,590	1,429,282	1,984,258	4,284,569
Interest expense (Note 5)	258,828	168,622	497,252	271,991
Finance income	(73,155)	(201,006)	(155,513)	(453,657)
Loss (gain) on foreign exchange	7,589	(30,853)	3,195	(19,073)
Net loss income before income tax expense	(2,880,333)	(3,060,259)	(7,014,882)	(10,016,244)
Current income tax expense	-	44,522	-	44,522
Net loss income for the period	(2,880,333)	(3,104,781)	(7,014,882)	(10,060,766)
Other comprehensive loss				
Item that may be subsequently reclassified to income				
Foreign currency translation adjustment	31,272	(47,103)	(25)	(31,152)
Comprehensive loss for the period	\$ (2,849,061)	\$ (3,151,884)	\$ (7,014,907)	\$ (10,091,918)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares				
Basic and Diluted	737,688,505	736,363,619	737,026,062	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 Flow

<i>(in US dollars)</i>	Six months ended	
	December 31, 2025	December 31, 2024
Operating activities		
Net loss for the period	\$ (7,014,882)	\$ (10,060,766)
Income tax expense	-	44,522
Finance income	(155,513)	(453,657)
Adjustments for non-cash items:		
Share-based compensation	440,453	464,731
Share of loss in associates (Note 4b)	1,984,258	4,284,569
Re-evaluation adjustment - environmental provision	4,126	(100,518)
Accrued Interest expense on Kinterra loan (Note 5)	497,252	271,991
Unrealized gain on foreign exchange	(492)	(19,073)
Interest received	115,584	402,263
Taxes paid	-	(54,400)
Changes in working capital items		
Sales tax receivable	(7,903)	5,437
Prepaid expenses and other receivables	120,611	40,986
Accounts payable and accrued liabilities	(643,664)	(517,319)
	(4,660,170)	(5,691,234)
Investing activities		
Reimbursement of an environmental bond (Note 4a)	240,188	-
Additions to exploration and evaluation assets - Copperwood (Note 4)	(209,700)	(209,700)
	30,488	(209,700)
Financing activities		
Withholding taxes paid on RSU settlement	(30,815)	-
Effect of exchange rate changes on cash held in foreign currency	466	(12,079)
Net change in cash and cash equivalents	(4,660,032)	(5,913,013)
Cash and cash equivalents, beginning of the period	10,356,450	20,262,813
Cash and cash equivalents, end of the period	\$ 5,696,419	\$ 14,349,800

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.
Condensed Interim Consolidated Statements of Shareholders' Equity

<i>(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, 2025	736,363,619	83,948,586	17,497,960	(64,397,539)	604,091	\$ 37,653,098
Net loss for the period	-	-	-	(7,014,882)	-	(7,014,882)
Settlement of restricted share units	379,343	31,707	(62,522)	-	-	(30,815)
Settlement of deferred share units	255,737	23,832	(52,726)	-	-	(28,894)
Exercise of options	1,189,523	118,830	(163,681)	-	-	(44,851)
Share-based compensation	-	-	440,453	-	-	440,453
Foreign currency translation adjustment	-	-	-	-	(25)	(25)
Balance at December 31, 2025	738,188,222	\$ 84,122,955	\$ 17,659,484	\$ (71,412,421)	\$ 604,066	\$ 30,974,084
Balance at June 30, 2024	736,363,619	\$ 83,948,586	\$ 16,766,368	\$ (48,633,682)	\$ 627,882	\$ 52,709,154
Net income for the period	-	-	-	(10,060,766)	-	(10,060,766)
Share-based compensation	-	-	464,731	-	-	464,731
Foreign currency translation adjustment	-	-	-	-	(31,152)	(31,152)
Balance at December 31, 2024	736,363,619	\$ 83,948,586	\$ 17,231,099	\$ (58,694,448)	\$ 596,730	\$ 43,081,967

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 six months ended December 31, 2025 and 2024
(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 February 19, 2026.

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 six months ended December 31, 2025, the Company had negative cash flows from operations of \$4,660,170 (\$5,691,234 for the six months ended December 31, 2024). In addition, the Company incurred a net loss of \$7,014,882 for the six months ended December 31, 2025 and had an accumulated deficit of \$71,412,421 as at December 31, 2025 (\$64,397,539 as at June 30, 2025). The Company will require additional financing to fund its operations and to meet its planned investment. As at December 31, 2025, the Company had a negative working capital (total current assets less total current liabilities) of \$(6,256,353) (positive working capital of \$8,864,698 as at June 30, 2025).

The negative working capital position is primarily attributable to the maturity of the Initial Loan in July 2026, as described in Note 5. The Company may settle the Initial Loan of \$10,918,231 through additional financing or through a dilution of its interest in White Pine, as further described in Note 5.

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On January 13, 2026, the Company entered into a definitive Membership Interest Purchase Agreement with its joint venture partner, Kinterra Copper USA LLC (“Kinterra”), pursuant to which the Company agreed to sell its 34% interest in the White Pine North Project (“White Pine”) for aggregate consideration of approximately US\$30.0 million. Refer to Note 18 for additional details.

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 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 condensed interim 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, 2025, 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, 2025.

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

Highland Copper Company Inc.

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financial statements for the year ended June 30, 2025, to all the periods presented in these condensed interim consolidated financial statements.

c) Accounting standards issued but not yet effective

IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB released IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 will replace IAS 1 Presentation of Financial Statements. The standard amends the presentation of the statement of income by introducing a newly defined 'operating profit' subtotal and a requirement for income and expenses to be allocated between three new distinct categories based on a company's main business activities, which are Operating, Financing and Investing. In addition, organizations will need to disclose certain 'non-GAAP' measures known as management defined performance measures. The standard will be effective for the Company from July 1, 2027. The Company is assessing the impact of adoption of this amendment on its consolidated financial statements.

4. EXPLORATION AND EVALUATION ASSETS

	Copperwood Project
Balance at June 30, 2024	\$ 19,520,861
Additions to exploration and evaluation assets	349,700
Balance at June 30, 2025	\$ 19,870,561
Additions to exploration and evaluation assets	209,700
Balance at December 31, 2025	\$ 20,080,261

a) Environmental Bond

In July 2023, the Company secured a surety bond as financial assurance for the future reclamation of 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 \$18,766 and \$39,930 for the three and six months ended December 31, 2025 (\$32,482 and \$51,394 during the three and six months ended December 31, 2024). During the six months ended December 31, 2025, the Company received \$240,188 as a return of its cash deposit for financial assurance related to certain completed site work. The value of the environmental bond as at December 31, 2025 is \$2,248,649 (June 30, 2025 - \$2,448,907).

b) Investment in associate

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.

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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.

The following table details the movements in investment in associate:

	Six months ended December 31, 2025	Year ended June 30, 2025
Opening Balance	\$ 17,122,228	\$ 16,040,034
Cash calls	885,952	6,468,159
Share of loss	(1,984,258)	(5,385,965)
Ending Balance	\$ 16,023,922	\$ 17,122,228

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 an additional capital contribution of Kinterra in the White Pine North Project, hence diluting the Company's proportionate ownership in the White Pine North Project. The dilution will be determined using the formula set out in the JV operating agreement. If the Company elects to dilute, its revised ownership percentage would be calculated as its total contributed capital to the associate to date, minus any unpaid interest, divided by the total contributed capital of all members. Refer to Note 18 for details regarding the definitive agreement executed for the sale of White Pine

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 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, using the same mechanism described above for the Initial Loan.

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The balance of the Initial Loan is as follows:

	Amount
Balance at June 30, 2024	\$ 2,383,329
Cash call funded by Kinterra on behalf of Highland Copper	6,468,158
Accrued interest	683,540
Balance at June 30, 2025	\$ 9,535,027
Cash call funded by Kinterra on behalf of Highland Copper	885,952
Accrued interest	497,252
Balance at December 31, 2025	\$ 10,918,231

6. ASSET RETIREMENT OBLIGATION

The Company initiated early site work at Copperwood in late summer 2023. This work was completed as of December 31, 2025. The early site work primarily focused on the timely completion of authorized wetland and stream activities alongside the initiation of onsite wetland mitigation activities. To efficiently perform the permitted wetlands and stream impacts at Copperwood, 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 December 31, 2025 (\$1,722,673 as at June 30, 2025). The present value of this liability was calculated using a weighted average discount rate of 4.49% (4.20% as at June 30, 2025) and is reflecting payments to be made in years 16, 17 and 35 from the start of construction, while taking into consideration an inflation rate of 2.0% (2.0% as at June 30, 2025) over that period. The following table summarizes the Company's asset retirement obligation as at December 31, 2025 and June 30, 2024:

	Copperwood Project
Balance at June 30, 2024	1,184,752
Addition to asset retirement obligation	(66,483)
Balance at June 30, 2025	\$ 1,118,269
Change in valuation assumptions used	4,126
Balance at December 31, 2025	\$ 1,122,395

7. SHARE CAPITAL

Issued and fully paid

As at December 31, 2025, the Company had 738,188,122 issued and outstanding common shares (736,363,619 issued and outstanding common shares at June 30, 2025).

Highland Copper Company Inc.

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

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. Pursuant to a net exercise provision, a participant may elect, in lieu of paying the exercise price in cash, to receive a number of shares equal to the in-the-money value of the options exercised. The number of shares issued is calculated by multiplying the number of options exercised by the difference between the volume-weighted average trading price (“VWAP”) of the Company’s listed shares and the applicable exercise price and dividing the resulting amount by the VWAP of the listed shares.

As at December 31, 2025, the Company had 40,473,939 (38,608,335 as at June 30, 2025) issued and outstanding stock options.

The following is a summary of stock option activities for six months ended December 31, 2025 and year ended June 30, 2025:

	Six months ended December 31, 2025		Year ended June 30, 2025	
	Number of stock options	Weighted average exercise price (C\$)	Number of stock options	Weighted average exercise price (C\$)
Options, beginning of period	38,608,335	0.10	39,550,002	0.10
Granted	6,632,271	0.10	9,825,000	0.12
Exercised	(4,766,667)	0.09	-	-
Forfeited	-	-	(1,511,111)	0.08
Expired	-	-	(9,255,556)	0.12
Options, end of period	40,473,939	0.10	38,608,335	0.10

During the period, the Company issued 1,189,523 common shares in connection with the net exercise of 4,766,667 stock options. In accordance with the net exercise provisions of the Company’s stock option plan, the number of shares issued represents the in-the-money value of the options exercised. The shares issued were net of applicable withholding taxes. The weighted average share price at the date of exercise was C\$0.14.

Highland Copper Company Inc.

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Stock options issued and outstanding as at December 31, 2025 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	2,500,000	0.11	1.0	2,500,000	0.11
February 24, 2022	2,500,000	0.15	1.2	2,500,000	0.15
July 25, 2022	7,800,000	0.10	3.6	7,800,000	0.10
October 13, 2023	12,916,668	0.07	4.8	12,916,668	0.07
July 26, 2024	6,050,000	0.12	3.6	4,033,334	0.12
August 19, 2024	825,000	0.12	3.6	550,000	0.12
September 3, 2024	1,750,000	0.12	3.7	1,166,667	0.12
July 7, 2025	6,132,271	0.10	4.8	2,044,090	0.10
	40,473,939	0.10	3.8	33,510,759	0.10

As at December 31, 2025, all outstanding stock options were held by key management personnel which included the Company's officers and directors.

The fair value of the options granted during the six months ended December 31, 2025 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 7, 2025	5.00	2.94%	74.54%	0%	0.06

The fair value of the options granted during the six months ended December 31, 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

The Company recognized an expense of \$99,740 and \$293,616 related to the stock options during the three and six months ended December 31, 2025 (\$98,126 and \$386,066 during the three and six months ended December 31, 2024).

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 or shares of the Company, at the sole discretion of the Board. The Company intends to settle all DSU's and RSU's in equity. The total number of common shares reserved for issuance, including the shares

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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 July 7, 2025, 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 December 31, 2025, there were 2,970,395 DSUs and 4,613,036 RSUs outstanding. The Company recognized an expense of \$32,690 for RSU and \$35,839 for DSU during the three months ended December 31, 2025 (\$27,003 for RSU and \$18,927 for DSU for three months ended December 31, 2024). The Company recognized an expense of \$79,937 for RSU and \$66,900 for DSU during the six months ended December 31, 2025 (\$45,809 for RSU and \$32,856 for DSU for six months ended December 31, 2024).

The following is a summary of outstanding DSU and RSU as at December 31, 2025:

	Six months ended December 31, 2025		Year ended June 30, 2025	
	Number of RSU's	Number of DSU's	Number of RSU's	Number of DSU's
Beginning of period	2,244,242	1,562,500	-	-
Granted	3,116,875	1,973,684	2,244,242	1,812,500
Settled	(748,081)	(565,789)	-	-
Forfeited	-	-	-	(250,000)
End of period	4,613,037	2,970,395	2,244,242	1,562,500

The Company issued 379,343 common shares to settle 748,081 vested RSUs. The Company issued 255,737 common shares to settle 565,789 vested DSU's. The number of shares issued reflects the net amount after withholding taxes applicable to the vested RSUs and DSU's. The weighted average share price at the date of settlement for RSU's and DSU's was C\$0.12 and C\$0.13 respectively.

As at December 31, 2025, the number of RSU's outstanding for key management personnel was 3,767,201. All outstanding DSU's are held by the Company's directors.

9. EXPLORATION AND EVALUATION EXPENSES

The Company incurred the following exploration and evaluation expenses during the three and six months ended December 31, 2025 and 2024:

	Three months ended December 31		Six months ended December 31	
	2025	2024	2025	2024
Salaries and benefits	\$ 319,927	\$ 321,352	\$ 830,678	\$ 668,532
Excavation and site works	(41,726)	727,403	1,111,918	3,369,439
Environment	80,327	51,808	221,014	158,354
Engineering	137,663	39,339	405,432	51,987
Office, overhead and other administrative costs	233,754	117,661	450,635	252,656
	\$ 729,944	\$ 1,257,563	\$ 3,019,677	\$ 4,500,968

Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended December 31, 2025 and 2024
(Unaudited - in US dollars)

10. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses during the three and six months ended December 31, 2025 and 2024:

	Three months ended December 31		Six months ended December 31	
	2025	2024	2025	2024
Salaries and benefits	\$ 198,388	\$ 193,879	\$ 745,435	\$ 619,600
Office, overhead and other administrative costs	58,373	52,117	94,566	133,064
Professional fees	85,271	100,178	164,146	194,139
Investor relations	80,522	70,393	217,287	120,430
	\$ 422,554	\$ 416,567	\$ 1,221,434	\$ 1,067,233

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. All outstanding DSU, RSU and stock options are anti-dilutive.

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 and six months ended December 31, 2025 and 2024, key management compensation comprises:

	Three months ended December 31		Six months ended December 31	
	2025	2024	2025	2024
Salaries, fees, bonuses, and termination payments	\$ 230,437	\$ 225,265	\$ 847,457	\$ 641,378
Share-based compensation	154,990	135,672	413,143	450,177
	\$ 385,427	\$ 360,937	\$ 1,260,600	\$ 1,091,555

Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended December 31, 2025 and 2024
(Unaudited - in US dollars)

13. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Six months ended December 31	
	2025	2024
Financing activities		
Loans and borrowings from Kinterra to fund White Pine cash calls	\$ 885,952	\$ 5,266,260
Withholding tax liability on exercise of options and settlement of DSU's	73,745	-

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 December 31, 2025, managed capital was \$41,892,315 (\$47,188,125 at June 30, 2025).

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 December 31, 2025. The Company is not subject to any externally imposed capital requirements as at December 31, 2025.

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 December 31, 2025.

Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended December 31, 2025 and 2024
(Unaudited - in US dollars)

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 the funds required for its continued operations. The Company generates cash flow only from its financing activities. See note 2.

The following table summarizes the contractual maturities of the Company's financial liabilities as at December 31, 2025 and June 30, 2025:

December 31, 2025

	Carrying amount	Settlement amount	Within one year	Two years	Over two years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,318,865	1,318,865	1,318,865	-	-
Loans and borrowings (Note 5)	10,918,231	10,918,231	10,918,231	-	-
	12,237,096	12,237,096	12,237,096	-	-

June 30, 2025

	Carrying amount	Settlement amount	Within one year	Two years	Over two years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,888,784	1,888,784	1,888,784	-	-
Loans and borrowings (Note 5)	9,535,027	9,535,027	-	9,535,027	-
	11,423,811	11,423,811	1,888,784	9,535,027	-

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 equivalents held at major Canadian and US chartered banks, a regional US bank as well as the environmental bond. The Company regularly maintains deposits in accredited financial institutions in excess of federally insured limits. Management believes that the Company is not currently exposed to significant credit risk as the Company's deposits were held in custody at third-party financial institutions.

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.

Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended December 31, 2025 and 2024
(Unaudited - in US dollars)

Market Risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates– will affect the Company’s income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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 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 December 31, 2025, financial assets and liabilities denominated in a foreign currency consisted of cash of CAD \$186,203 as well as accounts payable and accrued liabilities of CAD \$225,579. The impact on profit or loss of a 10% increase or decrease in the US dollar against the Canadian dollar would be approximately \$4,000.

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 fair value of loans and borrowings is calculated on the basis of the present value of cash outflows in principal and interest which are discounted at market rates at the reporting date taking into account the Company's credit risk. The carrying value of the loans and borrowings is considered to be a reasonable approximation of fair value because the market conditions did not change significantly since the issuance of the financial instrument.

Highland Copper Company Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended December 31, 2025 and 2024
(Unaudited - in US dollars)

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:

As at December 31, 2025		Canada		USA		Total
Current assets	\$	580,899	\$	5,399,844	\$	5,980,743
Environmental bond		-		2,248,649		2,248,649
Investment in associate		-		16,023,922		16,023,922
Exploration and evaluation assets		-		20,080,261		20,080,261
Total assets	\$	580,899	\$	43,752,676	\$	44,333,575

As at June 30, 2025		Canada		USA		Total
Current assets		261,141		10,492,341		10,753,482
Environmental bond		-		2,448,907		2,448,907
Investment in associate		-		17,122,228		17,122,228
Exploration and evaluation assets		-		19,870,561		19,870,561
Total assets	\$	261,141	\$	49,934,037	\$	50,195,178

18. SUBSEQUENT EVENT

On January 13, 2026, the Company entered into a definitive Membership Interest Purchase Agreement with its joint venture partner, Kinterra Copper USA LLC (“Kinterra”), pursuant to which the Company agreed to sell its 34% interest in the White Pine North Project (“White Pine”). The transaction is expected to result in aggregate consideration of approximately US\$30.0 million.

Total consideration includes cash of approximately US\$18.3 million, net of the outstanding principal and accrued interest on a loan advanced by Kinterra to the Company’s wholly owned subsidiary, Upper Peninsula Copper Holdings Inc., which is expected to total approximately US\$11.7 million at closing. In connection with the agreement, the parties have agreed to suspend cash calls under the White Pine joint operating agreement. The Company is not required to fund cash calls through closing; however, if the transaction does not close, any suspended cash calls will be recorded and allocated between the Company and Kinterra in accordance with their respective interests.



**Highland
Copper**

Management's Discussion and Analysis

**For the three and six months ended
December 31, 2025**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended December 31, 2025

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 February 19, 2026 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six months ended December 31, 2025, the audited consolidated financial statements for the year ended June 30, 2025 and the MD&A for the year ended June 30, 2025, 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. 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 ("White Pine") (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 tonnage¹. Copperwood is permitted for site development and operation. White Pine is a joint project with Kinterra Copper USA, LLC ("Kinterra"), who is also the operator of the project. White Pine 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 December 31, 2025, the Company has 738,188,122 common shares issued and outstanding. Orion Resource Partners and Condire Investors LLC hold respectively 27.7% and 16.2% 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 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 Project.

HIGHLIGHTS DURING THE THREE MONTHS ENDED DECEMBER 31, 2025

During the three months ended December 31, 2025, Highland Copper continued to advance its 100%-owned, fully permitted Copperwood Project toward a 2026 construction decision. Following the completion of Phase 1 engineering, the Company is progressing detailed engineering to a 40% completion target to support project financing due diligence. In parallel, Highland is pursuing federal funding opportunities to de-risk the project, while simultaneously advancing technical and commercial workstreams for construction readiness and maintaining strong stakeholder support in Michigan's Upper Peninsula.

Copperwood Project ("Copperwood")

- Phase 1 Engineering Completed: On October 15, 2025, the Company announced the completion of Phase 1 engineering, which finalized key design criteria for select components of the mine, process plant, water management systems, and Tailings Disposal Facility ("TDF"), and advanced the assessment of project risks and opportunities through trade-off studies.

White Pine Project

- Engineering studies progressed during the current quarter, including advancement of geotechnical modelling and design criteria, mine planning and scheduling, process design criteria, and site layout optimization. Phase 2 metallurgical test work and flowsheet optimization were completed.
- Environmental baseline reports were received during the quarter. Review and updates are underway, with continued data analysis and advancement of permitting activities.
- Trade-off studies were completed, and the results were incorporated into key design decisions supporting ongoing engineering activities.

Kinterra Transaction

- Signed binding offer for White Pine: On November 25, 2025, the Company entered into a binding offer with Kinterra to sell a 34% interest in White Pine for US\$30 million.
- The transaction reinforces Highland Copper's strategic focus and strengthens its balance sheet by funding corporate and Copperwood activities to support a near-term construction decision, eliminating existing debt, and simplifying the corporate structure for the next phase of development.

Financial Data

- The Company realized a net loss of \$2.9 million for the three months ended December 31, 2025 (\$0.00 per share) compared to net loss of \$3.1 million during the comparative period last year (\$0.00 per share).
- As at December 31, 2025, the Company had negative working capital (total current assets less total current liabilities) of \$6.3 million. The Company has the option to settle the current loans and borrowings of \$10.9 million through a dilution of its interest in White Pine. Subsequent to the quarter end, the Company signed a definitive Membership Interest Purchase Agreement with Kinterra for the sale of the Company's 34% interest in White Pine. Upon closing, a portion of the proceeds is expected to be used to extinguish the existing debt. The White Pine Transaction is anticipated to close in the third quarter.

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 Feasibility Study issued in April 2023 (the "Copperwood Feasibility Study") 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 Results¹

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

¹ 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 (the "Copperwood Technical Report").

During the quarter ended December 31, 2025, the Company continued to execute on its path to a near-term construction decision at Copperwood:

On October 15, 2025 the Company announced the completion of Phase 1 detailed engineering ("Phase 1") for the Copperwood Project in Michigan, USA. Phase 1 represented a comprehensive re-evaluation of the project, and in key areas, confirmation of overall project design. The work has delivered meaningful improvements to both the process plant and mine, strengthening the overall project, improving its environmental footprint and advancing Copperwood toward Phase 2 detailed engineering ("Phase 2"). Phase 2 will advance engineering to approximately 35-40%, supporting a potential construction decision and technical due diligence for project financing in 2026. Phase 2 will also update capital and operating costs to reflect inflation and other changes since the Feasibility Study.

Engineering for the process plant and mine was carried out by DRA Americas Inc. ("DRA"). Overall water balance engineering was completed by Foth Infrastructure & Environment, LLC ("Foth") and Tailings Disposal Facility ("TDF") engineering was completed by Tetra Tech.

Process Plant Redesign Highlights

As announced on September 4, 2025, based on the positive results from the 2025 metallurgical test work program, the process plant has been broadly redesigned.

- **Higher Recoveries and Lower Costs:** The redesigned circuit is expected to achieve 87.6% copper recovery at a concentrate grade of 25% copper, while also reducing operating costs through lower power and reagent consumption. Particularly, an optimized reagent scheme reduces

processing costs by approximately \$1.00 per tonne milled. This represents a clear improvement over the 2023 Feasibility Study from a recovery and cost perspective.

- **More Efficient Comminution:** The adoption of an MF2 circuit with a coarser primary grind, a de-sliming stage ahead of the secondary milling and optimized regrind using ISAMill technology, reduces power demand and operating costs while minimizing fine particle losses.
- **Smaller, Smarter Flotation Plant:** The integration of Jameson cell ultrafine flotation technology substantially reduced the overall flotation plant footprint and complexity, lowering capital costs and improving ESG performance.
- **Operational Improvements:** A larger ore storage silo, enhanced pump redundancy and the adoption of a Programmable Logic Controller/Supervisory Control and Data Acquisition (“PLC/SCADA”) control system will improve reliability and align with local expertise.

Collectively, these refinements increase copper recoveries, reduce costs, and de-risk execution while strengthening Copperwood’s operational profile.

Mine Engineering Highlights

Phase 1 mine engineering re-evaluated the mining method, mining equipment and underground ore handling with the goal of reducing technical risk and improving economics.

- **Mining Method:** While the Copperwood Feasibility Study proposes room-and-pillar (“R&P”) mining, Phase 1 evaluated drift-and-fill (“D&F”) in high-grade zones of the ore body. It was identified that D&F could potentially increase mine recoveries from 69% to approximately 94%, extend mine life, and reduce the tailings footprint by using paste backfill. A hybrid approach of D&F in the west and R&P in the east may present an opportunity to improve the economic returns of the project, subject to successful paste test work early in Phase 2 engineering. If paste backfill is determined to be technically viable, Highland will consider other relative merits, including environmental and permitting implications, before considering changing from the R&P mining method for certain areas of the deposit. We are encouraged by the optionality D&F provides and will provide updates on this engineering during Phase 2.
- **Mining Equipment:** During the Phase 1 review, DRA reviewed the productivity assumptions regarding roadheader (continuous miner) utilization, particularly their maneuverability and cycle times. As part of an overall mine plan review early in Phase 2, we will continue to assess the technical and financial merits of roadheaders versus conventional drill-and-blast using jumbos.
- **Underground Ore Handling:** Trade-off studies confirmed conveyors as the preferred option over truck haulage, offering the lowest operating cost, minimal ventilation needs, and long-term scalability. The design also maintains flexibility to adopt battery electric vehicle technology in the future.

Tailings & Water Management Engineering Highlights

An integrated approach between DRA, Foth Infrastructure & Environment, LLC and Tetra Tech, Inc. delivered a more efficient, lower risk plan for tailings deposition and water management.

- **Thickened Tailings:** The addition of a tailings thickener increases solids content to approximately 50% by mass, cutting tailings handling costs, reducing the scale of the tailings disposal facility footprint, and providing for the immediate recycle of more than 80% of process water needs directly back to the plant. Additionally, the TDF will no longer be used for contact water storage, further reducing dam failure risk. Instead, contact water will be managed in a permanent rainwater retention dam, improving safety and aligning with global standards.
- **Underground Tailings Disposal:** Studies indicate that approximately 7.9 Mm³ of thickened tailings could potentially be stored underground, reducing the required surface TDF footprint by approximately 40%. This option will be further assessed in Phase 2 engineering, including environmental and permitting implications.
- **Water Resilience:** Updated water balance modeling confirmed robust water management across a range of climate scenarios, strengthening ESG performance.

White Pine Project

The White Pine project is the Company's 34%-owned brownfield copper project which is also located in the Upper Peninsula, Michigan, USA. White Pine has a Preliminary Economic Assessment³ issued in September 2023 (the "White Pine PEA") demonstrating a 22-year mine life with average annual payable copper production of 93.5 million pounds (approximately 42 thousand tonnes).

While Highland focused on the Copperwood project, its partner Kinterra, who owns 66% of the White Pine project, continued to advance White Pine.

On January 13, 2026, the Company signed a definitive Membership Interest Purchase Agreement with its joint venture partner, Kinterra Copper USA LLC ("Kinterra"), for the sale of the Company's 34% interest in the White Pine North Project ("White Pine") for aggregate consideration of approximately US\$30 million (the "White Pine Transaction").

This transaction represents a significant milestone in optimizing Highland Copper's corporate strategy and strengthening its financial position. The proceeds will fund the Company's planned corporate and Copperwood Project activities, eliminate existing debt, and streamline its overall corporate structure. With a strengthened balance sheet and a clear focus on its 100%-owned, fully permitted Copperwood Project, the Company is well positioned for its next phase of development.

The total consideration consists of US\$18.3 million in cash, net of the outstanding principal and accrued interest on the loan made by Kinterra to the Company's wholly owned subsidiary, Upper Peninsula Copper Holdings Inc., which is expected to total approximately US\$11.7 million at closing. In addition, the parties have agreed to suspend cash calls under the White Pine joint operating agreement. The Company will not be obligated to make cash calls through closing, and any such cash calls will be recorded and allocated between Kinterra and the Company only if the White Pine Transaction does not close.

³ 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").

The divestiture of the Company's non-controlling interest in White Pine delivers several key strategic benefits:

- **Funded Growth:** The net cash proceeds are expected to fund the activities required to advance the Copperwood Project to a construction decision, including necessary detailed engineering and project financing activities.
- **Balance Sheet Enhancement:** The White Pine Transaction will allow the Company to eliminate its existing debt, improving financial flexibility and reducing future interest obligations.
- **Simplified Corporate Structure:** The sale streamlines Highland Copper's asset portfolio, enabling management to focus entirely on advancing Copperwood.

The parties intend to work towards closing of the White Pine Transaction in February 2026, with an outside date of February 27, 2026. Completion of the White Pine Transaction remains subject to customary closing conditions, including approval of the TSX Venture Exchange, as well as the discharge of various security interests held by existing streaming counterparties on White Pine and all requisite third-party consents and releases having been obtained.

Moelis & Company LLC is acting as exclusive financial advisor and McMillan LLP is acting as legal advisor to the Company in connection with the White Pine Transaction.

Kinterra Loan

Highland is funding its share of expenditures on White Pine by drawing down on the loan facility provided by Kinterra. As of December 31, 2025, the outstanding loan balance, including accrued interest, was \$10.9 million.

OUTLOOK

The Company remains committed to proactively advancing the Copperwood Project toward a near-term construction decision, with a continued focus on disciplined execution and long-term value creation for shareholders. Management's priority in 2026 is to further de-risk the project through detailed engineering, strategic funding initiatives, and construction readiness activities, positioning Copperwood for a potential construction decision by the end of 2026 and a transition into execution thereafter.

The Company continues to assess federal funding and financing opportunities, including engagement with U.S. EXIM under the Make More in America Initiative, the U.S. Department of Energy Loan Programs Office under Title 17, and potential funding avenues with the U.S. Department of Defence following the proposal to designate copper as a critical mineral. These initiatives are intended to strengthen the project's financing framework and align Copperwood with broader U.S. supply chain and critical minerals objectives.

Engineering advancement remains central to the 2026 work plan. The Company is undertaking an integrated mine plan review, including evaluation of revised cut-off grades, cost inputs, mining methods and ground support design. The potential applicability of a drift and fill mining method will be assessed, subject to successful demonstration of a competent paste fill. Phase 2 FEED engineering is expected to advance toward approximately 40% completion, with the Tailings Disposal Facility targeted at

approximately 80% completion, providing greater design certainty and updated capital and operating cost estimates reflecting current market conditions. These milestones are intended to support technical due diligence in connection with project financing.

Construction readiness activities will continue in parallel with engineering. Environmental mitigation monitoring, installation of additional groundwater monitoring wells, and regional infrastructure planning are ongoing. The Company is also advancing labour, housing, and workforce planning in Michigan's Upper Peninsula to support a potential construction start in 2027. To further strengthen oversight and execution, Highland is establishing a Technical Committee, appointing an offtake advisor, and initiating the process to appoint a debt finance advisor to support a comprehensive evaluation of available financing sources, including U.S. federal debt, private capital, offtake-linked finance, and traditional bank project finance.

A key corporate objective for early 2026 is the anticipated closing of the White Pine transaction, expected by February 27, 2026. Proceeds are expected to eliminate existing debt, fully fund the 2026 Copperwood work plan, and sharpen the Company's focus on Copperwood as its sole development priority.

Overall, the Company believes that continued progress on engineering, funding initiatives, and site readiness will position Copperwood for a construction decision and the advancement of project financing, marking a significant step toward transitioning from development to execution.

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 National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and an employee of the Company who is the Project Director for the Copperwood Project.

SELECTED QUARTERLY INFORMATION

The following table provides information for the eight fiscal quarters ended December 31, 2025:

	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Exploration and evaluation expenditures	\$ 729,944	\$ 2,289,733	\$ 2,439,515	\$ 1,712,648
Net loss	2,880,333	4,134,549	3,008,599	2,694,492
Loss per share - basic and diluted	0.00	0.01	0.00	0.00

	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Exploration and evaluation expenditures	\$ 1,257,563	3,243,405	1,541,989	248,435
Net loss	3,104,781	6,955,985	3,396,497	1,870,105
Loss per share - basic and diluted	0.00	0.01	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 and corporate functions. The Company is a mineral exploration and development company and does not currently generate operating revenue.

Exploration and evaluation expenditures primarily relate to early site work activities and detailed engineering at Copperwood. Early site work was seasonal in nature, with no field activities conducted during the winter months. All obligated early site work was completed in September 2025.

During the quarter ended March 31, 2025, the Company completed a drilling program to collect material for metallurgical testing of ultrafine flotation technology. Front-End Engineering and Design ("FEED") Phase 1 engineering commenced in the same quarter and was completed in September 2025. Following completion of Phase 1 FEED, the Company initiated Phase 2a detailed engineering during the quarter ended December 31, 2025.

RESULTS OF OPERATIONS

Results of operations for the three and six months ended December 31, 2025 compared to the three and six months ended December 31, 2024 are as follows:

	Three months ended December 31		Six months ended December 31,	
	2025	2024	2025	2024
Exploration and evaluation	\$ 729,944	\$ 1,257,563	\$ 3,019,677	\$ 4,500,968
Management and administration	422,554	416,567	1,221,434	1,067,233
Share-based compensation	168,269	144,056	440,453	464,731
Re-evaluation adjustment - environmental provision	(10,286)	(123,972)	4,126	(100,518)
Share of loss in associates	1,376,590	1,429,282	1,984,258	4,284,569
Finance income	(73,155)	(201,006)	(155,513)	(453,657)
Interest expense on Kinterra loan	258,828	168,622	497,252	271,991
Loss (gain) on foreign exchange	7,589	(30,853)	3,195	(19,073)
Income tax expense	-	44,522	-	44,522
Net loss for the period	\$ (2,880,333)	\$ (3,104,781)	\$ (7,014,882)	\$ (10,060,766)

Three months ended December 31, 2025 ("Q2 2026") compared to the three months ended December 31, 2024 ("Q2 2025") and six months ended December 31, 2025 ("YTD 2026") compared to the six months ended December 31, 2024 ("YTD 2025")

Exploration and evaluation expenditures

Exploration and evaluation expenditures decreased by \$0.5 million for Q2 2026 compared to the corresponding period in Q2 2025 and by \$1.5 million in YTD 2026 compared to YTD 2025. The decrease was primarily attributable to the completion of early site work, which commenced in Q1 2024 and continued through Q2 2025. Early site activities included earthworks, excavation, and logging associated with stream and wetland impacts, as well as site preparation for required mitigation activities. On-site early site work was completed in September 2025.

The decrease in site mitigation expenditures of \$0.7 million during Q2 2026 was partially offset by increases of \$0.1 million in detailed engineering costs and \$0.1 million in office and other administrative costs. For YTD 2026, the decrease in site mitigation expenditures of \$2.2 million was partially offset by increases of \$0.4 million in detailed engineering costs and \$0.3 million in environment and other administrative costs.

Management and administration

Management and administration expenditures remained consistent for Q2 2026 compared to the corresponding period in Q2 2025 and increased by \$0.2 million for YTD 2026 compared to YTD 2025. The increase for YTD 2026 was primarily attributable to higher investor relations and marketing activities, as well as related travel expenses.

Share-based compensation

Share-based compensation has remained consistent in Q2 2026 and YTD 2026 compared to Q2 2025 and YTD 2025.

Revaluation adjustments of environmental provisions

The Company has recognized an asset retirement obligation related to the early site work. The provisions are revalued at each reporting period. The gain from revaluating environmental provisions in Q2 2026 was primarily due to higher interest rates in current period compared to Q1 2026. Conversely, the loss recognized in YTD 2026 was primarily due to lower interest rates in current period compared to the period ended June 30, 2025.

Share of loss in associates

The Company accounts for its 34% interest in the White Pine Project using the equity method. The share of loss in associate's recognized for the period reflects the Company's proportionate share of White Pine's loss incurred in Q2 2026 and YTD 2026. The decrease in YTD 2026 compared to the same period last year is primarily due to lower drilling and baseline activities at White Pine. White Pine conducted a drilling campaign in Q1 2025 while no drilling activities occurred in Q1 2026.

Finance income

Finance income represents interest earned on the Company's cash and cash equivalents. The decrease in finance income in YTD 2026 and Q2 2026 was primarily due to lower cash balance.

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. 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. The increase in interest expense in YTD 2026 and Q2 2026 compared to same period last year was due to higher loan balance in current period.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2025, the Company had a negative working capital (total current assets less total current liabilities) of \$6,256,353 compared to positive \$8,864,698 as at June 30, 2025. The decrease in working capital during the six months ended December 31, 2025, is mainly attributable to the long term loans and borrowings of \$10,918,231 related to the Kinterra loan becoming a current liability, funding of the early site work and engineering activities for the Copperwood Project, as well as general corporate activities. The Company has the option to settle the loans and borrowings of \$10,918,231 by diluting its interest in White Pine. The Company had total assets and total liabilities of \$44,333,575 and \$13,359,491 as at December 31, 2025 compared to \$50,195,178 and \$12,542,080 as at June 30, 2025. The Company had operating cash outflow of \$4,660,170 for the six months ended December 31, 2025, compared to a cash outflow of \$5,691,234 for six months ended December 31, 2024.

The negative working capital position is primarily attributable to the maturity of the Initial Loan in July

2026, as described in Note 5. The Company may settle the Initial Loan of \$10,918,231 through additional financing or through a dilution of its interest in White Pine, as further described in Note 5 to the financial statements.

On January 13, 2026, the Company entered into a definitive Membership Interest Purchase Agreement with its joint venture partner, Kinterra Copper USA LLC (“Kinterra”), pursuant to which the Company agreed to sell its 34% interest in the White Pine North Project (“White Pine”) for aggregate consideration of approximately US\$30.0 million. Refer to Note 18 to the financial statements for additional details.

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 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.

OFF BALANCE-SHEET ARRANGEMENTS

During the period ending December 31, 2025, 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 expenditure, 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 six months ended December 31, 2025 and 2024, key management compensation comprises:

	Three months ended		Six months ended	
	December 31		December 31	
	2025	2024	2025	2024
Salaries, fees, bonuses, and termination payments	\$ 230,437	\$ 225,265	\$ 847,457	\$ 641,378
Share-based compensation	154,990	135,672	413,143	450,177
	\$ 385,427	\$ 360,937	\$ 1,260,600	\$ 1,091,555

PROPOSED TRANSACTIONS

On January 13, 2026, the Company entered into a definitive Membership Interest Purchase Agreement with its joint venture partner, Kinterra Copper USA LLC (“Kinterra”), pursuant to which the Company agreed to sell its 34% interest in the White Pine North Project (“White Pine”). The White Pine Transaction is expected to result in aggregate consideration of approximately US\$30.0 million.

Total consideration includes cash of approximately US\$18.3 million, net of the outstanding principal and accrued interest on a loan advanced by Kinterra to the Company’s wholly owned subsidiary, Upper Peninsula Copper Holdings Inc., which is expected to total approximately US\$11.7 million at closing. In connection with the agreement, the parties have agreed to suspend cash calls under the White Pine joint operating agreement. The Company is not required to fund cash calls through closing; however, if the White Pine Transaction does not close, any suspended cash calls will be recorded and allocated between the Company and Kinterra in accordance with their respective interests.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 738,188,222 common shares, 40,473,939 stock options, 2,970,395 Deferred Share Units and 4,613,037 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, 2025. 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 December 31, 2025.

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, 2025 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, 2025 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) funding requirements to explore and develop the Copperwood project; (ii) the estimation of mineral resources and mineral reserves at the Company's mineral projects; (iii) the timing of a construction decision and cost of the construction of the Copperwood Project; (iv) the timing and completion of the White Pine Transaction and expected use of transaction proceeds; (v) the Company's ongoing and proposed activities at Copperwood and Kinterra's ongoing and anticipated activities at White Pine through the White Pine joint operating company; (vi) the timing of completion of and anticipated results of ongoing studies at Copperwood and White Pine; (vii) the timing of completion of resource updates and a preliminary feasibility study for the White Pine Project; (viii) the potential anticipated continued draw down of the loan facility by the Company to fund its White Pine project commitments; (ix) the potential receipt and timing of federal funding or financing support from U.S. government programs; (x) expected improvements in metallurgical recoveries based on recent test work; (xi) potential changes to mining methods including paste backfill viability and drift-and-fill design at Copperwood; (xii) timing and approval of potential permit amendments at Copperwood; (xiii) anticipated construction start timing; (xiv) expected engineering completion milestones and percentages; and the Company's other plans and objectives, including those under the heading "Outlook".

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 advance the Copperwood Project; (ii) the risk that the White Pine Transaction does not close; (iii) 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; (iv) 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 PEA; (v) 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 PEA; (vi) the impact of inflation on project costs and budgets for 2026 and beyond; (vii) changes to governmental regulations, compliance with governmental regulations and environmental laws and regulations; (viii) 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; (ix) challenges to title to the Company's mineral properties; (x) the ability of the Company to maintain its social license to operate; (xi) changes in international trade and other relations or increased protectionist policies may affect costs generally, and the Company's ability to operate in a foreign jurisdiction (xii) dependence on key management personnel; (xiii) competition in the mining industry; (xiv) the inability of the Company to insure against all risks; and (xv) 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 PEA, and the Company's annual information form (if applicable) all of which are, or will be, 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 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.