Consolidated financial statements

Years ended June 30, 2023 and 2022

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, 2023 and June 30, 2022
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in 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 significant accounting policies

(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, 2023 and June 30, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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.

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 2 in the financial statements, which indicates that the Entity is still in the exploration stage and, as such, has not yet generated positive cash flows from its operating activities, that no revenue has been yet been generated, that the Entity has an accumulated deficit as at June 30, 2023, and that its operations are dependent on obtaining additional funds to pursue its operations and meet its obligations related to the development of the Copperwood and White Pine North projects beyond the current fiscal year.

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As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 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 those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2023. 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 the auditor’s report, we have determined the matter described below to be the key audit matters 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 3 g) and 5 of the financial statements. The Entity has exploration and evaluation assets totalling $24,113,990. The carrying amounts of exploration and evaluation assets is assessed by the Entity for impairment when indicators of impairment exist, typically when one of the following circumstances apply:

- 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 unlikely to be fully recovered from successful development or sale.

The Entity completes an evaluation at each reporting period of potential impairment indicators. If any such indicator exists, then the asset’s recoverable amount is estimated.

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. This matter was of most significance due to the difficulties in evaluating the results of our audit procedures to assess the Entity’s determination of whether the factors, individually and in the aggregate, resulted in 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 assessed that the Entity's evaluation of potential impairment indicators was consistent with:

- Information included in the Entity's press releases.
- Evidence obtained in other areas of the audit, including the results of exploration activities and any updates to estimates of mineral reserves and resources.
- Information obtained from:
  i. Reading the Entity's internal communications to management and the Board of Directors;
  ii. Inspecting publicly available information for changes in the price of applicable commodity prices.

We assessed the status of the Entity's rights to explore by discussing with management and reviewing available correspondence with government authorities to identify if any rights could be lost or not renewed by the government authorities.

We considered the activities to date in each area to which the Entity has a right to explore by comparing the actual expenditures to the budgeted expenditures and available cash flow to meet these budgeted expenditures.

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.

We assessed if substantive expenditures on further exploration for the evaluation of mineral resources in each area that the Entity has a right to explore are planned or discontinued by inspecting budgeted expenditures.

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 the 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, 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.
- 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 25, 2023

*CPA auditor, public accountancy permit No. A131804

Highland Copper Company Inc.
Consolidated Statements of Financial Position

(in US dollars)	**June 30, 2023**	June 30, 2022
	$	$
ASSETS		
Current		
Cash and cash equivalents	**7,030,317**	12,929,815
Sales taxes receivable	**66,870**	51,041
Prepaid expenses and other	**71,655**	70,924
	7,168,842	13,051,780
Non-current		
Environmental bond (Note 6)	**613,633**	1,676,149
Capital assets (Note 4)	**20,037**	29,672
Exploration and evaluation assets (Note 5)	**24,113,990**	22,856,259
TOTAL ASSETS	**31,916,502**	37,613,860
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**1,997,597**	1,257,830
Non-current		
Asset retirement obligation (Note 7)	**1,939,141**	2,097,425
TOTAL LIABILITIES	**3,936,738**	3,355,255
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	**83,948,586**	83,948,586
Contributed surplus	**16,058,937**	15,220,385
Deficit	**(72,830,802)**	(66,026,815)
Cumulative translation adjustment	**803,043**	1,116,449
TOTAL EQUITY	**27,979,764**	34,258,605
TOTAL LIABILITIES AND EQUITY	**31,916,502**	37,613,860

Going concern (Note 2).

Events after reporting date (note 19).

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

On behalf of the Board,

/s/ Barry O'Shea
Barry O'Shea, Interim CEO & CFO

/s/ Caroline Donally
Caroline Donally, Director

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

(in US dollars)	Years ended in June 30, **2023**	2022
	$	$
Expenses and other items		
Exploration and evaluation (Note 10)	**4,672,875**	1,998,129
Management and administration (Note 11)	**2,199,352**	2,327,434
Depreciation and amortization (Note 4)	**17,030**	7,418
Share-based compensation	**838,552**	405,109
Gain on disposal of exploration and evaluation assets	**-**	(2,946,908)
Accretion expense on asset retirement obligation (Note 7)	**4,142**	10,500
Finance expense	**-**	321,147
Finance income	**(241,259)**	(48,982)
Gain on settlement of accounts payable	**(492,538)**	-
Gain on foreign exchange	**(194,169)**	(17,411)
Net loss for the year	**(6,803,987)**	(2,056,436)
Other comprehensive loss		
Item that may be subsequently reclassified to income		
Foreign currency translation adjustment	**(313,406)**	(62,818)
Comprehensive loss for the year	**(7,117,393)**	(2,119,254)
Basic and diluted loss per common share (Note 13)	**(0.01)**	(0.00)
Weighted average number of common shares - basic and diluted	**736,363,619**	685,121,085

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

Highland Copper Company Inc.
Consolidated Statements of Shareholders' Equity

(in US dollars)	Number of issued and outstanding common shares	Share capital	Contributed Surplus	Deficit	Cumulative translation adjustment	Total shareholders' equity
		$	$	$	$	$
Balance at June 30, 2022	**736,363,619**	**83,948,586**	**15,220,385**	**(66,026,815)**	**1,116,449**	**34,258,605**
Share-based compensation	**-**	**-**	**838,552**	**-**	**-**	**838,552**
Net loss for the year	**-**	**-**	**-**	**(6,803,987)**	**-**	**(6,803,987)**
Foreign currency translation adjustment	**-**	**-**	**-**	**-**	**(313,406)**	**(313,406)**
Balance at June 30, 2023	**736,363,619**	**83,948,586**	**16,058,937**	**(72,830,802)**	**803,043**	**27,979,764**
Balance at June 30, 2021	472,933,689	66,137,274	11,961,512	(63,970,379)	1,179,267	15,307,674
Private placement	263,429,930	17,971,063	2,853,764	-	-	20,824,827
Share issue expenses	-	(159,751)	-	-	-	(159,751)
Share-based compensation	-	-	405,109	-	-	405,109
Net loss for the year	-	-	-	(2,056,436)	-	(2,056,436)
Foreign currency translation adjustment	-	-	-	-	(62,818)	(62,818)
Balance at June 30, 2022	736,363,619	83,948,586	15,220,385	(66,026,815)	1,116,449	34,258,605

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

Highland Copper Company Inc.
Consolidated Statements of Cash Flows

(in US dollars)	Years ended June 30, **2023**	2022
	$	$
Operating activities		
Net loss for the year	**(6,803,987)**	(2,056,436)
Adjustments		
Share-based compensation	**838,552**	405,109
Depreciation and amortization (note 4)	**17,030**	7,418
Gain on disposal of exploration and evaluation assets	**-**	(2,946,908)
Accretion on asset retirement obligation (Note 7)	**4,142**	10,500
Gain on foreign exchange	**(194,169)**	(92,132)
Gain on settlement of accounts payables	**(492,538)**	-
Finance expense	**-**	321,147
Changes in working capital items		
Sales taxes receivable	**(15,829)**	(44,571)
Prepaid expenses and other	**(731)**	(39,722)
Accounts payable and accrued liabilities	**232,305**	(939,270)
	(6,415,225)	(5,374,865)
Investing activities		
Environmental bond (Note 6)	**1,062,516**	(1,676,149)
Addition to capital assets (Note 4)	**(20,331)**	(16,897)
Proceeds from sale of exploration and evaluation assets	**-**	3,000,000
Asset retirement obligation (note 7)	**(162,426)**	-
Additions to exploration and evaluation assets (Note 5)	**(266,025)**	(296,025)
	613,734	1,010,929
Financing activities		
Issue of share capital	**-**	14,487,061
Share issue expenses	**-**	(159,751)
	-	14,327,310
Effect of exchange rate changes on cash held in foreign currency	**(98,007)**	(16,159)
Net change in cash and cash equivalents	**(5,899,498)**	9,947,215
Cash and cash equivalents, beginning of year	**12,929,815**	2,982,600
Cash and cash equivalents, end of year	**7,030,317**	12,929,815
Supplemental cash flow information		
Addition to exploration and evaluation assets included in accounts payable and accrued liabilities	(1,000,000)	-
Reimbursement of credit facility through issuance of share capital and warrants	**-**	(6,337,766)

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

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 Copperwood copper project (the “Copperwood Project”) and the White Pine North copper project (the “White Pine North Project”).

1. BASIS OF PRESENTATION

Statement of compliance

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

The Board of Directors approved these consolidated financial statements on October 25, 2023.

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 that are measured at the present value of the expected expenditures to settle the obligation.

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.

2. GOING CONCERN

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

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

To date, the Company has not yet generated positive cash flows from its operating activities and is in the exploration and development stage. The Company has a deficit of $72,830,802 at June 30, 2023 (a deficit of $66,026,815 at June 30, 2022). At June 30, 2023, the Company has working capital (total current assets less total current liabilities) of $5,171,245 ($11,793,950 at June 30, 2022). The Company has relied upon external financings, primarily through the issuance of equity, as well as proceeds from the disposal of exploration and evaluation assets, to fund its operations in the past. Since the Company does not generate revenues, the Company will need to obtain additional funds through the issuance of shares, the exercise of warrants and share options or from other sources to pursue its operations and meet its obligations related to the development of the Copperwood and White Pine North projects beyond the current fiscal year. Despite the fact that it has been able to raise funds in the past, there is no guarantee of success for the future. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

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

Subsequent to June 30, 2023, the Company completed a transaction with Kinterra Copper USA LLC ("Kinterra") in which the Company sold 66% of the common shares of White Pine LLC which owns the White Pine North Project in exchange for $30 million in cash. The funds are not restricted and may be allocated to the Copperwood project where the Company is initiating early site work. Additionally, Kinterra has committed to a further $30 million investment in White Pine North, subject to certain conditions, to advance permitting, drilling and a Feasibility Study (see note 19).

3. SUMMARY OF ACCOUNTING POLICIES

a) Basis of consolidation

These consolidated financial statements include the accounts of Highland and its subsidiaries. All intercompany transactions, balances, income and expenses are eliminated upon consolidation. Highland and its subsidiaries have an annual reporting date of June 30. Details of the Company's subsidiaries are as follows:

- Upper Peninsula 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 three (3) companies:
- Keweenaw Copper Co. ("Keweenaw"), incorporated in July 2011 in the State of Delaware, USA;
- White Pine LLC ("WP LLC"), formed in February 2014 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 net loss.

The Company's foreign operations are translated to the Company's presentation currency, for inclusion 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.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

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 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, credit facility, including accrued interest and promissory note 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).

3. SUMMARY OF ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

Impairment of financial assets

A loss allowance for expected credit losses is recognized in net loss for financial assets measured at amortized cost. At each reporting date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and, if any, FVOCI. The impairment methodology applied depends on whether there has been a significant change in credit risk. The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has deteriorated significantly since initial recognition and whose credit risk is low.

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.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

e) Capital assets

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price and all other costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Where parts of an item of property, plant and equipment have a different useful life, they are accounted for as separate items of property, plant and equipment. Depreciation is recognized on a straight-line basis using the cost of the item less its estimated residual value, over its estimated useful life. Each asset's residual value, useful life and depreciation method are reassessed, and adjusted if appropriate, at each annual reporting date. Vehicles are depreciated over three years, computers are depreciated over two years, office equipment and furniture are depreciated over five years, exploration equipment is depreciated over three years and leasehold improvements are depreciated over the lease period. The carrying amount of an item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. The gain or loss arising from derecognition is included in profit or loss when the item is derecognized.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

f) 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. 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.

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.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

g) Impairment of non-financial assets

The carrying amounts of exploration and evaluation assets are assessed by the Company for impairment when indicators of impairment exist, typically when one of the following circumstances apply:

- 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 unlikely to be fully recovered from successful development or sale.

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.

h) 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, unless it was assumed in the course of a business combination.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

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 cost can be reasonably estimated.

i) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of capital assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest rate method and is re-measured when there is a change in future lease payments. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in capital assets, and lease liabilities under lease liabilities on the consolidated statements of financial position. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months of less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

j) 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.

k) Equity

Share capital represents the amount received on the issue of shares, less issuance costs. Contributed surplus includes changes related to share options and warrants until such equity instruments are exercised. Deficit includes all current and prior year's losses. Cumulative translation adjustment includes the foreign exchange impact of converting foreign operations. All transactions with owners of the parent company are recorded separately within equity.

The Company allocates the proceeds from an equity financing between common shares and share purchase warrants based on the relative fair values of each instrument. The fair value of the common shares is calculated by using the TSXV share price on the date of the issuance and is accounted for in share capital, and the fair value of the share purchase warrants is determined using the Black-Scholes valuation model and is accounted for in contributed surplus.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

l) Transactions with shareholders

Transactions entered into with shareholders, where the Company is receiving a benefit when compared to a similar transaction entered into with an arm's length party, are divided between a capital transaction and a deemed arm's length transaction. The portion of the deemed arm's length transaction, measured at fair value, is recognised in profit or loss and the remaining portion of the transaction is recognised in equity as contributed surplus. During years ended June 30 2023 and 2022, the Company did not enter into transaction with shareholders.

m) Share-based payment transactions

Equity-settled share-based payments are made in exchange for services received and transactions related to mineral properties and are measured at their fair value. The fair value of the services rendered, or the mineral property transaction is determined indirectly by reference to the fair value of the equity instruments granted when the fair value of services rendered, or the mineral property transaction 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.

n) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. Dilutive potential common shares are deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares. The assumed proceeds from these instruments are regarded as having been received from the issue of common shares at the average market price of its shares during the period.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

o) 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 period in which the estimate is revised and future period 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, 2023, the Company has determined that there were no significant events or changes in circumstances that indicated that the carrying value of its non-current assets may not be recoverable. As such, no impairment test was performed, and no impairment loss was recognized during the year ended June 30, 2023.

Fair value of liabilities

The Company determined the fair value of the credit facility and the non-interest-bearing promissory note at inception using the discounted cash flow method. The discount rate used is based on management's judgment of its cost of capital given that it is considered to be in the exploration and development stage.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

o) Significant accounting judgments and estimates (continued)

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 2).

Environmental liabilities

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.

p) Accounting standards issued but not yet applied

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than June 30, 2023. These updates are not expected to have a significant impact on the Company and are therefore not discussed herein.

Year ended June 30, 2023 and 2022 (in US dollars)

4. CAPITAL ASSETS

	Vehicles	Computer equipment and furniture	Exploration equipment	Total
	$	**$**	**$**	**$**
Cost				
Balance at June 30, 2021	-	55,212	183,936	239,148
Additions	11,467	5,430	-	16,897
Effect of foreign exchange	-	(1,886)	(2,361)	(4,247)
Balance at June 30, 2022	**11,467**	**58,756**	**181,575**	**251,798**
Additions	**20,331**	**-**	**-**	**20,331**
Balance at June 30, 2023	**31,798**	**58,756**	**181,575**	**272,129**
Depreciation and amortization				
Balance at June 30, 2021	-	47,196	162,506	209,702
Depreciation and amortization	1,871	3,676	1,871	7,418
Effect of foreign exchange	-	1,590	3,416	5,006
Balance at June 30, 2022	**1,871**	**52,462**	**167,793**	**222,126**
Depreciation and amortization	**5,031**	**6,224**	**5,775**	**17,030**
Effect of foreign exchange	**4,336**	**-**	**8,600**	**12,936**
Balance at June 30, 2023	**11,238**	**58,686**	**182,168**	**252,092**
Carrying amounts				
Balance at June 30, 2022	9,596	6,294	13,782	29,672
Balance at June 30, 2023	**14,785**	**70**	**5,182**	**20,037**

Year ended June 30, 2023 and 2022 (in US dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Copperwood Project	White Pine North Project	UPX Property	Total
	$	$	$	$
Balance at June 30, 2021	17,538,034	3,192,368	18,010,077	38,740,479
Acquisition	266,025	30,000	-	296,025
Addition to asset retirement obligation	-	1,812,650	-	1,812,650
Disposition (Note 5 e)	-	-	(18,010,077)	(18,010,077)
Effect of foreign exchange	-	17,182	-	17,182
Balance at June 30, 2022	17,804,059	5,052,200	-	22,856,259
Acquisition	**266,025**	**1,000,000**	**-**	**1,266,025**
Effect of foreign exchange	**-**	**(8,294)**	**-**	**(8,294)**
Balance at June 30, 2023	**18,070,084**	**6,043,906**	**-**	**24,113,990**

5. EXPLORATION AND EVALUATION ASSETS (continued)

a) Copperwood Project, Michigan, USA

The Company acquired the Copperwood Project in June 2014.

As part of the consideration for the acquisition of the Copperwood Project, an amount of $1,250,000 may be payable if the average copper price for any 60 calendar-day period following the first anniversary and preceding the second anniversary of commencement of commercial production is greater than $4.25/lb; and an additional amount of $1,250,000 may be payable if the average copper price for any 60 calendar-day period following the second anniversary and preceding the third anniversary of the commencement of commercial production is greater than $4.50/lb (for a total of $2,500,000 representing a "Contingent Consideration"). The contractual Contingent Consideration will only be recognized if, and when the contingency is satisfied.

The Copperwood Project consists of a number of mineral leases, which call for annual rental payments until 2036. The mineral leases are also subject to quarterly Net Smelter Return ("NSR") royalty payments that will range from 2% to 4% on a sliding scale based on inflation-adjusted copper prices. Under the mineral leases, the Company will have mineral rights until the later of the 20th anniversary of the date of the lease or the date the Company ceases to be actively engaged in development, mining, or related operations on the property. The mineral leases may be terminated by the Company on 60 days' notice.

b) White Pine North Project, Michigan, USA

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

Upon completion of a feasibility study and receipt of all necessary permits for the development of a mine at White Pine, the Company will pay to CRC as additional consideration, in cash or in common shares of Highland, at the option of CRC, an amount equal to $0.005 (one half of one cent) per pound for the first 1 billion pounds of proven and probable reserves of copper and $0.0025 (one quarter of one cent) for each additional pound of proven and probable reserves of copper (the "Contingent Consideration"). At June 30, 2023, the Company has not yet estimated any proven and probable reserves at the White Pine North Project and has not yet completed a feasibility study or initiated the activities required to obtain the necessary permits. Consequently, the Company has not yet accounted for this contractual contingent liability. Subsequent to June 30, 2023, the Company completed an agreement with Kinterra and issued a Preliminary Economic Assessment on the White Pine North project. Refer to note 20 for additional detail.

c) Lease Agreement, White Pine, Michigan, USA

In April 2015, the Company entered into a 20-year lease agreement, with an option for an additional 5 years, for certain mineral rights located in White Pine, Michigan. The lease agreement includes annual lease payments of $30,000 in 2021 and 2022, and $1,000,000 thereafter annually. The $1,000,000 payment due in April 2023 was deferred to October 2023 and is accrued in the financial statements. Upon commencement of production, Highland will have to pay to the holder of the mineral rights (the “Lessor”) a sliding scale royalty on copper and silver production from the leased mineral rights with a base royalty of 2% for copper and 2.5% for silver. Highland may terminate the lease at any time upon a 30-day notice.

d) Royalty agreements

In accordance with an agreement entered into in December 2014 (and subsequently amended in June 2016), Osisko Gold Royalies Ltd. (“Osisko”) held a 3.0% net smelter return royalty on all metals to be produced from the mineral rights and leases associated with the Copperwood Project (the “Copperwood NSR”). The June 2016 amendment provided that upon final closing of the acquisition of the White Pine North Project, the Company would grant Osisko a 1.5% NSR royalty on all metals to be produced from the White Pine North Project, and Osisko’s royalty on the Copperwood Project would be then reduced to 1.5%. In December 2014, the Company had also granted to Osisko an option to purchase for $26 million a 100% NSR on future silver production from the Company’s projects (the “Silver Option Royalty”).

5. EXPLORATION AND EVALUATION ASSETS (continued)

d) Royalty agreements (continued)

On June 29, 2021, the Company entered into an agreement with Osisko (the “2021 Osisko Agreement”) pursuant to which Osisko has exercised a portion of its Silver Option Royalty on future production from the Copperwood and White Pine North projects. Pursuant to the 2021 Osisko Agreement, which modified the terms and conditions of the exercise of the Silver Option Royalty (including the removal of silver from the Copperwood NSR agreement), the Company has received an initial payment of $3 million (the “Initial Payment”) in consideration for which the Company has granted Osisko a 3/26th NSR royalty on all future silver production from the Copperwood and White Pine North projects. Osisko has the option to acquire the remaining 23/26th NSR royalty on all silver produced from the Copperwood and White Pine North projects by paying an additional $23 million to Highland within 60 days following the delivery of a feasibility study on the White Pine North Project.

The Initial Payment was accounted for as a sale of a portion of the Copperwood and White Pine North projects. The carrying value of the exploration and evaluation assets disposed was determined taking into account silver income relative to income from all metals to be produced at the Copperwood and White Pine North projects. The resulting amount of $3,450 reduced the carrying amount of the Copperwood and White Pine North projects with the difference accounted for as a gain on disposal.

To secure the payment of future NSR royalty, Osisko has a mortgage on the Copperwood property and a general security agreement over all the assets of the Company and includes specifically a pledge of the shares of the following subsidiaries: Upper Peninsula Copper Holdings Inc., Copperwood Resources Inc., White Pine Copper LLC and Keweenaw Copper Co.

Year ended June 30, 2023 and 2022 (in US dollars)

6. ENVIRONMENTAL BOND

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

In December 2022, the Company secured a surety bond as financial assurance. As part of that process, the Company placed a cash deposit of $613,633 with the surety provider, which represents 35% of the value of the total assurance. No further deposits are required unless the value of the financial assurance changes. In February 2023, the letter of credit amount of $1,676,149 was returned by EGLE. The financial assurance with EGLE is now in the form of a surety bond.

7. ASSET RETIREMENT OBLIGATION

The asset retirement obligation consists of a provision for reclamation costs related to the White Pine North Project. The undiscounted cash flow amount of the total liability was estimated at $2,097,424 at June 30, 2023. The present value of the total liability was calculated using a discount rate of 3.85% and is reflecting payments to be made from 2023 to 2051, inclusively, while taking into consideration an inflation of 2.56% over that period.

	Years ended in June 30,	
	2023	2022
	$	$
Balance, beginning of year	**2,097,425**	274,275
Addition	**-**	1,812,650
Incurred expenses on the project	**(162,426)**	-
Accretion expense	**4,142**	10,500
Balance, end of year	**1,939,141**	2,097,425

Year ended June 30, 2023 and 2022 (in US dollars)

8. SHARE CAPITAL

Issued and fully paid

At June 30, 2023, the Company had 736,363,619 issued and outstanding common shares (736,363,619 issued and outstanding common shares at June 30, 2022).

Issuance of securities

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

Share purchase warrants

The following table reflects the number of issued and outstanding share purchase warrants at June 30, 2023 and 2022:

Issue date	Number of Share Purchase Warrants June 30, 2023 and 2022	**Price per share**	**Price per share**	**Expiry date**
		C$	$	
August 27, 2021	126,464,965	0.18	0.14	Aug 27, 2023
September 9, 2021	5,250,000	0.18	0.14	Sep 9, 2023
	131,714,965	0.18	0.14	

The share purchase warrants were not exercised before their expiry date.

Year ended June 30, 2023 and 2022 (in US dollars)

9. STOCK OPTIONS

At June 30, 2023, the Company had 23,300,000 issued and outstanding stock options (17,525,000 in 2022).

The following table set out he activity in share options as at June 30, 2023:

		Year ended June 30,		Year ended June 30,
		2023		**2022**
	Number	**Average exercise price (C$)**	**Number**	**Average exercise price (C$)**
Options, beginning of year	17,525,000	0.13	7,525,000	0.12
Granted	13,300,000	0.10	10,000,000	0.14
Expired	(7,525,000)	0.12	-	-
Options, end of year	23,300,000	0.12	17,525,000	0.13

The following table reflects the stock options issued and outstanding as at June 30, 2023:

Issue date	Number of options	Exercise price	Remaining contractual life	Number of exercisable options	Exercise price of exercisable options
		C$	(years)		C$
December 16, 2021	3,500,000	0.11	3.5	3,500,000	0.11
February 24, 2022	6,500,000	0.15	3.7	4,333,333	0.15
July 25, 2022	13,300,000	0.10	6.1	4,433,333	0.10
	23,300,000	0.12	5.0	12,266,667	0.12

10. EXPLORATION AND EVALUATION EXPENSES

The Company incurred the following combined exploration and evaluation expenses for both the Copperwood and White Pine North Projects:

	Years ended in June 30,	
	2023	2022
	$	$
Labour	**1,979,505**	643,500
Studies	**2,083,785**	968,262
Office, overhead and other administrative costs	**609,585**	386,367
	4,672,875	1,998,129

Year ended June 30, 2023 and 2022 (in US dollars)

11. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses:

	Years ended in June 30,	
	2023	2022
	$	$
Administrative and general	**618,677**	1,537,116
Office	**199,120**	140,345
Professional fees	**1,055,952**	481,350
Investor relations and travel	**325,603**	121,351
Reporting issuer costs	**-**	47,272
	2,199,352	2,327,434

Year ended June 30, 2023 and 2022 (in US dollars)

12. INCOME TAXES

The reconciliation of the effective tax rate is as follows:

			Years ended June 30,	
		2023		2022
		$		$
Net income (loss) before income tax		**(6,803,987)**		(2,056,436)
Tax using the Company's domestic tax rate	**26.50%**	**(1,803,057)**	26.50%	(544,956)
Share-based compensation	**(3.2%)**	**222,216**	(5.24%)	107,742
Non-deductible expenses and non-taxable revenues	**(0.02%)**	**1,130**	(0.02%)	398
Effect of tax rate in foreign jurisdictions	**(0.44%)**	**29,648**	0.27%	(5,544)
Unrecognized tax assets	**(18.10%)**	**1,231,227**	72.13%	1,483,220
Recognition of previously unrecognized deferred tax assets	**0.00%**	**-**	(71.08%)	(1,461,761)
Foreign exchange and others	**(4.69%)**	**318,836**	(20.47%)	420,901
Deferred income tax	**-**	**-**	-	-

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

			June 30, 2023
	Assets	**Liabilities**	**Net**
	$	**$**	**$**
Advances in foreign currency	**-**	**(501,592)**	**(501,592)**
Non-capital loss carry-forwards	**501,592**	**-**	**501,592**
	501,592	**(501,592)**	**-**
Offsetting of tax assets and liabilities	**(501,592)**	**501,592**	**-**
	-	**-**	**-**

			June 30, 2022
	Assets	Liabilities	Net
	$	$	$
Advances in foreign currency	-	(416,635)	(416,635)
Non-capital loss carry-forwards	416,635	-	416,635
	416,635	(416,635)	-
Offsetting of tax assets and liabilities	(416,635)	416,635	-
	-	-	-

Year ended June 30, 2023 and 2022 (in US dollars)

12. INCOME TAXES (continued)

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

			June 30, 2023
	Canada	**USA**	**Total**
	$	**$**	**$**
Non-capital loss carry-forwards	**18,088,273**	**33,642,696**	**51,730,969**
Capital assets	**245,354**	**18,426**	**263,780**
Exploration and evaluation assets	**1,606,129**	**-**	**1,606,129**
Asset retirement obligation	**-**	**1,939,141**	**1,939,141**
Financing expenses and others	**93,288**	**-**	**93,288**
	20,033,044	**35,600,263**	**55,633,307**

			June 30, 2022
	Canada	USA	Total
	$	$	$
Non-capital loss carry-forwards	16,023,983	27,922,471	43,946,454
Capital loss carry-forwards	990,033	-	990,033
Capital assets	247,833	112,559	360,392
Exploration and evaluation assets	1,669,887	1,141,796	2,811,683
Asset retirement obligation	-	284,775	284,775
Financing expenses and others	161,202	-	161,202
	19,092,938	29,461,601	48,554,539

Deferred tax assets 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.

Year ended June 30, 2023 and 2022 (in US dollars)

12. INCOME TAXES (continued)

Non-capital losses expire as follows:

	USA	Canada
	$	$
2026	-	80,107
2027	-	93,381
2028	-	235,573
2029	-	417,734
2030	-	577,677
2031	-	737,927
2032	42,591	1,063,391
2033	841,758	74,640
2034	2,525,524	881,653
2035	1,755,601	1,913,378
2036	-	802,465
2037	4,408,457	1,667,508
2038	8,638,707	1,826,283
2039	-	1,515,350
2040	-	1,701,021
2041	-	1.572,284
2042	-	2,435,818
2043	-	2,384,883
	18,212,638	19,981,074

The Company also has non-capital losses available in the USA amounting to $15,430,058 with no expiry date. A deferred income tax on non-capital losses has been recognized for an amount of $1,892,800 ($1,572,208 in 2022).

13. LOSS PER SHARE

The calculation of basic and diluted (loss) earnings per share for the year ended June 30, 2023 was based on net loss attributable to common shareholders of $6,803,987 (a net loss of $2,056,436 in 2022) and the weighted average number of common shares outstanding of 736,363,619 (685,121,085 in 2022). Excluded from the calculation of the diluted loss per share for the year ended June 30, 2023 are 131,714,965 share purchase warrants (131,714,965 share purchase warrants in 2022) and 23,300,000 share options (17,525,000 share options in 2022) because to include them would be anti-dilutive as they would have the effect of decreasing the loss per share.

Year ended June 30, 2023 and 2022 (in US dollars)

14. RELATED PARTY TRANSACTIONS

Remuneration of directors and key management of the Company

The remuneration awarded to directors and to senior key management, including the CEO and CFO, is as follows:

	Years ended June 30,	
	2023	2022
	$	$
Wages and consulting fees, included in management and administration expenses	**705,353**	615,312
Share-based compensation	**838,552**	405,109
	1,543,905	1,020,421

15. CAPITAL MANAGEMENT

The Company defines capital that it manages as loans (including credit facility, note payable and promissory note) 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, 2023, managed capital was $27,979,764 ($34,258,605 at June 30, 2022).

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 (refer to note 20 for detail about the sale of 66% of the White Pine North Project to Kinterra), or shareholder loans. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as on its business performance. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company in reasonable terms. There were no changes in the Company's approach to capital management during the year ended June 30, 2023. The Company is not subject to any externally imposed capital requirements as at June 30, 2023.

Year ended June 30, 2023 and 2022 (in US dollars)

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, 2023.

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.

16. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

The following table summarizes the contractual maturities of the Company's financial liabilities as at June 30, 2023 and 2022:

June 30, 2023:

	Carrying amount	Settlement amount	Within 1 year	2 years	Over 2 years
	$	$	$	$	$
Accounts payable and accrued liabilities	1,997,597	1,997,597	1,997,597	-	-
	1,997,597	1,997,597	1,997,597	-	-

June 30, 2022:

	Carrying amount	Settlement amount	Within 1 year	2 years	Over 2 years
	$	$	$	$	$
Accounts payable and accrued liabilities	1,257,830	1,257,830	1,257,830	-	-
	1,257,830	1,257,830	1,257,830	-	-

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 a major Canadian chartered bank and a regional US bank.

Currency risk

In the normal course of operations, the Company is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of each of the entities within the consolidated group. The currencies in which these transactions are denominated are primarily the Canadian and the US dollar. The consolidated entity does not presently enter into hedging arrangements to hedge its currency risk. The Board considers this policy appropriate, considering the consolidated entity's size, current stage of operations, financial position and the Board's approach to risk management.

At June 30, 2023, financial assets and liabilities denominated in a foreign currency consisted of cash of $531,400 as well as accounts payable and accrued liabilities of $305,672. The impact on profit or loss of a 10% increase or decrease in the US dollar against the Canadian dollar would be approximately $85,000.

Year ended June 30, 2023 and 2022 (in US dollars)

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value of environmental bond is very similar to the amortized cost due to the nature of the underlying asset.

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:

			June 30, 2023
	Canada	**USA**	**Total**
	$	**$**	**$**
Current assets	6,946,673	222,169	**7,168,842**
Environmental bond	-	613,633	**613,633**
Capital assets	818	5,349	**6,167**
Exploration and evaluation assets	-	24,127,860	**24,127,860**
Total assets	**6,947,491**	**24,969,011**	**31,916,502**

			June 30, 2022
	Canada	USA	Total
	$	$	$
Current assets	10,494,771	2,557,009	13,051,780
Environmental bond	-	1,676,149	1,676,149
Capital assets	3,941	25,731	29,672
Exploration and evaluation assets	-	22,856,259	22,856,259
Total assets	10,498,712	27,115,148	37,613,860

19. EVENT AFTER THE REPORTING DATE

On July 24, 2023, Subsequent to year-end, Highland completed a transaction with Kinterra Copper USA LLC ("Kinterra") in which the Company sold 66% of the common share of White Pine LLC which owns the White Pine North Project. Kinterra will bring additional financial and technical strength required to progress the project through to development. Kinterra made a cash payment of $30 million to Highland against the 66% of common shares. Additionally, Kinterra has agreed to spend a further $30 million to advance the project through permitting, infill drilling and feasibility study.

The following are the key terms of the investment by Kinterra:

- **Initial Investment of $30 million for 66% of White Pine North Project:** The cash is unrestricted and can be used at Highland's discretion. Highland intends on assigning a portion of the proceeds to advancing the fully permitted Copperwood project to a construction decision in 2024. The purchase and sale of the interest in White Pine Copper LLC has been completed and is fully funded.
- **Budget of Additional $30 million to Advance White Pine North:** In addition to its $30 million initial investment, Kinterra has agreed to fund, subject to certain conditions, a further $30 million in expenditures to advance the White Pine North project. The commitment will consist of $20 million representing Kinterra's 66% pro rata expenditure, as well as a $10 million unsecured loan to fund Highland's pro rata expenditure. This loan will be available to Highland to satisfy cash calls.
- **Unsecured $10 million Loan from Kinterra:** The $10 million unsecured loan to cover cash calls will be available to Highland Copper at coupon of 10% and will mature in July 2026. A second unsecured loan (on the same terms) will become available to Highland after this $30 million has been spent on White Pine North, assuming any initial loan has been repaid. The second loan will have a maturity of July 2028. Besides cash calls and participation on the management and technical committees, Highland is not subject to any other obligation regarding Kinterra.

On October 16th, 2023, it was resolved that Highland would issue 16,250,000 common share options to its board of directors as well as its CFO, with a 7-year issuance date.

HIGHLAND COPPER COMPANY INC.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 2023

*The following management's discussion and analysis (**"MD&A"**) of the operations, results, and financial position of Highland Copper Company Inc. (**"Highland"** or the **"Company"**), dated October 25, 2023, covers the years ended June 30, 2023 and 2022 and should be read in conjunction with the audited consolidated financial statements and related notes at June 30, 2023 and 2022 (the **"June 30, 2023 and 2022 consolidated financial statements"**). The June 30, 2023 and 2022 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (**"IFRS"**).*

In this MD&A, reference to "the Company" is to Highland and its subsidiaries. All financial results presented in this MD&A are expressed in US dollars unless otherwise indicated.

DESCRIPTION OF BUSINESS

Highland and its subsidiaries are engaged in the acquisition, exploration, and development of mineral properties. The Company's principal projects are **Copperwood,** a feasibility stage copper project, and **White Pine North (34% interest),** an advanced-stage copper project, both located in the Upper Peninsula region of the State of Michigan, USA. Copperwood is expected to produce approximately 30,000 tonnes of copper per year for 11 years, with potential upside from the Inferred tonnage. Copperwood is fully permitted to develop and operate. White Pine North is expected to produce approximately 45,000 tonnes of copper per year for more than 20 years.

Fiscal 2023 was a significant year for Highland with updated technical studies issued on both key projects. Highland also articulated its strategy to sequence the development of Copperwood on a stand-alone basis, sequenced by the development of White Pine North. Subsequent to year-end, Highland sold 66% of White Pine North to Kinterra Copper USA LLC ('Kinterra") for $30 million. This transaction secured significant capital and technical capacity to set the stage for advancing both projects.

Highland, a Canadian-based company, was incorporated under the *Business Corporations Act (British Columbia)* in 2006. Highland's common shares are listed on the TSX Venture Exchange ("**TSXV"**) under the symbol "HI" and on the OTCQB Venture Marketplace (the "**OTCQB**") under the symbol "HDRSF". As at June 30, 2023, the Company has 736,363,619 common shares issued and outstanding. Orion Resource Partners ("**Orion**"), Condire Investors LLC (**"Condire"**) and Greenstone Resources II LP ("**Greenstone**") hold respectively 27.7%, 16.2% and 15.9% of the Company's issued and outstanding common shares.

ANNUAL HIGHLIGHTS

- Highland issued an updated Feasibility Study on the Copperwood project dated effective March 6, 2023 (posted to SEDAR on April 20, 2023). Importantly, an alternative process water solution incorporated in the updated Feasibility Study eliminated the need for the Section 10 Water Intake permit. Copperwood has received all required State of Michigan permits required for site development and operations. Highland looks forward to advancing Copperwood to development and production.

- On October 25, 2022, Highland announced that Jo Mark Zurel would be stepping down as Board Chair and introduced Stephen Hicks as his successor. Mr. Hicks has served as President and Chief Executive Officer of JM Longyear, LLC, a privately held Michigan-based asset management company, since 2000. He has extensive expertise in development and execution of long-term business strategies and operations and has been involved in mining and resource projects in the states of Michigan and Minnesota.

- Subsequent to year-end, Highland issued an updated Preliminary Economic Assessment ("PEA") on White Pine North dated effective July 12, 2023 (posted to SEDAR on September 7, 2023). As a past producer, White Pine North has certain State of Michigan permits already in place. The permitting process for the balance of the required state permits is underway.

- On July 24, 2023, Highland announced that it had sold 66% of White Pine North to Kinterra. Kinterra will be the operator of the project bringing their significant technical expertise to advance the project through the Feasibility Study and permitting stages. Highland 34% stake of White Pine North remains significant to its overall asset value.

- On October 11, 2023, Highland announced that Denis Miville-Deschenes, President and Chief Executive Officer, would depart the Company. Barry O'Shea, Highland's Chief Financial Officer, has been appointed by Highland's Board as Interim CEO, effective immediately, while the Board seeks a full-time replacement.

PROJECT UPDATES

Copperwood Project

On March 6, 2023, Highland announced the results of an updated Feasibility Study. Following are the key operating and financial highlights of Copperwood:

- After-tax internal rate of return ("IRR") of 17.6%. Initial capital expenditures of $391 million, net of pre-production revenue of $34 million.
- Life-of-mine ("LOM") operating costs of $1.83/lb, and $1.55/lb (including royalties) in the first five years of production.
- Proven and Probable Reserves of 25.7 million tonnes ("M t") @ 1.45% Cu and 3.91 g/t Ag, containing 820 million pounds ("M lb") of copper and 3.2 million ounces of silver.

- Additional Mineral Resources of 79.1 Mt @ 1.09 % Cu and 3.6 g/t Ag in the Inferred category, containing 1.9 billion pounds ("B lb") of copper and 9.0 million ounces ("M oz") of silver using a 0.9% Cu cut-off.
- Average annual LOM payable copper production of 64.6 M lb and 106,966 ounces of silver over 11 years.
- Net Present Value (8% Discount Rate) of $222 million before taxes and $168 million after taxes.

The Feasibility Study update was completed by, and under the supervision of, G Mining Services Inc. ("**GMSI**") in collaboration with Foth Infrastructure and Environment. The study provides a comprehensive overview of the Copperwood Project and defines an economically feasible, technically and environmentally sound project.

The Copperwood Project holds all key Michigan State permits required to proceed with site construction and operation. The detailed design for stream and wetland mitigation work as per permit conditions has been completed. Importantly, an alternative process water solution incorporated in the Feasibility Study Update eliminates the need for the Section 10 Water Intake permit.

Considerable opportunities remain to improve the Copperwood project's economic return. The applicability of ore sorting to remove waste and low-grade material has been tested with positive results. The potential economic impact will be assessed and incorporated in the detailed engineering phase or in subsequent studies. Additional metallurgical and geotechnical test work will also be performed to determine the potential to reduce reagent consumption and ground support costs.

With permitting and Feasibility Study complete, the following key steps will be initiated to facilitate a construction decision at Copperwood:

- **Early Site Works:** certain early site work must be completed to meet permit obligations under the Wetlands and Streams Permit. Subsequent to year-end, Highland initiated permitted impacts, which include site clearing and grubbing, at Copperwood.
- **Environmental Mitigation:** work will begin on environmental mitigation commitments under the Wetland and Streams Permit which must be completed within one year of on-site impact. The impact and mitigation costs are included in the Feasibility Study. After year-end, Highland initiated the required environmental mitigations.
- **Detailed Engineering:** detailed engineering will be initiated, particularly for long-lead items and any aspects of the project being included in early site works.
- **Construction Finance Plan:** capital markets will continue to be assessed and Highland will develop a broad financing plan for the construction of the Copperwood Project.

Highland looks forward to progressing Copperwood to financing, development, and operations.

White Pine North Project

Subsequent to year end, Highland announced the results of an updated PEA for White Pine North. Following are the key operating and financial highlights of the White Pine North Project:

Strong Economic Returns with Leverage to Copper Price Changes

- After-tax NPV8% of $821 million (at $4.00/pound copper price)
- 20.8% after-tax IRR
- At $4.50/pound copper price, after tax NPV8% of $1.2 billion and IRR of 25.4%

Improved NPV to Initial Capital Expenditure Ratio

- Initial capital expenditures of $615 million, net of pre-production revenue of $265 million
- NPV to initial capital expenditure ratio of 1.33

Significantly Increased Resource Base

- Indicated mineral resource containing 3.5 billion pounds of copper (150.7 million tonnes at 1.05% Cu) and 65.5 million ounces of silver (13.5 g/t Ag)
- Inferred mineral resource containing 2.2 billion pounds of copper (96.4 million tonnes at 1.03% Cu) and 27.8 million ounces of silver (9.0 g/t Ag)
- From the above resource, mineralized material included in the mine plan of 115.8 million tonnes at 0.97% Cu and 11.09 g/t Ag, containing 2.47 billion pounds of copper and 41.3 million ounces of silver

Long-lived Asset with Strong Cash Flows

- Mine life of 21.8 years, including 21 months of ramp-up, with average annual LOM payable copper production of 93.5 million pounds and 1.2 million ounces of silver
- Life-of-mine ("LOM") average C1 cash costs of $1.58/lb, net of by-product
- Undiscounted average annual operating cash flow of approximately $210 million and annual free cash flow of approximately $160 million (excluding initial capital)

The reader is advised that a PEA is preliminary in nature and is intended to provide only an initial, high-level review of the project potential and design options. The PEA mine plan and economic model include numerous assumptions and the use of Inferred resources. Inferred resources are too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and to be used in an economic analysis except as allowed for in PEA studies. There is no guarantee that Inferred resources can be converted to Indicated or Measured resources, and as such, there is no guarantee the project economics described herein will be achieved.

White Pine North Transaction

Subsequent to year-end, Highland completed a transaction with Kinterra Copper USA LLC ("Kinterra") in which the Company sold 66% of the common shares of White Pine LLC which owns the White Pine North Project. Kinterra will bring additional financial and technical strength required to progress the project through to development. Kinterra made a cash payment of $30 million to Highland in return for 66% of common shares. Additionally, Kinterra has agreed to spend a further $30 million to advance the project through permitting, infill drilling and feasibility study.

The following are the key terms of the investment by Kinterra:

- **Initial Investment of $30 million for 66% of White Pine North Project:** The initial investment reflects Kinterra's endorsement of the underlying asset value of White Pine North. The cash is unrestricted and can be used at Highland's discretion. Highland has assigned a portion of the proceeds to advancing the fully permitted Copperwood project to a construction decision in 2024. The purchase and sale of the interest in White Pine Copper LLC has been completed and is fully funded.
- **Budget of Additional $30 million to Advance White Pine North:** In addition to its $30 million initial investment, Kinterra has agreed to fund, subject to certain conditions, a further $30 million in expenditures to advance the White Pine North project. The commitment will consist of $20 million representing Kinterra's 66% pro rata expenditure, as well as a $10 million unsecured loan to fund Highland's pro rata expenditure. This loan will be available to Highland to satisfy cash calls. The investment will allow the joint venture project to progress quickly into permitting, infill drilling and through feasibility study.
- **Unsecured $10 million Loan from Kinterra:** The $10 million unsecured loan to cover cash calls will be available to Highland Copper at coupon of 10% and will mature in July 2026. A second unsecured loan (on the same terms) will become available to Highland after this $30 million has been spent on White Pine North, assuming any initial loan has been repaid. The second loan will have a maturity of July 2028. Besides cash calls and participation on the management and technical committees, Highland is not subject to any other obligations regarding Kinterra.

The agreement contemplates that White Pine LLC will be governed by a management committee, which will consist of three representatives appointed by Kinterra, and two by Highland. Highland expects to continue to be involved in the development of the White Pine North project. The management committee will propose programs and budgets for future expenditures. Highland will have the option to elect to participate in future work programs.

Going forward, Kinterra and Highland will work proactively through the permitting and feasibility study process.

OUTLOOK

Highland Copper is debt free and has a working capital (total current assets less total current liabilities) of approximately $5.2 million as at June 30, 2023. Subsequent to year-end, the Kinterra transaction added a further $30 million in cash to the balance sheet available for Copperwood and corporate purposes. The transaction with Kinterra has provided an additional $30 million commitment to advancing White Pine North. This allows significant capital to advance both key Michigan projects.

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

To date, the Company has not yet generated positive cash flows from its operating activities and is in the exploration and development stage. The Company has a deficit of $72,830,802 at June 30, 2023 (a deficit of $66,026,815 at June 30, 2022). At June 30, 2023, the Company has working capital (total current assets less total current liabilities) of $5,171,245 ($11,793,950 at June 30, 2022). The Company has relied upon external financings, primarily through the issuance of equity, as well as proceeds from the disposal of exploration and evaluation assets, to fund its operations in the past. Since the Company does not generate revenues, the Company will need to obtain additional funds through the issuance of shares, the exercise of warrants and share options or from other sources to pursue its operations and meet its obligations related to the development of the Copperwood and White Pine North projects beyond the current fiscal year. Despite the fact that it has been able to raise funds in the past, there is no guarantee of success for the future. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

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

With its key assets 100% owned Copperwood, 34% owned White Pine North, a consolidated multi-billion-pound resource base, and an additional $30 million in liquidity, Highland looks forward to contributing to critically needed US domestic copper supply through production growth with these advanced-stage projects.

The Company estimates that the current working capital will be sufficient: (i) to provide for management and administration expenses for at least the next 12 months; (ii) complete the require site works at Copperwood to meet permit obligations; and (iii) meet its White Pine North cash call obligations over the next 12 months.

QUALIFIED PERSON

The technical information included in this MD&A has been reviewed and approved by Nicolas Ménard, P. Eng. and a qualified person under NI 43-101.

CORPORATE ACTIVITIES

- In July 2022, the company granted 13,300,000 options during the year, in comparison to none in the prior year.
- As at June 30, 2023, the Company is debt free and has working capital (current assets less current liabilities) of $5.2 million.
- On October 16th, 2023, it was resolved that Highland would issue 16,250,000 common share options to its board of directors as well as its CFO, with a 7-year issuance date.

Restructuring of the Board and Management

On December 14, 2022, Stephen Hicks was newly has appointed Chair of the Board of Directors.

On October 11th 2023, Denis Miville-Deschenes, former CEO, departed from the Company. Barry O'Shea, the Company's current CFO, has been appointed interim-CFO.

The members of the Board of Directors remain Stephen J. Hicks, Jo Mark Zurel, Jonathan Cherry, Caroline Donally, Iain Farmer, Melanie R. Miller and David B. Tennant.

Rights of Certain Shareholders

Following their participation in the Company's non-brokered private placement of units completed in 2017, Greenstone received nomination rights for the sale of the Company's production pro-rata to its shareholding in the Company and Orion entered into an offtake agreement with the Company entitling Orion to purchase 15% of all concentrates to be produced at the Copperwood Project. So long as they hold not less than 10% of the issued and outstanding number of shares of the Company, Greenstone and Orion each have participation rights to maintain their equity ownership interest in future equity financings.

SELECTED CONSOLIDATED FINANCIAL INFORMATION (1)

The following selected financial information should be read in conjunction with the Company's June 30, 2023 and 2022 consolidated financial statements.

Financial Position	**June 30, 2023**	June 30, 2022
	$	$
Cash	**7,030,317**	12,929,815
Exploration and evaluation assets	**24,113,990**	22,856,259
Total assets	**31,916,502**	37,613,860
Shareholders' equity	**27,979,764**	34,258,605

Comprehensive Income (Loss)	**Year ended June 30, 2023**	Year ended June 30, 2022	Year ended June 30, 2021
	$	**$**	$
Net (loss) income for the year	**(6,803,987)**	(2,056,436)	17,679,781
Basic and diluted earnings (loss) per share	**0.01**	0.00	(0.01)
Cash Flows			
Operating activities	**(6,415,225)**	(5,377,865)	(386,342)
Investing activities	**613,734**	1,010,929	2,742,725
Financing activities	**-**	14,327,310	432,463

1) *The Selected Consolidated Financial Information was derived from the Company's June 30, 2023 and 2022 consolidated financial statements, prepared in accordance with IFRS.*

Since its incorporation, the Company has not paid any cash dividend on its outstanding common shares. Any future dividend payments will depend on the Company's financial needs to fund its exploration and development programs and any other factors that the Board of Directors may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

FINANCIAL REVIEW

The Company is in the exploration and development phase and does not yet have revenue-generating activities. Accordingly, the Company's financial performance is largely a function of the level of exploration and development activities undertaken on its projects and the management and administrative expenses required to operate and carry out its activities.

Below is a discussion of the major items impacting the Company's financial results for the years ended June 30, 2023 and 2022.

Exploration and evaluation expenses

Amounts invested in exploration and evaluation assets and capitalized in accordance with the Company's accounting policy on exploration and evaluation expenses, are as follows:

	Copperwood Project	White Pine North Project	UPX Property	Total
	$	$	$	$
Balance at June 30, 2021	17,538,034	3,192,368	18,010,077	38,740,479
Acquisition	266,025	30,000	-	296,025
Addition to environmental liability	-	1,812,650	-	1,812,650
Disposition	-	-	(18,010,077)	(18,010,077)
Effect of foreign exchange	-	17,182	-	17,182
Balance at June 30, 2022	17,804,059	5,052,200	-	22,856,259
Acquisition	**266,025**	**1,000,000**	**-**	**1,266,025**
Effect of foreign exchange	**-**	**(8,294)**	**-**	**8,294**
Balance at June 30, 2023	**18,070,084**	**6,043,906**	**-**	**24,113,990**

The amounts capitalized during the year ended June 30, 2023 consisted of lease payments of $266,025 related to the Copperwood Project and $1,000,000 related to the White Pine North Project.

The amounts capitalized during the year ended June 30, 2022 consisted mostly of lease payments of $266,025 related to the Copperwood Project and $30,000 related to the White Pine North Project.

Exploration and evaluation expenses charged to the statements of comprehensive loss during the years ended June 30, 2023, and 2022 are detailed below.

	Copperwod Project	**White Pine North Project**	**Other expenses**	**Year ended June 30, 2023 Total**	Year ended June 30, 2022 Total
	$	**$**		**$**	$
Labour	**1,407,662**	**571,753**	**-**	**1,979,505**	643,500
Studies	**-**	**2,083,785**	**-**	**2,083,785**	968,262
Office, overhead and other administrative costs	**155,130**	**424,004**	**30,451**	**609,585**	324,070
	1,562,792	**3,603,832**	**30,451**	**4,672,875**	1,935,832

Results for the year ended June 30, 2023 compared to year ended June 30, 2022

The Company realized net loss of $6,803,987 ($0.01 per share) during the year ended June 30, 2023 ("**FY 2023**") compared to a net loss of $2,056,436 ($0.00 per share) during the year ended June 30, 2022 ("**FY 2022**"). As part of loss income during FY 2023, the significant items included exploration and evaluation expenses of $4,672,875 ($1,998,129 in FY 2022), management and administration expenses of $2,199,352 ($2,327,434 in FY 2022) and gain on settlement of accounts payable of $492,538 ($nil in FY 2022) due to the settlement of a past account.

The Company incurred exploration and evaluation expenses of $4,672,875 in FY 2023 compared to $1,998,129 in FY 2022. In FY 2023, the expenses consisted mainly of labor fees and studies from various office, as well as overhead and administrative costs for both Copperwood and White Pine projects. In FY 2022 expenses consisted mostly of fees related to the labor fees and studies. Drilling at the time had still not began.

Management and administration expenses of $2,199,352 in FY 2023 compared to $2,327,434 in FY 2022 reflect mostly fees to management and employees (wages and fees of $618,677 in FY 2023 compared to $1,537,116 in FY 2022), higher professional fees due mostly to higher legal fees ($1,055,952 in FY 2023 compared to $481,350 in FY 2022), higher office costs ($199,120, during FY 2023 compared to $140,345 in 2022), as well as higher investor relations and travel expenses ($325,603 in FY 2023 compared to $121,351 in FY 2022).

Share-based compensation of $838,552 in FY 2023 ($405,109 in FY 2022) as the Company has granted 13,300,000 options during the year, in comparison to 10,000,000 in the prior year.

Selected Quarterly Financial Information

The following is a summary of the Company's financial results for the past eight quarters:

	Revenues	Net income (loss)	Basic and diluted earnings (loss) per share
Period ended	$	$	$
June 30, 2023 (a)	-	(1,984,193)	(0.01)
March 31, 2023 (b)	-	(2,130,146)	(0.01)
December 31, 2022 (c)	-	(1,906,472)	(0.00)
September 30, 2022 (d)	-	(1,000,382)	(0.00)
June 30, 2022 (e)	-	(1,185,937)	(0.00)
March 31, 2022 (f)	-	(1,755,228)	(0.00)
December 31, 2021 (g)	-	(884,001)	(0.00)
September 30, 2021 (h)	-	1,768,728	0.00

a. *Includes exploration expenses of $1,272,006*
b. *Includes exploration expenses of $1,615,948*
c. *Includes exploration expenses of $1,167,075*
d. *Includes exploration expenses of $617,846*
e. *Includes exploration expenses of $521,732*
f. *Includes exploration expenses of $936,468*
g. *Includes exploration expenses of $335,021*
h. *Includes exploration expenses of $204,908, including a gain on disposal of exploration and evaluation assets related to the Copperwood and White Pine North projects of $2,996,550, exploration expenses of $92,130 and finance expenses of $375,517.*

Liquidity and Capital Resources

At June 30, 2023, the Company had a working capital (total current assets less total current liabilities) of $5,171,245 compared to a working capital of $11,793,950 at June 30, 2022. The decrease in the working capital during the year ended June 30, 2023 is mainly attributable to the expenses incurred on the drilling of Copperwood as well as other exploration and evaluation expenses that were material.

Subsequent to year-end, the Kinterra transaction added a further $30 million in cash to the balance sheet available for Copperwood and corporate purposes. Kinterra has made an additional $30 million commitment to advancing White Pine North. This allows significant capital to advance both key Michigan projects.

The Company remains debt-free.

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 (refer to note 20 for detail about the sale of 66% of the White Pine North Project to Kinterra), or shareholder loans. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as on its business performance. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company in reasonable terms. There were no changes in the Company's approach to capital management during the year ended June 30, 2023. The Company is not subject to any externally imposed capital requirements as at June 30, 2023.

Off-Balance Sheet Arrangements

As at June 30, 2023, the Company has no off-balance sheet arrangements.

Transactions with Related Parties

Remuneration to directors and key management of the Company totaled $705,353 during the year ended June 30, 2023 ($615,312 in 2022). The shared-based compensation totaled $838,552 during the year ended June 30, 2023 ($405,109 in 2022).

Outstanding Share Data

As at October 25, 2023, the Company has 736,363,619 common shares issued and outstanding and 23,300,000 stock options outstanding with an average exercise price of CAD $0.12, expiring at various dates until February 2027.

Basis of Presentation of Financial Statements

The Company's consolidated financial statements have been prepared in accordance with IFRS 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 3 to the June 30, 2023 and 2022 consolidated financial statements filed on SEDAR.

Significant accounting judgments 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, fair value of liabilities, going concern and environmental liabilities. Details of the significant accounting judgments and estimates are presented in Note 3 to the June 30, 2023 and 2022 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 has no history of earnings and has limited financial resources. 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 following table summarizes the contractual maturities of the Company's financial liabilities at June 30, 2023:

	Carrying amount	Settlement amount	Within 1 year	2 years	Over 2 years
	$	$	$	$	$
Accounts payable and accrued liabilities	**1,997,597**	**1,997,597**	**1,997,597**	**-**	**-**
	1,997,597	**1,997,597**	**1,997,597**	**-**	**-**

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 which is mainly held in accounts with a major Canadian-based chartered bank.

Interest Rate Risk

The Company's interest rate risk relates to cash and the promissory note. As at June 2023, the Company no longer has any loans to be paid.

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.

At June 30, 2023, financial assets and liabilities denominated in a foreign currency consisted of cash of $531,400 as well as accounts payable and accrued liabilities of $305,672. The impact on profit or loss of a 10% increase or decrease in the US dollar against the Canadian dollar would be approximately $85,000.

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 amount of capital through equity financings, debt financings, joint venture, sale of projects and / or other means. The Company will need substantial amount of funds to develop its Copperwood and White Pine North Projects and to place them 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.

COVID-19

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

Other Company Specific Risks

- The mineral resources and/or mineral reserves of the Copperwood and White Pine North deposits 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 change 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 in the White Pine PEA, 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 is subject to environmental risks and most particularly as it relates to the White Pine North Project which is subject to a consent decree; as part of the acquisition of the White Pine North Project, the Company has assumed environmental responsibilities and risks related to the former White Pine mine site which Highland may be unable or choose not to insure.
- 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, Condire and Greenstone) 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 of 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 thid 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: funding requirements to explore and develop the Copperwood and White Pine North projects; the estimation of mineral resources and mineral reserves; the timing and cost of the construction of the Copperwood Project; the timing and amount of estimated future production, costs of production and capital expenditures; and the Company's plans and objectives. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document certain forward-looking statements are identified by words including "anticipation", "plan" and "expected".

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

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

CAUTIONARY NOTE TO U.S. INVESTORS CONCERNING RESOURCE ESTIMATES

The resource estimates in this MD&A were prepared in accordance with NI 43-101 adopted by the Canadian Securities Administrators and it contains the terms "measured", "indicated" and "inferred" resources. Although these terms are recognized and required in Canada, the U.S. Securities and Exchange Commission ("**SEC**") does not recognize them. The SEC permits US mining companies, in their filings with the SEC, to disclose only those mineral deposits that constitute "reserves". Under United States standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally extracted at the time the determination is made. United States investors should not assume that all or any portion of a measured or indicated resource will ever be converted into "reserves". Further, "inferred resources" have a great amount of uncertainty as to their existence and whether they can be mined economically or legally, and United States investors should not assume that "inferred resources" exist or can be legally or economically mined, or that they will ever be upgraded to a higher category.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A has been prepared as at October 25, 2023. Additional information on the Company is available through regular filings of press releases, financial statements and MD&A on SEDAR (www.sedar.com) and on the Company's website (www.highlandcopper.com).