Highland Copper

Consolidated Financial Statements

Years ended June 30, 2026 and 2025

In US dollars

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Highland Copper Company Inc.

Opinion

We have audited the consolidated financial statements of Highland Copper Company Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at June 30, 2026 and June 30, 2025
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended
- the consolidated statements of shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at June 30, 2026 and June 30, 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditor's Responsibilities for the Audit of the Financial Statements*"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that Highland Copper Company Inc. is still in the exploration stage and, as such, the Entity has not yet generated positive cash flows from its operating activities, that no revenue has yet been generated, that the Entity has an accumulated deficit as at June 30, 2026, and that the Entity is dependent on obtaining additional funds to pursue its operations and meet its obligations related to the development of the projects beyond the current fiscal year.

As stated in Note 3 in the financial statements, these events or conditions, along with other matters as set forth in Note 3 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2026. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the **"*Material Uncertainty Related to Going Concern*"** section of our auditor's report, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of Indicators of Impairment for Exploration and Evaluation Assets

Description of the Matter

We draw attention to Notes 4(e) and (f), and 5 of the financial statements. The Entity has exploration and evaluation assets totalling $20,220,261. The carrying amounts of exploration and evaluation assets are assessed by the Entity for impairment when indicators of impairment exist. Judgment is required in determining whether indicators of impairment exist and include, but are not limited to, the following factors:

- Exploration rights have expired or will expire in the near future.
- No significant future exploration expenditures are foreseen.
- No commercially viable quantities are discovered, and exploration and evaluation activities will be discontinued.

Exploration and evaluation assets are assessed for impairment indicators at the end of each reporting period. There were no impairment indicators for exploration and evaluation assets as at June 30, 2026.

Why the Matter is a Key Audit Matter

We identified the evaluation of indicators of impairment for exploration and evaluation assets as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of exploration and evaluation assets. Significant auditor judgment was required to evaluate the results of our audit procedures to assess the Entity's determination of whether the factors, individually and in aggregate, resulted in the existence of indicators of impairment.

How the Matter Was Addressed in the Audit

The primary procedures we performed to address this key audit matter included the following:

- We evaluated the Entity's impairment indicators analysis and considered whether the analysis was consistent with evidence in other areas of the audit by examining internal and external communications and the Entity's technical reports.
- We assessed the status of the Entity's exploration rights by discussing with management and inspecting available correspondence with government authorities to identify whether any rights could be lost or not renewed by the government authorities.
- We assessed if future exploration expenditures are planned and whether exploration and evaluation activities will be discontinued by inspecting budgeted expenditures for the upcoming year, the Entity's technical reports and internal and external communications. We evaluated the Entity's ability to accurately budget the expenditures by comparing the Entity's prior year's budgeted expenditures to the actual expenditures incurred.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in our auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Marc-André Fontaine.

KPMG LLP*

Montréal, Canada

October 6, 2026

*CPA auditor, public accountancy permit No. A131804

Highland Copper Company Inc.
Consolidated Statements of Financial Position

(in US dollars)		**June 30, 2026**		June 30, 2025
ASSETS				
Current assets				
Cash	**$**	**18,855,368**	$	10,356,450
Sales tax receivable		**58,808**		74,650
Prepaid expenses and other receivables		**226,105**		322,382
		19,140,281		10,753,482
Non-current assets				
Environmental bond (Note 5a)		**2,284,661**		2,448,907
Investment in associate (Note 5b)		**-**		17,122,228
Exploration and evaluation assets (Note 5)		**20,220,261**		19,870,561
Total assets	**$**	**41,645,203**	$	50,195,178
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**1,456,374**	$	1,888,784
		1,456,374		1,888,784
Non-current liabilities				
Loans and borrowings (Note 5b)		**-**		9,535,027
Asset retirement obligation (Note 6)		**1,087,921**		1,118,269
Total liabilities	**$**	**2,544,295**	$	12,542,080
SHAREHOLDERS' EQUITY				
Share capital (Note 7)	**$**	**84,122,955**	$	83,948,586
Contributed surplus		**17,927,949**		17,497,960
Deficit		**(63,543,783)**		(64,397,539)
Cumulative translation adjustment		**593,787**		604,091
Total equity	**$**	**39,100,908**	$	37,653,098
Total liabilities and equity	**$**	**41,645,203**	$	50,195,178

Going concern (Note 3)

The accompanying notes form an integral part of these audited 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.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(in US dollars)	**Year ended June 30 2026**	2025
Expenses and other items		
Exploration and evaluation (Note 9)	**$ 5,040,679**	$ 8,653,131
Management and administration (Note 10)	**2,308,015**	1,986,412
Share-based compensation (Note 8)	**708,918**	731,592
Gain on sale of White Pine (Note 5b)	**(13,604,831)**	-
Re-evaluation adjustment - environmental provision (Note 6)	**(30,348)**	(66,483)
Share of loss in associates (Note 5b)	**3,870,372**	5,385,965
Interest expense	**663,857**	683,540
Finance income	**(469,392)**	(697,106)
Gain on foreign exchange	**(20,629)**	(7,126)
Net income (loss) before income tax expense	**1,533,359**	(16,669,925)
Current income tax expense (Note 11)	**679,603**	57,950
Deferred income tax (recovery) expense (Note 11)	**-**	(964,018)
Net income (loss) for the year	**853,756**	(15,763,857)
Other comprehensive loss		
Item that may be subsequently reclassified to income		
Foreign currency translation adjustment	**(10,304)**	(23,791)
Comprehensive income (loss) for the year	**$ 843,452**	$ (15,787,648)
Basic and diluted income (loss) per share	**$ 0.00**	$ (0.02)
Weighted average number of common shares		
Basic	**738,188,122**	736,363,619
Diluted	**751,601,949**	736,363,619

The accompanying notes form an integral part of these audited consolidated financial statements.

Highland Copper Company Inc.
Consolidated Statements of Cash Flows

(in US dollars)	**June 30, 2026**	**Year ended** June 30, 2025
Operating activities		
Net income (loss) for the year	**$ 853,756**	$ (15,763,857)
Income tax expense (Note 11)	**679,603**	(906,068)
Finance income	**(469,392)**	(697,106)
Adjustments for non-cash items:		
Share-based compensation (Note 8)	**708,918**	731,592
Gain on sale of associate interest in White Pine (Note 5b)	**(13,604,831)**	-
Share of loss in associates (Note 5b)	**3,870,372**	5,385,965
Re-evaluation adjustment - environmental provision (Note 6)	**(30,348)**	(66,483)
Accrued interest expense on Kinterra loan (Note 5b)	**663,947**	683,540
Unrealized gain on foreign exchange	**(20,629)**	(7,126)
Interest received	**393,451**	599,831
Taxes paid	**(679,603)**	(67,828)
Changes in working capital items		
Sales tax receivable	**15,842**	16
Prepaid expenses and other receivables	**96,277**	52,708
Accounts payable and accrued liabilities	**(432,410)**	514,819
	(7,955,047)	(9,539,997)
Investing activities		
Reimbursement of an environmental bond (Note 5a)	**240,188**	-
Additions to exploration and evaluation assets - Copperwood (Note 5)	**(349,700)**	(349,700)
Proceeds from sale of White Pine (Note 5b)	**18,330,893**	-
Transaction costs (Note 5b)	**(1,673,180)**	-
	16,548,201	(349,700)
Financing activities		
Withholding taxes paid on settlements of RSU, DSU & exercised options	**(104,560)**	-
Effect of exchange rate changes on cash held in foreign currency	**10,324**	(16,666)
Net change in cash	**8,498,918**	(9,906,363)
Cash, beginning of the year	**10,356,450**	20,262,813
Cash, end of the year	**$ 18,855,368**	$ 10,356,450

Supplemental cash flow information (Note 14)

The accompanying notes form an integral part of these audited consolidated financial statements.

Highland Copper Company Inc.
Consolidated Statements of Shareholders' Equity

(in US dollars)	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 income for the period	**-**	**-**	**-**	**853,756**	**-**	**853,756**
Settlement of restricted share units	**379,343**	**31,707**	**(62,523)**	**-**	**-**	**(30,816)**
Settlement of deferred share units	**255,737**	**23,832**	**(52,725)**	**-**	**-**	**(28,893)**
Exercise of options	**1,189,423**	**118,830**	**(163,681)**	**-**	**-**	**(44,851)**
Share-based compensation	**-**	**-**	**708,918**	**-**	**-**	**708,918**
Foreign currency translation adjustment	**-**	**-**	**-**	**-**	**(10,304)**	**(10,304)**
Balance at June 30, 2026	**738,188,122**	**$ 84,122,955**	**$ 17,927,949**	**$ (63,543,783)**	**$ 593,787**	**$ 39,100,908**
Balance at June 30, 2024	736,363,619	$ 83,948,586	$ 16,766,368	$ (48,633,682)	$ 627,882	$ 52,709,154
Net loss for the period	-	-	-	(15,763,857)	-	(15,763,857)
Share-based compensation	-	-	731,592	-	-	731,592
Foreign currency translation adjustment	-	-	-	-	(23,791)	(23,791)
Balance at June 30, 2025	736,363,619	$ 83,948,586	$ 17,497,960	$ (64,397,539)	$ 604,091	$ 37,653,098

The accompanying notes form an integral part of these audited consolidated financial statements.

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").

All financial results in these audited consolidated financial statements are expressed in US dollars unless otherwise indicated.

The Board of Directors approved these audited consolidated financial statements on October 6, 2026.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of measurement

These consolidated financial statements were prepared on the historical cost basis, less any impairment, except for the following material items:

Equity-classified share-based payment arrangements are measured at fair value at grant date pursuant to IFRS 2, Share-based payment.

Asset retirement obligations are measured at the present value of the expected expenditures to settle the obligation.

Investment in an associate

The Company accounts for its investment in an associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of net income/loss and other comprehensive income/loss of the investees, after any adjustments necessary to give effect to uniform accounting policies, any other movement in the investees' reserves, and for impairment losses after the initial recognition date. The Company's share of income or losses of its investee are recognized in the Company's Statement of Income/Loss and Comprehensive Income/Loss during the period.

Functional and reporting currency

These consolidated financial statements are presented in US dollars. The functional currency of Highland is the Canadian dollar and the functional currency of the Company's US-based subsidiaries is the US dollar. The functional currencies of Highland and its subsidiaries have remained unchanged during the reporting years. The exchange difference resulting from the conversion of the consolidated financial statements from its functional currency to its reporting currency is included in other comprehensive income presented in equity.

3. GOING CONCERN

These audited 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 year ended June 30, 2026, the Company had negative cash flows from operations of $7,955,137 (negative $9,539,997 for year ended June 30, 2025). In addition, the Company had an accumulated deficit of $63,543,783 as at June 30, 2026 ($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 June 30, 2026, the Company had working capital (total current assets less total current liabilities) of $17,683,907 ($8,864,698 as at June 30, 2025) 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 been successful in raising funds in the past, there is no assurance that it will be able to do so in the future or that sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable to the Company.

If management is unable to obtain adequate funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

The conditions and uncertainties described above indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. These consolidated 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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Basis of consolidation

These consolidated financial statements include the accounts of Highland and its subsidiaries. Subsidiaries are entities controlled by the Company. Control is determined to exist when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany transactions, balances, income and expenses are eliminated upon consolidation. Accounting policies of subsidiaries have been aligned, where necessary, with the policies adopted by the Company. Highland and its subsidiaries have an annual reporting date of June 30. Details of the Company's subsidiaries are as follows:

- Upper Peninsula Copper Holding Company Inc. ("UPHC") is the Company's US-based holding company, incorporated in February 2014 in the State of Delaware, USA, which in turn wholly owns the following two (2) companies:
- Keweenaw Copper Co. ("Keweenaw"), incorporated in July 2011 in the State of Delaware, USA;
- Copperwood Resources Inc. ("CRI"), acquired in June 2014 and incorporated in the State of Michigan, USA.

b) Foreign currency translation

The Company and its subsidiaries each determine their functional currency based on the currency of the primary economic environment in which they operate.

Transactions in foreign currencies are translated to the functional currency at exchange rates in effect at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency in effect at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate in effect at the date on which the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate in effect at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss.

The Company's Canadian operations are translated to the Company's presentation currency, for inclusion in the consolidated financial statements. Foreign denominated assets and liabilities are translated at the exchange rate prevailing at the reporting date. Revenues and expenses are translated at the exchange rate in effect at the transaction date. Unrealized exchange gains and losses resulting from translation are presented in other comprehensive income.

c) Financial Instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes a party to the contracts that give rise to them and are classified as amortized cost, FVPL or fair value through other comprehensive income ("FVOCI"), as appropriate. The Company considers whether a contract (other than a financial asset) contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required. The Company has no financial assets at FVPL and at FVOCI.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and is not designated as FVPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash, including accrued interest, is classified as and measured at amortized cost.

Financial liabilities

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process. Accounts payable and accrued liabilities, loans and borrowings, are classified as and measured at amortized cost.

Fair values

Financial instruments that are measured at fair value subsequent to initial recognition, if any, are grouped into a hierarchy based on the degree to which the fair value is observable as follows: Level 1: Quoted prices in active markets for identical items (unadjusted); Level 2: Observable direct or indirect inputs other than Level 1 inputs; or Level 3: Unobservable inputs (not derived from market data).

Derecognition of financial assets and liabilities

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset, then derecognition is appropriate.

A financial liability is derecognised when the associated obligation is discharged or canceled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

d) Investment in associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those decisions. The Company is presumed to have significant influence if it holds, directly or indirectly, 20% or more of the voting power of the investee, unless it can be clearly demonstrated that the Company does not have significant influence.

The Company accounts for its investment in associate using the equity method. Under the equity method, the Company's investment in associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of net earnings/loss and other comprehensive earnings/loss of the associate, after any adjustments necessary to give effect to uniform accounting policies, any other movement in the associate's reserves, and for impairment losses after the initial recognition date. The Company's share of the associate's losses that are in excess of its investment is recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings or losses of its associate is recognized in net earnings during the period. Dividends and repayment of capital received from the associate are accounted for as a reduction in the carrying amount of the Company's investment. Unrealized gains and losses between the Company and its associate are recognized only to the extent of unrelated investors' interests in the associate. Intercompany balances and interest expense and income arising on loans and borrowings between the Company and its associate are not eliminated.

In order to apply the equity method, management aligned White Pine's accounting policies with those of the Company, which requires among other things, management to assess whether indicators of impairment related to the White Pine exploration and evaluation assets are present.

e) Exploration and evaluation assets

Costs related to exploration and evaluation of mineral properties are recognized in profit or loss as incurred. All option and mining lease payments and costs of acquiring mineral rights are capitalized as exploration and evaluation assets.

Any option payments or proceeds from the sale of royalty interests received by the Company are credited to the capitalized cost of the related exploration and evaluation asset. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the period received.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts with the difference recognized in profit or loss. When the technical feasibility and the commercial viability of extracting a mineral resource are demonstrable and a mine development decision has been made by the Company, exploration and evaluation assets related to the mining property are transferred as tangible assets and related development expenditures are capitalized. Before the reclassification, the related exploration and evaluation assets are tested for impairment and any impairment loss is then recognized in profit or loss.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, including a) the extent to which mineral reserves or mineral resources as defined in National Instrument 43-101 have been identified through a feasibility study or similar document; b) the results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study; c) the status of environmental permits; and d) the status of mining leases or permits.

Borrowing costs directly attributable to the acquisition of exploration and evaluation assets are added to the cost of the project until such time as the assets are substantially ready for their intended use or sale, which in the case of mining properties is when they are capable of commercial production.

f) Impairment of non-financial assets

At the end of each reporting date, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The carrying amounts of exploration and evaluation assets (including exploration and evaluation assets related to the investment in associate) are assessed by the Company for impairment when indicators of impairment exist. Judgment is required in determining whether indicators of impairment exist and include, but are not limited to, the following factors:

- Exploration rights have expired or will expire in the near future

- No significant future exploration expenditures are foreseen
- No commercially viable quantities are discovered and exploration and evaluation activities will be discontinued

Exploration and evaluation assets are assessed for impairment indicators or the reversal of impairment indicators (not to exceed the amount of prior impairments) at the end of each reporting period.

The recoverable amount of the asset is estimated to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. Value in use considers estimated future cash flows associated with the asset, such value being discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In the case of exploration and evaluation assets, impairment reviews are carried out on a property-by-property basis, with each property representing a potential cash-generating unit. A previous impairment is reversed if the asset's recoverable amount subsequently exceeds its carrying amount.

g) Provisions and contingent liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Timing or amount of the outflow may still be uncertain. If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the related asset, as soon as the obligation to incur such costs arises and to the extent that such costs can be reasonably estimated.

h) Income taxes

When applicable, income tax on the profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other

comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable profit for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination which affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right and intention to set off current tax assets and liabilities from the same taxation authority.

i) Share-based payment transactions

Equity-settled share-based payments are made in exchange for services received and are measured at their fair value. The fair value of the services rendered is determined indirectly by reference to the fair value of the equity instruments granted when the fair value of services rendered cannot be reliably estimated. The fair value of share-based payments to directors, officers, employees and consultants with employee-related functions is recognized as an expense over the vesting period (the vesting being conditional in certain instances on the achievement of defined performance conditions) with a corresponding increase to contributed surplus. Financing warrants and warrants to brokers, in respect of an equity financing, are recognized as a share issue expense with a corresponding increase to contributed surplus. The fair value of share options granted is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model and considering an estimated forfeiture rate and the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Upon the exercise of share-based payments, the proceeds received, net of any direct expenses, as well as the related compensation expense previously recorded as contributed surplus, are credited to share capital. Deferred Share Units (“DSU”) and Restricted Share Units (“RSU”) compensation is ultimately recognized as an expense in the consolidated statements of comprehensive income (loss) as share-based compensation expense. These share units are issued for past services. They can be settled either in cash or equity in the sole discretion of the Company. The Company intends to settle all DSU’s and RSU’s in equity.

j) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain and may require accounting adjustments based on future occurrences. Revisions to accounting estimates, judgments and assumptions are recognized in the periods in which the estimate is revised and future periods if the revision affects both current and future period. These estimates, judgments and assumptions are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from the assumptions made, include, but are not limited to the following:

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures are subject to certain assumptions and do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test in the year the new information becomes available. As at June 30, 2026, there were no impairment indicators, and the Company has determined that there were no significant events or changes in circumstances that indicated that the carrying value of its exploration and evaluation assets may not be recoverable. As such, no impairment test was performed, and no impairment loss was recognized during the year ended June 30, 2026.

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 3).

Asset Retirement Obligation

Environmental liabilities are determined using management's best estimates of the probable amounts of future cash outflows, the expected timing of payments and discount rates.

k) 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 five categories: operating, investing, financing, income taxes and discontinued operations. In addition, organizations will need to disclose certain 'non-GAAP' measures known as management defined performance measures. The standard will be effective from January 1, 2027 with early adoption permitted and requires retrospective application. The Company plans to adopt IFRS 18 initially for its annual reporting period beginning July 1, 2027. The Company is assessing the impact of the adoption of this standard on its consolidated financial statements.

5. 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	349,700
Balance at June 30, 2026	**$ 20,220,261**

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 $75,942 for the year ended June 30, 2026 ($97,275 during the year ended June 30, 2025). During the year ended June 30, 2026, 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 June 30, 2026 is $2,284,661 (June 30, 2025 - $2,448,907).

b) Sale of 34% Interest in White Pine

In February 2026, the Company completed the sale of its 34% interest in the White Pine North Project ("White Pine") with its principal place of business located in Michigan, USA, for aggregate consideration of $30,119,462. The total consideration comprised cash proceeds of $18,330,893, and the settlement of the outstanding principal and accrued interest on the loan previously made to the Company's wholly owned subsidiary, Upper Peninsula Copper Holdings Inc., which was a total of $11,788,569 at closing. The Company recorded a gain of $13,604,831 on the sale of White Pine.

Investment in associate before the sale of White Pine:

Balance at June 30, 2024	**$**	**16,040,034**
Cash calls		6,468,159
Share of loss		(5,385,965)
Balance at June 30, 2025	**$**	**17,122,228**
Cash calls		1,589,595
Share of loss		(3,870,372)
Ending balance before the sale of White Pine	**$**	**14,841,451**

The Company and Kinterra agreed to fund, subject to certain conditions, expenditures with respect to the initial program to advance the White Pine North Project. Kinterra funded its 66% pro rata expenditure, and provided 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"). This loan was settled as part of the Kinterra transaction in which the Company sold its remaining 34% interest in White Pine.

The balance of the loans and borrowings before the sale of White Pine:

Balance at June 30, 2024	**$**	**2,383,329**
Cash calls funded by Kinterra on behalf of Highland Copper		6,468,159
Accrued interest		683,540
Balance at June 30, 2025	**$**	**9,535,028**
Cash calls funded by Kinterra on behalf of Highland Copper		1,589,595
Accrued interest		663,947
Ending balance before the sale of White Pine	**$**	**11,788,570**

The following tables summarize the gain on sale related to White Pine:

Consideration received	$	18,330,893
Net assets sold:		
Investment in associate		(14,841,451)
Loans and borrowings		11,788,569
		(3,052,882)
Transaction costs		(1,673,180)
Gain on sale of White Pine	**$**	**13,604,831**

6. ASSET RETIREMENT OBLIGATION

The asset retirement obligation consists of a provision for reclamation costs related to the Copperwood Project. The undiscounted cash flow amount for the early works reclamation and the monitoring wells was estimated at $1,722,673 at June 30, 2026 ($1,722,673 as at June 30, 2025). The present value of this liability was calculated using a weighted average discount rate of 4.69% (4.52% for the year ended 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% over that period (2.0% for the year ended June 30, 2025). The following table summarizes the Company's asset retirement obligation as at June 30, 2026 and June 30, 2025:

		Copperwood Project
Balance at June 30, 2024		**1,184,752**
Re-evaluation adjustment		(66,483)
Balance at June 30, 2025	**$**	**1,118,269**
Re-evaluation adjustment		(30,348)
Balance at June 30, 2026	**$**	**1,087,921**

7. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares with no par value.

Issued and fully paid

As at June 30, 2026, the Company had 738,188,122 issued and outstanding common shares (736,363,619 issued and outstanding common shares at June 30, 2025).

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 and 7 years from the date of grant. Vesting terms are determined by the Board of Directors at the time of grant.

As at June 30, 2026, the Company had 41,323,939 (38,608,335 as at June 30, 2025) issued and outstanding stock options.

During the year ended June 30, 2026, 4,766,667 options were exercised via net settlement. A total of 1,189,423 shares were issued after withholding shares to satisfy the aggregate exercise price obligations. The Company also withheld shares to satisfy employee statutory tax withholding requirements. The weighted average share price at the dates of exercise was C$0.14.

The following is a summary of stock option activities for years ended June 30, 2026 and June 30, 2025:

	Year ended June 30, 2026		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 year	38,608,335	0.10	39,550,002	0.10
Granted	7,482,271	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 year	**41,323,939**	**0.10**	38,608,335	0.10

Stock options issued and outstanding as at June 30, 2026 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	0.5	2,500,000	0.11
February 24, 2022	2,500,000	0.15	0.7	2,500,000	0.15
July 25, 2022	7,800,000	0.10	3.1	7,800,000	0.10
October 13, 2023	12,916,668	0.07	4.3	12,916,668	0.07
July 26, 2024	6,050,000	0.12	3.1	4,033,334	0.12
August 19, 2024	825,000	0.12	3.1	550,000	0.12
September 3, 2024	1,750,000	0.12	3.2	1,166,667	0.12
July 7, 2025	6,132,271	0.10	4.0	2,044,090	0.10
April 16, 2026	600,000	0.16	4.8	200,000	0.16
April 20, 2026	250,000	0.15	4.8	-	-
	41,323,939	**0.10**	**3.3**	**33,710,759**	**0.10**

As at June 30, 2026 and 2025, all outstanding stock options were held by key management personnel which included the Company's officers and its directors.

The fair value of the options granted during the year ended June 30, 2026 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%	0.07
April 16, 2026	5.00	3.11%	68.09%	0%	0.09
April 20, 2026	5.00	3.04%	68.02%	0%	0.09

The expected volatility was determined based on the historical weekly volatility of the Company's share price over a historical period corresponding to the expected term of the options granted.

The fair value of the options granted during the year ended June 30, 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 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 $397,253 related to the stock options during the year ended June 30, 2026 ($563,232 during the year ended June 30, 2025).

b) Other Equity-based Instruments

Pursuant to the terms of the Plan, the Company may grant deferred share 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 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, 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 June 30, 2026, there were 2,970,395 DSUs and 4,613,036 RSUs outstanding. The Company recognized an expense of $181,770 for RSU and $129,895 for DSUs during the year ended June 30, 2026 ($98,542 for RSUs and $69,818 for DSUs for year ended June 30, 2025).

The following is a summary of outstanding DSUs and RSUs as at June 30, 2026 and 2025:

	Year ended June 30, 2026		Year ended June 30, 2025	
	Number of RSU's	**Number of DSU's**	Number of RSU's	Number of DSU's
Beginning of year	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 year	**4,613,036**	**2,970,395**	**2,244,242**	**1,562,500**

As at June 30, 2026, the number of RSU's outstanding for key management personnel was 2,389,985 (1,437,500 as at June 30, 2025). All outstanding DSU's are held by the Company's directors (1,562,500 as at June 30, 2025).

9. EXPLORATION AND EVALUATION EXPENSES

The Company incurred the following exploration and evaluation expenses during the years ended June 30, 2026 and 2025:

	Year ended June 30	
	2026	2025
Salaries and benefits	**$ 1,471,135**	$ 1,300,874
Excavation and site works	**1,142,941**	4,834,545
Environment	**637,645**	251,616
Engineering	**903,646**	1,650,427
Office, overhead and other administrative costs	**885,312**	615,669
	$ 5,040,679	$ 8,653,131

10. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses during the years ended June 30, 2026 and 2025:

	Year ended June 30	
	2026	2025
Salaries and benefits	**$ 1,169,205**	$ 1,067,495
Office, overhead and other administrative costs	**190,358**	225,520
Professional fees	**360,604**	319,470
Investor relations	**587,848**	373,927
	$ 2,308,015	$ 1,986,412

11. INCOME TAXES

The income tax expense differs from the amounts that would be computed by applying the combined federal and provincial statutory income tax rates of 26.5% (June 30, 2025 – 26.5%) to income (loss) before income taxes. The reasons for the differences are as follows:

		Year ended 2026		Year ended 2025	
Income (loss) before income tax	**$**	**1,533,359**		$(16,669,925)	
Tax expense (recovery) using the Company's domestic tax rate		**412,085**	**26.87%**	(4,417,530)	26.50%
Increase (decrease) resulting from:					
Stock-based remuneration		**187,853**	**12.25%**	192,722	(1.16%)
Non-deductible expenses and non-taxable revenues		**825**	**0.05%**	(10,889)	0.07%
Effect of tax rate in foreign jurisdictions		**(34,373)**	**(2.24%)**	106,632	(0.64%)
Variation of unrecognized tax assets		**964,162**	**62.88%**	3,077,289	(18.46%)
Recognition of previously unrecognized deferred tax assets		**-**	**0.00%**	-	0.00%
True up and Other	**-**	**850,949**	**(55.50%)**	145,708	(0.87%)
Income tax expense (recovery)		**679,603**	**44.32%**	(906,068)	5.44%

Recognized deferred tax assets and liabilities are attributable to the following:

	Year ended June 30, 2026	Year ended June 30, 2025
Assets		
Capital Assets	**-**	901,250
Exploration and evaluation assets	**-**	287,842
Asset retirement obligation	**-**	-
Non-capital loss carryforward	**-**	3,253,248
	-	4,442,340
Liabilities		
Investment in associates	**-**	(3,943,239)
Exploration and evaluation assets	**-**	-
Advances in foreign currency	**-**	(499,101)
	-	(4,442,340)
Net deferred tax asset (liability)	**-**	**-**

Deductible temporary differences for which no deferred tax assets have been recognized are as follows:

Year ended June 30, 2026	**Canada**	**USA**	**Total**
Non-capital loss carryforward	**25,283,041**	**12,938,279**	**38,221,320**
Capital assets	**238,900**		**238,900**
Exploration and evaluation assets	**1,472,608**	**8,082,054**	**9,554,662**
Asset retirement obligation	**-**	**1,087,921**	**1,087,921**
Financing expenses and other	**-**	**-**	**-**
	26,994,549	**22,108,254**	**49,102,803**

Year ended June 30, 2025	Canada	USA	Total
Non-capital loss carryforward	21,356,513	21,328,577	42,685,090
Capital assets	238,132	-	238,132
Exploration and evaluation assets	1,515,711	-	1,515,711
Asset retirement obligation	-	-	-
Financing expenses and other	30,178	-	30,178
	23,140,534	21,328,577	44,469,111

Deferred tax assets are recognized to the extent that the future taxable profits will be available against which the temporary differences can be utilized. The ability of the Company to realize the tax benefits is contingent on many factors including the ability to generate future taxable profits in the jurisdictions in which they arose. Deferred tax assets for the above temporary differences as at June 30, 2026 and 2025 have not been recognised in respect of these items because of the uncertainties that future taxable profit will be available against which the Company can utilise these benefits.

Non-capital losses on which no deferred tax asset is recognized expire as follows:

	USA	Canada
2026	-	-
2027	-	88,200
2028	-	222,502
2029	-	394,555
2030	-	545,624
2031	-	696,982
2032	42,591	1,004,388
2033	841,758	70,498
2034	2,302,659	832,733
2035	-	1,807,212
2036	-	757,939
2037	-	1,574,984
2038	-	1,724,948
2039	-	1,431,269
2040	-	1,606,638
2041	-	1,485,044
2042	-	2,300,073
2043	-	2,314,436
2044	-	2,410,760
2045	-	1,985,660
2046	-	2,028,597
	3,187,008	25,283,041

The Company also has non-capital losses available in the USA amounting to $9,751,271 with no expiry date.

12. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the year ended June 30, 2026 was based on net income attributable to common shareholders of $853,756 and basic and diluted weighted average numbers of common shares outstanding of 738,188,122 and 751,601,949, respectively.

	Year ended June 30,	
	2026	2025
Weighted average common shares outstanding		
Basic	**738,188,122**	736,363,619
Plus net incremental shares from:		
Assumed conversion: stock options	**13,413,827**	-
Diluted weighted average common shares outstanding	**751,601,949**	736,363,619

For the year ended June 30, 2025, where the Company recorded a loss, it calculated 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. There were 4,723,712 assumed converted stock options which were not included as they were anti-dilutive.

13. 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 years ended June 30, 2026 and 2025, key management compensation comprises:

	Year ended June 30	
	2026	2025
Salaries, fees and bonuses	**$ 1,228,137**	$ 1,089,535
Share-based compensation	**658,826**	700,664
	$ 1,886,963	$ 1,790,199

14. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Year ended June 30	
	2026	2025
Financing activities		
Loans and borrowings from Kinterra to fund White Pine cash calls	**$ 1,589,595**	$ 6,468,158

15. 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 June 30, 2026, managed capital was $39,100,908 ($47,188,125 at June 30, 2025).

The Company's property is in the exploration and development 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 project. 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 property in whole or in part. 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. There were no changes

in the Company's approach to capital management during the year ended June 30, 2026. The Company is not subject to any externally imposed capital requirements as at June 30, 2026.

16. 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 year ended June 30, 2026.

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.

The following table summarizes the contractual maturities of the Company's financial liabilities (excluding interest) as at June 30, 2026 and June 30, 2025:

June 30, 2026

	Carrying amount	**Settlement amount**	**Within one year**	**Two years**	**Over two years**
	$	**$**	**$**	**$**	**$**
Accounts payable and accrued liabilities	**1,456,374**	**1,456,374**	**1,456,374**	**-**	**-**
	1,456,374	**1,456,374**	**1,456,374**	**-**	**-**

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 held at major Canadian and 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. Environmental bond bears 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.

Market Risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – 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 dollars. 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 June 30, 2026, there were no financial assets and liabilities that were denominated in a foreign currency.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and accounts payable and accrued liabilities are considered to be a reasonable approximation of their fair values 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.

18. 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 June 30, 2026	**Canada**	**USA**	**Total**
Current assets	**$ 229,804**	**$ 18,910,477**	**$ 19,140,281**
Environmental bond	**-**	**2,284,661**	**2,284,661**
Exploration and evaluation assets	**-**	**20,220,261**	**20,220,261**
Total assets	**$ 229,804**	**$ 41,415,399**	**$ 41,645,203**

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

19. SUBSEQUENT EVENT

On August 25, 2026, the Company announced final approval by the Michigan Strategic Fund of $50 million in performance-based grant funding under the Strategic Site Readiness Program ("SSRP") to support the development of the Company's fully permitted Copperwood Project and related infrastructure improvements in Gogebic County, Michigan. No further State of Michigan approvals are required. The grant remains subject to the execution of a definitive agreement, which is currently being negotiated, and will be received as performance-based reimbursements of eligible site readiness and infrastructure expenditures. Of the $50 million, $44,971,691 is allocated to Copperwood Resources Inc., a wholly owned subsidiary of the Company, and $5,028,309 to the Gogebic County Road Commission.

Highland Copper

Management's Discussion and Analysis

For the year ended June 30, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2026

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 October 6, 2026 and should be read in conjunction with the Company's consolidated financial statements for the year ended June 30, 2026.

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 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 project is Copperwood**,** a feasibility stage copper project located in the Upper Peninsula region (the "U.P.") of the State of Michigan, USA. Copperwood is anticipated to produce approximately 30,000 tonnes of copper per year for 11 years, with potential upside from the inferred tonnage[1]. Copperwood is permitted for site development and operation.

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 June 30, 2026, the Company has 738,188,122 common shares issued and outstanding. Orion Resource Partners and Condire Investors LLC hold 28% and 19.9%, respectively, of the Company's issued and outstanding common shares.

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

ANNUAL HIGHLIGHTS

Copperwood Project ("Copperwood")

- **Metallurgical Test Work:** Process plant redesigned with an optimized comminution circuit, incorporated ultrafine flotation technology, and improved reagent scheme, increasing expected copper recovery to 87.6% at lower capital and operating costs. Glencore Technologies is prepared to offer a performance guarantee for copper recovery estimate.
- **Phase 1 Engineering Completed:** Finalized key design criteria for certain areas of mine, process plant, water management, and Tailings Disposal Facility (TDF); assessed risks and opportunities through trade-off studies.
- **EXIM Letter of Interest:** Received non-binding LOI for up to $250 million in potential debt financing under EXIM's Make More in America Initiative.
- **Leadership Changes:** the Company announced the appointment of Trace Arlaud as the Project Director and Peter Hemstead as the Interim CFO. The Company also announced the formation of a Technical Advisory Committee which at the outset will consist of former Copperwood Project Director, Dr. Wynand van Dyk, in addition to Board members Jon Cherry and Melanie Miller.
- **Broad Project Support:** The Company was acknowledged as a contributor to U.S. mining expansion in White House publication "Fact Sheet: President Donald J. Trump Strengthens Tariffs on Steel, Aluminum, and Copper Imports – Bolstering Domestic Manufacturing of Strategic Metals and their Derivative" ("Fact Sheet").
- **Engineering & project optimization efforts:** Copperwood is advancing toward an updated Feasibility Study targeted for calendar H1 2027, with ongoing work to expand mineable resources through lower cut-off grades, optimize mine design and processing to improve recoveries and reduce costs, update Mineral Resources/Reserves and capital/operating costs, and advance Front-End Engineering and Design (FEED) toward 40% completion.

State Infrastructure Grant: Subsequent to year end, the Company announced final approval by the Michigan Strategic Fund of $50 million in performance-based grant funding under the Strategic Site Readiness Program ("SSRP") to support the development of the Company's fully-permitted Copperwood Project and related infrastructure improvements in Gogebic County, Michigan. No further State of Michigan approvals are required. In addition to the SSRP funding, the Gogebic County Road Commission has secured a $7.5 million Transportation Economic Development Fund ("TEDF") Category A grant from the Michigan Department of Transportation ("MDOT").

White Pine North Project ("White Pine North" or "White Pine")

- The Company completed the sale of its 34% share in the White Pine North Project ("White Pine") to its joint venture partner, Kinterra Copper USA LLC ("Kinterra") for aggregate consideration of $30.1 million. The total consideration consisted of $18.3 million in cash and the settlement 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 was a total of $11.8 million at closing.

Financial Data

- The Company realized a net income of $0.9 million for the year ended June 30, 2026 ($0.00 per share) compared to a net loss of $15.8 million during the comparative period in 2025 ($0.02 per

share).

- As at June 30, 2026, the Company had working capital (total current assets less total current liabilities) of $17.7 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 updated Copperwood 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[1]

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 year ended June 30, 2026, the Company continued to execute on its path to a near-term construction decision at Copperwood:

Detailed Engineering

During the year, the Company adopted a phased approach to engineering, with the initial step focused on finalizing design criteria for key work packages and identifying opportunities to improve the project. This work is critical to de-risk and optimize Copperwood's design and to support due diligence during project financing.

The Company awarded FEED contracts for mine and process plant engineering to DRA Americas Inc ("DRA"), for overall site water management to Foth Infrastructure and Environment LLC, and for the TDF to Tetra Tech.

Phase 1 of Copperwood engineering was completed at the end of September 2025 and included a comprehensive review of all historical project data to finalize key design criteria. This phase identified several opportunities and risks, which were assessed through trade-off studies.

Metallurgical Drilling and Test Work

In January 2025, Highland initiated a metallurgical drill program to collect approximately 400 kilograms of core samples for advanced metallurgical testing. The drill program was successfully completed in May 2025, on time and below budget, with samples sent to Base Metallurgical Laboratories Ltd. in Kamloops, British Columbia, under the technical oversight of DRA Americas Inc.

The test program aimed to improve the process plant design, incorporate ultrafine flotation technology, and optimize the plant's operating cost structure. In September 2025, Highland announced that the process plant had been redesigned with a more efficient comminution circuit, a simplified flotation circuit incorporating Jameson cell ultrafine flotation technology, and an optimized reagent scheme. This redesign is expected to increase copper recoveries to 87.6% at lower plant capital and processing costs. While more effective, the redesigned plant is smaller in scale and requires less overall power. Glencore Technologies is prepared to offer a performance guarantee for the improved copper recovery estimate, reflecting the robustness of the program and its results.

This metallurgical update is a key component of Phase 1 detailed engineering, which aims to finalize design criteria for the process plant, mine, tailings, and water management. The redesigned process plant reflects a significant re-evaluation by Highland's project team.

Metallurgical Test Work Highlights:

- **Comprehensive Testing Program:** Conducted 45 kinetic rougher and cleaner flotation tests to refine grind parameters and reagent schemes, along with locked-cycle tests and pilot-scale testing on ultrafine flotation technology.
- **Optimized Process Circuit:** Adopted a mill-float-mill-float ("MF2") flowsheet including a de-sliming stage prior to the secondary milling stage. The addition of a de-sliming stage ahead of the secondary milling and roughers allows for the rejection of up to 25% of the mass from the primary rougher tailings. This configuration reduces over-grinding and offers potential comminution energy savings of between 10 and 13.7%.
- **Improved Reagent Scheme:** Developed an optimized reagent suite that is expected to reduce operating costs by up to $1.00 per tonne milled, while also improving environmental, health and safety ("EH&S") performance.
- **MF2 Circuit and Improved Reagent Scheme Performance:** Test work with the MF2 circuit and optimized reagent scheme delivered kinetic rougher copper recoveries of up to 92.4% at the target rougher concentrate grade of 4.5% copper, a notable improvement over the 89.7% baseline from 2018 test work. Kinetic cleaner circuit recoveries were maintained at levels comparable to the 2018 baseline. Importantly, locked-cycle tests confirmed up to 85.8% recovery at a 25% copper concentrate grade, demonstrating that the enhanced reagent scheme and MF2 configuration is capable of delivering meaningful operating cost savings without compromising metallurgical performance.
- **Projected Ultrafine Flotation Performance Gains:** Through the introduction of ultrafine flotation technology, the adoption of an MF2 circuit, and the implementation of an optimized reagent scheme, Copperwood is now expected to achieve average copper recovery of 87.6% at a concentrate grade of 25% copper, all at lower operating costs. Glencore Technologies is prepared

to offer a process guarantee related to recovery and grade estimates. This marks a significant step-change from the 2023 Feasibility Study, which reported 86% recovery at 25% copper grade, underscoring the strength of the redesigned metallurgical flowsheet.

Mine Engineering Highlights

Ongoing mine engineering is evaluating the following as part of the updated Feasibility Study.

- **Evaluating Lower Cut-off Grades to Expand Mineable Resources**: Ongoing studies are assessing lower cut-off grades based on a long-term copper price of approximately US$4.80 per pound, with the potential to convert additional Measured and Indicated Mineral Resources into mineable reserves.

- **Ore Sorting Technology to Unlock Additional Resource Potential:** Bulk ore sorting technologies are being evaluated to potentially incorporate the Upper Copper Bearing Sequence ("UCBS") resource, which hosts 10.2 million tonnes in the Measured and Indicated category grading 1.1% copper into future mine plans, increasing operational flexibility and expanding the project's economic resource base.

- **Geotechnical Studies Support Potential Mine Design Enhancements:** Updated geotechnical interpretations, combined with conventional room-and-pillar mining methods, may enable optimization of mining heights and pillar dimensions while allowing dilution to be sourced from the mineralized hanging wall rather than the floor.

Tailings & Water Management Engineering Highlights

An integrated approach between DRA, Foth and Tetra Tech 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 ("TDF") 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 Mm^3 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.

Considerations in Phase 2 Engineering

Labor Costs: As the Copperwood Project advances toward Phase 2 engineering, an updated labor cost survey will be required to accurately reflect the costs and benefits necessary to attract and retain skilled

technical personnel and experienced underground equipment operators in Michigan's Upper Peninsula. Several outcomes of the Phase 1 trade-off studies, including mining method selection, equipment deployment, and ore handling strategies, are sensitive to labor costs. These costs will directly impact the overall unit mining cost and, by extension, the project's operating cost structure. A refreshed labor cost baseline will ensure that Copperwood's mine plan is both competitive and realistic, aligning workforce expectations with project requirements while supporting the long-term sustainability of operations in the region.

Integrated Mine Plan Review: The Company will update the Copperwood mine plan to incorporate a revised cut-off grade, integrating the results of the updated labor survey, potential modifications to the mining method and equipment strategy, and broader market inputs such as copper price movements and relevant cost indices. During Phase 2, an in-depth review of the ground support design and associated back height will be undertaken. Given the unique geotechnical conditions, the excavation method, back height, and ground support are highly interdependent and must be evaluated as an integrated system. This integrated systems approach will guide final decisions on mining method selection (including the potential adoption of D&F), ground support design, and the potential implementation of underground tailings disposal. The resulting mine plan will align updated technical solutions and economic assumptions, ensuring both operational efficiency and long-term project viability.

Project Considerations: To the extent any technical optimizations require permit amendments, the project schedule will be adjusted to appropriately reflect timing considerations. Permit amendments may be needed to reflect the optimized process plant design flow sheet, the addition of a tailings thickener, selection of power source to site, and potential mining method and tailings disposal changes. If permits are amended, we will also take the opportunity to resolve any minor discrepancies to project design. Highland is encouraged that permit amendments under consideration generally improve the environmental footprint of the project, as well as its technical and financial strength. The reduced scale of the process plant, incorporation of a tailings thickener, consideration of D&F mining method, as well as paste backfill of tailings, all demonstrate improved environmental, health and safety characteristics. We are also encouraged by our recent success in amending permits on a timely basis. If we elect to amend permits, the targeted construction decision of Q2 2027 will likely defer to the second half of 2027.

Environmental Considerations

Four of the five major Copperwood project permits have been maintained by renewal or extension as applicable, and all key obligations have been met regarding the wetlands and streams permit. Eight groundwater monitoring wells were installed in locations outside the influence of the project to fulfil a Mining Permit requirement. Under the Mining Permit, baseline environmental data are being collected, including groundwater, surface water, and biodiversity surveys. Other site activities include wetland and streams mitigation project monitoring and maintenance. Beginning in September 2026, the Company initiated a wetland delineation survey to inform whether a supplemental permit may be appropriate before construction. The off-site mitigation project Bluff Creek Stream Mitigation Project was completed in Q4 2025. As-builts have been completed and first year monitoring has been initiated.

EXIM LOI

On September 16, 2025, the Company announced it received a non-binding Letter of Interest ("LOI") from the Export-Import Bank of the United States ("EXIM") for potential debt financing of up to $250 million to support development of its Copperwood Project. The LOI was issued under EXIM's Make More in America Initiative and may also be eligible under EXIM's China and Transformational Exports Program. EXIM is the official export credit agency of the United States federal government.

The LOI is non-binding, and its issuance does not represent a financing commitment from EXIM, nor is it an indication of the financial or commercial viability of the project. Key details and next steps outlined in the letter include:

- **Potential Debt Financing:** Up to $250,000,000 of the project's costs.
- **Repayment Term:** A potential repayment tenor of 11 years.
- **Next Steps & Conditions:** Upon submission of a formal financing application, EXIM will conduct all required due diligence to assess the potential for a Final Commitment. Any such commitment will be contingent on meeting EXIM's underwriting criteria, completing the authorization process, and finalizing all terms and conditions.

Early Site Work

As of the date of this report, Highland has successfully completed its early site work and environmental mitigation program at the Copperwood Project, fully complying with the Michigan Wetlands and Streams Permit. The program prepared the site for future construction while implementing proactive environmental safeguards, including wetland creation, stream diversion, and revegetation with native trees and plants.

A central component of the program was a significant investment in environmental stewardship to minimize and mitigate the project's impact. Key activities included:

- **Wetland Creation:** The construction of approximately 18 acres of compensating wetlands to offset impacted areas.
- **Revegetation:** The successful planting of nearly 20,000 native trees, wildflowers, sedges, and rushes in the newly created habitats throughout the stream diversion and wetlands.
- **Long-Term Preservation:** Commitment to establish a 717-acre wetland preservation area, with a conservation easement and long-term management plan being finalized to ensure permanent protection beyond the life of mining operations.

These initiatives underscore Highland's commitment to stringent environmental standards and demonstrate that reclamation can progress concurrently with development. The stream and wetland projects are maturing into high-quality habitats, reinforcing the Company's approach to responsible and sustainable project development.

Michigan State Grant

Subsequent to year end, the Company announced final approval by the Michigan Strategic Fund of $50 million in performance-based grant funding under the Strategic Site Readiness Program ("SSRP") to support the development of the Copperwood Project and related infrastructure improvements in Gogebic County, Michigan. No further State of Michigan approvals are required.

The $50 million award consists of:

- $44,971,691 to Copperwood Resources Inc., a wholly owned subsidiary of Highland Copper, to support eligible infrastructure expenditures associated with the development of Copperwood; and

- $5,028,309 to the Gogebic County Road Commission to support critical local infrastructure improvements associated with the Project and benefiting the broader region.

In addition to the SSRP funding, the Gogebic County Road Commission has secured a $7,542,463 Transportation Economic Development Fund ("TEDF") Category A grant from the Michigan Department of Transportation ("MDOT"). Together, the TEDF and SSRP grants will provide approximately $12,570,772 for improvements to County Road 519, improving road safety, reliability and access while supporting the broader region.

The final grant approval followed a thorough review of the Copperwood Project and was recommended by the Michigan Economic Development Corporation ("MEDC"), reflecting the importance of the Project's development to the Upper Peninsula and the Company's approach to responsible mining. The funding will be provided through performance-based reimbursements for eligible site readiness and infrastructure expenditures, including roads, power and communications infrastructure required to advance Copperwood. These investments are also expected to deliver broader regional benefits through improved transportation, utility infrastructure and cellular and broadband connectivity.

The SSRP grant is subject to a number of conditions, including the execution of a definitive agreement, which is currently being negotiated with the Michigan Strategic Fund.

Project Support

The Copperwood Project continues to receive broad support from the federal, state, county, and municipal levels.

The Fact Sheet outlines actions under the April 2, 2026 Proclamation on strengthening measures to adjust imports of aluminum, steel, and copper into the United States. It explains that these tariffs are intended to address national-security concerns associated with imports while supporting the economic resilience of vital industries and American workers. The Fact Sheet also highlights ongoing U.S. investments in aluminum and copper mining, smelting, and fabrication, including new and expanded facilities involving companies such as Century Aluminum, Emirates Global Aluminum, Highland Copper, Ivanhoe Electric, Rio Tinto, and Wieland. It attributes this industrial buildout and the continued competitiveness of domestic producers and workers to the implementation and strengthening of Section 232 tariff programs.

U.S. Congressman Jack Bergman (R-MI), a retired Lieutenant General in the U.S. Marine Corps and a member of the House Committee on Armed Services, stated: “I am grateful that the White House recognized Highland Copper as important to the expansion of U.S. domestic copper mining. Highland’s Copperwood project aims to responsibly produce copper in Michigan to help support the American economy and national defense.”

OUTLOOK

In the upcoming year, the Company remains committed to proactively advancing Copperwood toward a near-term construction decision, with a focus on long-term value creation for the project and its shareholders. Key strategic initiatives driving this progress include:

- Federal Funding Review: Assessment of potential federal funding and financing opportunities, including further engagement with EXIM to support project development under the Make More in America Initiative, with the DOE Loan Programs Office for project financing under Title 17, and with the Department of Defense on potential funding opportunities now that copper has been proposed as a critical mineral by the USGS.
- Completion of Phase 2 Engineering: Advancing mine engineering, process plant engineering, and water management engineering to approximately 35-40% completion, while reaching 85% completion for the Tailings Disposal Facility, positioning the project for final investment decisions.
- Updated FS Targeted for H1 2027: Given the improvement in long-term consensus copper prices since the 2023 Feasibility Study, the Updated FS is expected to incorporate revised Mineral Resources and Reserves, mine and process optimization initiatives, and updated capital and operating costs, reflecting the significant advancement of the Copperwood Project.
- Advancing Towards Project Financing: Front-End Engineering and Design (“FEED”) advancing toward 40% completion in 2026, positioning Copperwood for project financing and technical due diligence activities.

SCIENTIFIC AND TECHNICAL INFORMATION

The scientific and technical information contained in this MD&A has been reviewed and approved by Trace Arlaud, a “Qualified Person” as defined under NI 43-101. Ms. Arlaud is a consultant to Highland Copper and serves as the Company’s Project Director.

SELECTED ANNUAL INFORMATION

The following table provides information for the years ended June 30, 2026 and 2025. This information should be read in conjunction with the Company's June 30, 2026 and 2025 consolidated financial statements.

Financial Position		**June 30, 2026**		June 30, 2025
Cash	**$**	**18,855,368**	$	10,356,450
Investment in associate		**-**		17,122,228
Exploration and evaluation assets		**20,220,261**		19,870,561
Total assets		**41,645,203**		50,195,178
Shareholders' equity		**39,100,908**		37,653,098

Comprehensive Income (Loss)		**Year ended June 30, 2026**		Year ended June 30, 2025
Net income (loss) for the year	**$**	**853,756**	$	(15,763,857)
Basic and diluted earnings (loss) per share		**0.00**		(0.02)

Cash Flows				
Operating activities	**$**	**(7,955,137)**	$	(9,539,997)
Investing activities		**16,548,201**		(349,700)
Financing activities		**(104,560)**		-

SELECTED QUARTERLY INFORMATION

The following table provides information for the eight fiscal quarters ended June 30, 2026:

	June 30, 2026	**March 31, 2026**	**December 31, 2025**	**September 30, 2025**
Exploration and evaluation expenditures	$ 981,169	$ 1,039,833	$ 729,944	$ 2,289,733
Net loss (income)	1,585,768	(9,454,406)	2,880,333	4,134,549
Loss (income) per share - basic and diluted	0.00	(0.01)	0.00	0.01

	June 30, 2025	**March 31, 2025**	**December 31, 2024**	**September 30, 2024**
Exploration and evaluation expenditures	$ 2,439,515	1,712,648	1,257,563	3,243,405
Net loss	3,008,599	2,694,492	3,104,781	6,955,985
Loss per share - basic and diluted	0.00	0.00	0.00	0.01

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. The net income of $9.5 million in the quarter ended March 31, 2026 was primarily due to the gain on sale of its 34% interest in White Pine of $13.6 million.

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 June 30, 2026, the Company continued its Phase 2a detailed engineering that was initiated during the previous quarter upon completion of FEED Phase 1 engineering in September 2025.

RESULTS OF OPERATIONS

Results of operations for the three months and years ended June 30, 2026 compared to the years ended June 30, 2025 are as follows:

	Three months ended June 30		Year ended June 30	
	2026	2025	**2026**	2025
Exploration and evaluation	**$ 981,169**	$ 2,439,515	**$ 5,040,679**	$ 8,653,131
Management and administration	**680,564**	502,115	**2,308,015**	1,986,412
Share-based compensation	**146,185**	136,596	**708,918**	731,592
Gain on sale of White Pine	**-**	-	**(13,604,831)**	-
Re-evaluation adjustment - environmental provision	**(16,182)**	(18,469)	**(30,348)**	(66,483)
Share of loss in associates	**-**	820,955	**3,870,372**	5,385,965
Finance income	**(206,425)**	(136,478)	**(469,392)**	(697,106)
Interest expense on Kinterra loan	**-**	223,180	**663,857**	683,540
Loss (gain) on foreign exchange	**457**	5,203	**(20,629)**	(7,126)
Income tax expense (recovery)	**-**	(964,018)	**679,603**	(906,068)
Net (loss) income for the year	**$ (1,585,768)**	$ (3,008,599)	**$ 853,756**	$ (15,763,857)

Three months ended June 30, 2026 ("Q4 2026") compared to the three months ended June 30, 2025 ("Q4 2025") and year ended June 30, 2026 ("YTD 2026") compared to the year ended June 30, 2025 ("YTD 2025")

Exploration and evaluation expenditures

Exploration and evaluation expenditures decreased by $1.4 million in Q4 2026 compared to Q4 2025, primarily driven by phase 1 engineering program, which included mine and process plant engineering as well as various trade-off studies.

Exploration and evaluation expenditures decreased by $3.6 million YTD 2026 compared to YTD 2025. The higher spending in YTD 2025 was primarily related to early site work initiated in Q1 2025 and continuing through Q3 2025, which included earthworks, excavation, and logging to impact the stream and wetland, as well as site preparation for required mitigation work. On-site early site work was substantially completed by November 2025, with remaining activities, such as tree planting and landscaping, completed in the summer of 2026.

Management and administration

Management and administration expenditures increased by $0.2 million in Q4 2026 compared to Q4 2025. The management and administration expenses in YTD 2026 increased by $0.3 million compared to the same period in 2025. The increases were primarily driven by higher investor relations and marketing

activities, as well as related travel expenses.

Share-based compensation

Share-based compensation remained relatively consistent with the same periods last year.

Gain on sale of 34% interest in White Pine

In Q3 2026, the Company completed the sale of the remaining 34% interest in White Pine North Project to its partner Kinterra, resulting in a gain of $13.6 million for the period.

Revaluation adjustments of environmental provisions

The Company has recognized an asset retirement obligation related to early site work. The associated provisions are revalued at the end of each reporting period. The gain recognized from the revaluation of environmental provisions in Q4 2026 was primarily driven by higher interest rates compared to Q3 2026, which had an impact on the discount rate used by the Company. The gain recognized in YTD 2026 was largely due to higher interest rates compared to the year ended June 30, 2025.

Share of loss in associates

The Company accounts for its 34% interest in the White Pine North Project using the equity method. The 'share of loss in associate' recognized for the period reflects the Company's proportionate share of White Pine's loss incurred up to the date of sale.

The decrease in the share of loss for the YTD 2026 is attributable to the Company's divestiture of its 34% interest in White Pine to Kinterra on February 28, 2026. Consequently, the reported share of loss reflects only the operational results prior to the disposition date.

Finance income

Finance income represents interest earned on the Company's cash and cash equivalents. The increase in finance income in Q4 2026 is due to a higher cash balance subsequent to the sale of White Pine. The decrease in finance income in YTD 2026 was primarily due to lower interest rates and lower average cash balance during the year.

Interest Expense on Kinterra Loan

Kinterra has provided the Company with an unsecured loan to fund the Company's pro rata share of expenditures for the Initial Program at White Pine North. The loan carries an interest rate of 10%, compounded annually from the date of each advance, and matures on July 24, 2026. The decrease in interest expense in Q4 2026 and YTD 2026, compared to same periods last year, was due to the settlement of the loan balances resulting from the sale of White Pine in the current year.

Income tax expense

The increase in income tax expense in Q4 2026 and YTD 2026 is primarily due to the gain on sale of White Pine of $13.6 million incurred in FY2026 compared to a net loss of $15.8 million in FY2025. The net

income in FY2026 resulted in an income tax expense of $0.7 million compared to an income tax recovery of $0.9 million in FY2025.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2026, the Company had working capital (total current assets less total current liabilities) of $17,683,907 compared to $8,864,698 as at June 30, 2025. The increase in working capital during the year ended June 30, 2026, was mainly attributable to the sale of the Company's 34% share in White Pine. This increase was offset by expenditures related to early site work and engineering activities for the Copperwood Project, as well as general corporate costs. The Company had total assets and total liabilities of $41,645,203 and $2,544,295 as at June 30, 2026 compared to $50,195,178 and $12,542,080 as at June 30, 2025. The decrease in total liabilities was primarily driven by the divestiture of White Pine, which resulted in the elimination of the associated Kinterra loan obligation. The Company had operating cash outflow of $7,955,137 for the year ended June 30, 2026, compared to a cash outflow of $9,539,997 for year ended June 30, 2025. The decrease is mainly due to lower exploration and evaluation expenditures and management and administration costs incurred in YTD 2026 compared to same periods last year.

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 the Company's consolidated 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. The Company's 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.

CAPITAL MANAGEMENT

The Company's properties are in the exploration and development 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. 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. There were no changes in the Company's approach to capital management during the year ended June 30, 2026. The Company is not subject to any externally imposed capital requirements as at June 30, 2026.

OFF BALANCE-SHEET ARRANGEMENTS

During the period ended June 30, 2026, 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 years ended June 30, 2026 and 2025, key management compensation comprises:

	Three months ended June 30		Year ended June 30	
	2026	2025	**2026**	2025
Salaries, fees and bonuses	**$ 175,923**	$ 226,954	**$ 1,228,137**	$ 1,089,535
Share-based compensation	**136,616**	128,215	**658,826**	700,664
	$ 312,539	$ 355,169	**$ 1,886,963**	$ 1,790,199

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 739,181,915 common shares, 41,323,939 stock options, 2,970,395 Deferred Share Units and 1,966,142 Restricted Share Units outstanding.

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The Company's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The accounting policies, methods of computation and presentation applied in the Company's consolidated financial statements are consistent with those of the previous year. The significant accounting policies of Highland are presented in Note 4 of the June 30, 2026 consolidated financial statements filed on SEDAR+.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. These estimates, judgments and assumptions are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from the assumptions made, include title to mineral property interests, exploration and evaluation assets, going concern and environmental liabilities. Details of the significant

accounting judgments and estimates are presented in Note 4 of the June 30, 2026 consolidated financial statements filed on SEDAR+.

FINANCIAL RISK FACTORS

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include liquidity risk, credit risk, interest rate risk and currency risk. Where material, these risks are reviewed by the Board of Directors.

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.

The following table summarizes the contractual maturities of the Company's financial liabilities at June 30, 2026 and June 30, 2025:

June 30, 2026

	Carrying amount	**Settlement amount**	**Within one year**	**Two years**	**Over two years**
	$	**$**	**$**	**$**	**$**
Accounts payable and accrued liabilities	**1,456,374**	**1,456,374**	**1,456,374**	**-**	**-**
	1,456,374	**1,456,374**	**1,456,374**	**-**	**-**

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 equivalent held at major Canadian and 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 and environmental bond 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 currency in which these transactions are denominated are primarily the Canadian and the US dollars. The consolidated entity does not presently enter into hedging arrangements to hedge its currency risk. The Board of Directors considers this policy appropriate, taking into account the consolidated entity's size, current stage of operations, financial position and the Board's approach to risk management.

As at June 30, 2026, there were no financial assets and liabilities that were denominated in a foreign currency.

OTHER RISKS AND UNCERTAINTIES

The Company is subject to a number of significant risks and uncertainties due to the nature of its business which includes the acquisition, exploration and development of mineral projects. Failure to successfully address such risks and uncertainties could have a significant negative impact on the Company's overall operations and financial condition and could materially affect the value of the Company's assets and impact its future operating results and business plans. Therefore, an investment in the securities of Highland involves significant risks and should be considered speculative. The risks and uncertainties described below are not necessarily the only ones that the Company could be facing. Additional risks or uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. The Company cannot give assurance that it will successfully address these risks. Readers should carefully consider these risks and uncertainties.

Requirement for additional capital

The ability of the Company to achieve its plans and objectives is dependent on its ability to raise sufficient amounts of capital through equity financings, debt financings, joint venture, sale of projects and / or other means. The Company will need substantial amounts of funds to develop its Copperwood Project and to place it into commercial production. If adequate financing is not available, the construction of a mine and the commencement of production may be delayed indefinitely.

The Company's ability to raise additional funds will depend on a number of factors including the market's perception of its mineral projects, the results of the studies and work programs on the projects, the price of and demand for copper and other metals, the state of the capital market to finance mineral resource projects and global market conditions in general, social acceptability for the development of the projects and regulatory approvals. No assurance can be given that additional capital will be available at all or available on terms acceptable to the Company.

Other Company Specific Risks

- The mineral resources and/or mineral reserves of the Copperwood deposit are estimates and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be inaccurate. Actual recoveries of copper and silver from a deposit may be lower than those indicated by test work. Any material changes in the quantity

of mineralization, grade or stripping ratio may affect the economic viability of those projects. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

- The market price of Highland's common shares, the Copperwood resource and reserve estimates, the assumptions used in the Copperwood feasibility study, and Highland's ability to complete a financing may be significantly and adversely affected by various factors including a decline in the price of copper. Copper prices are volatile and can be affected by many factors beyond the control of Highland, including, amongst others: changes in supply and demand, speculative activities, international economic conditions, political conflicts and wars. The price of copper has fluctuated widely in the past.

- Putting a mining project into production requires substantial planning and expenditures and, while members of the Company's management have mine construction and operating experience, as a corporation, the Company does not have any experience in taking a mining project to production; as a result, the Company's future success is more uncertain than if it had a proven history of mine construction and operation.

- In Michigan, mineral rights are property rights that can be sold, transferred or leased. The Company has taken steps to verify title with respect to its most material mineral properties. Although the Company believes that titles are in good standing there is no guarantee that title to such mineral properties will not be challenged or impugned.

- The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, occupational health, waste disposal, safety and other matters. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining operations which would result in environmental pollution. A breach of such legislation by the Company may result in the imposition of fines and penalties which can be substantial.

- The Company may be subject to environmental risks relating to the former White Pine North Project, which was subject to a consent decree with Michigan environmental regulators. In Q3 2026, the Company disposed of its remaining interest in White Pine to Kinterra, which assumed certain related contractual obligations and environmental responsibilities. However, the Company may retain residual exposure to certain historical environmental liabilities and risks associated with the site, including through indemnification obligations that survived the disposition. The Company may be unable to, or may choose not to, insure against some or all of these risks.

- Necessary permits to operate may not be granted or may be granted later than anticipated.

- The executive officers, directors, and several shareholders of Highland (including Orion and Condire) and their affiliated entities together beneficially own a majority of Highland's outstanding common shares. As a result, these shareholders, if they act together or in a block, could have significant influence over most matters that require shareholder approval, including the election of directors and approval of significant corporate transactions, even if other shareholders oppose them. This concentration of ownership might also have the effect of

delaying or preventing a change of control of Highland that other shareholders may view as beneficial.

- It may be difficult for the Company to find and hire qualified people in the mining industry currently residing in Michigan or to obtain all the necessary services or expertise to conduct operations in Michigan. The Company may need to obtain the services of qualified people located outside of the USA which would require work permits and compliance with applicable laws and could result in delays and higher costs.

- The Company faces substantial competition within the mining industry from other mineral companies with much greater financial and technical resources.

- Future issuance of common shares into the public market may result in dilution to the existing shareholders.

- Certain directors and senior officers of the Company also serve as officers and/or directors of other mineral resource companies, which may give rise to conflicts.

Industry Risks

- Mineral exploration and development is a high risk, speculative business. Few properties that are explored are ultimately developed into producing mines.

- Development projects are uncertain and actual capital and operating costs, and economic returns may differ significantly from those estimated for a project prior to production. The economic feasibility of development projects is based on many factors such as estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, future metals prices, and anticipated capital and operating costs of these projects. Any of the following events, among others, could affect the profitability or economic feasibility of a project: unanticipated changes in grade and tonnes of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability and costs of labour, costs of processing and refining facilities, availability of economic sources of power, permitting of third party power sources if needed, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, and the environment), fluctuations in metals prices, and accidents, labour actions and force-majeure events. It is not unusual in new mining operations to experience unexpected problems during the start-up phase, and delays can often occur at the start of production. It is likely that actual results for a project will differ from estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, or increase capital or operating costs above, estimates.

- Environmental legislation is evolving in the direction of stricter standards and enforcement, higher fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors,

officers and employees. Compliance with changing environmental laws and regulations may require significant capital outlays, including obtaining additional permits, and may cause material changes or delays in, or the cancellation of, operations.

- Current economic uncertainties globally have created market volatility and risk aversion among investors, limiting capital raising options in the mining sector.

- Social and environmental groups may be opposed to the development of mining projects.

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 Company's funding requirements to explore and develop the Copperwood Project; (ii) the timing, scope and results of the Updated Feasibility Study targeted for H1 2027; (iii) the anticipated timing, scope and results of Phase 2 engineering; (iv) the timing of a construction decision at Copperwood; (v) expected copper recoveries, operating cost savings, and other anticipated benefits of the redesigned process plant; (vi) potential changes to the Copperwood mining method, mine plan, ground support design and underground tailings disposal; (vii) the anticipated need for and timing of permit amendments and their effect on the project schedule; (viii) a potential debt financing with EXIM of up to US$250 million; (ix) the Company's engagement with, and the potential outcome of, other federal funding and financing opportunities; (x) the anticipated use, timing and expected regional benefits of the SSRP and TEDF grant funding; and (xi) 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 the capital necessary to advance the Copperwood Project and to continue as a going concern; (ii) 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; (iii) the accuracy of mineral resource and mineral reserve estimates and of the assumptions used in preparing the Copperwood Feasibility Study, including as they may be revised in the Updated Feasibility Study; (iv) increased operating and capital costs which could negatively impact not only the Company's operations, but also the results of the Copperwood Feasibility Study; (v) the impact of inflation on project costs and budgets for 2027 and beyond; (vi) changes to governmental regulations, compliance with

governmental regulations and environmental laws and regulations; (vii) reliance on approvals and permits from governmental authorities, including the risk that necessary permits or permit amendments are not obtained, or are delayed, which may affect the timing of a construction decision; (viii) the risk that anticipated federal or state funding or financing, including under the SSRP and TEDF grants, is not obtained or is delayed; (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, including tariffs, which 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 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 AIF are or will be economically or legally mineable.

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