

HIGHLAND COPPER COMPANY INC.

**MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS FOR THE
YEAR ENDED JUNE 30, 2020**

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 27, 2020, covers the years ended June 30, 2020 and 2019 and should be read in conjunction with the audited consolidated financial statements and related notes at June 30, 2020 and 2019 (the "June 30, 2020 and 2019 consolidated financial statements"). The June 30, 2020 and 2019 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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 mineral projects are located in the State of Michigan, USA.

The Company, through its subsidiaries, has assembled a number of projects located in Michigan's Upper Peninsula region, including **Copperwood**, a feasibility stage copper project, **White Pine**, a copper project on which a PEA was completed in September 2019 (subject to final closing of the acquisition from Copper Range Company ("**CRC**"), a wholly-owned subsidiary of First Quantum Minerals Ltd.), and a mineral exploration property referred to as the **UPX Property**, which was acquired in May 2017 from Kennecott Exploration Company and Rio Tinto Nickel Company ("**RTX**").

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 October 27, 2020, the Company has 472,933,689 common shares issued and outstanding.

Orion Resource Partners ("**Orion**") and Greenstone Resources II LP ("**Greenstone**") hold respectively 30.0% and 17.1% of the Company's issued and outstanding shares.

FINANCIAL CONDITION

At June 30, 2020, the Company had a working capital deficiency of \$22,321,872, including an amount due of \$5,006,142 under a loan provided by Osisko Gold Royalties Ltd ("**Osisko**") and Greenstone, and an amount of \$16,535,251 due to RTX as consideration for the acquisition of the UPX Property in May 2017.

On May 20, 2019, the Company entered into a secured loan agreement (the "**Loan Agreement**") with Osisko and Greenstone (collectively, the "**Lenders**"). Under the terms of the Loan Agreement, the Lenders agreed to provide the Company with a loan of up to \$4,500,000 to be disbursed in a number of tranches pursuant to an approved budget. The proceeds of the final drawdown under the Loan Agreement were received by the Company in February 2020. On September 4, 2020, pursuant to an amendment to the Loan Agreement, Osisko made available to the Company an additional amount of \$500,000 increasing the total indebtedness under the Loan Agreement to \$5,000,000 plus accrued interest. The loan, which is secured by a mortgage on the

Copperwood property and a general security agreement over all the assets of the Company, bears interest at a rate of 12% per annum. Following a number of amendments to extend the maturity date for the repayment of the loan, the principal amount of the loan as well as accrued interest, estimated at \$5.7 million as of the date of this MD&A, are payable on October 31, 2020. The Company is looking at various options to repay the loan but there can be no assurance that the Company will have such funds or that the Lenders will agree to further extend the maturity date of the Loan Agreement.

On May 30, 2017, the Company acquired the UPX Property for a total consideration of \$18.0 million of which \$2.0 million was paid in cash at closing and \$16.0 million was payable to RTX over 6 years under a non-interest bearing promissory note (the "Note"). A payment of \$1.0 million was made on the first anniversary of the acquisition. The Company did not make the payments of \$3.0 million due on each of May 30, 2019 and May 30, 2020. This constitutes an event of default and upon such occurrence and continuance, the amount of the Note then outstanding (\$15.0 million) bears interest at an annual rate of Libor plus 8% and becomes payable on demand. The Company is in discussion with RTX to restructure the schedule of payments provided under the secured promissory note or find another suitable resolution. There can be no assurance that RTX will agree to reschedule the payments or to another resolution. Given the Company's inability to pay there is a risk that RTX initiates legal proceedings to demand the full payment of the Note and enforce its securities over the UPX Property.

The Company needs to secure funds to reimburse the loan and accrued interest due to Osisko and Greenstone, to reimburse the Note and accrued interest due to RTX, to meet all existing commitments, to complete the acquisition of White Pine (including an amount of approximately \$1.7 million to replace the current environmental financial assurance bond) and to provide for management and administration expenses for the next 12 months. The Company is continuing its review of various options to secure such additional funds. This includes discussions with its major shareholders, lenders and royalty holders. Given the Company's significant working capital deficiency and the state of the capital markets for a company such as Highland, there is no assurance that additional funds will be available or available on terms acceptable to the Company or that the Company will be able to complete a strategic transaction. These conditions and uncertainties indicate the existence of a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern.

All field exploration activities have been suspended since early 2019 to minimize cash requirements. Also, the number of employees has been reduced to its minimum level to support the care and maintenance of the projects and to comply with corporate and regulatory requirements. The payment of salaries and fees to officers and directors of the Company has been deferred since May 2020 and will continue to be deferred until the Company can raise additional cash.

COPPERWOOD PROJECT

Copperwood is a development stage copper project located in the Upper Peninsula of Michigan, USA within the Porcupine Mountains copper district. 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. The mineral leases are valid 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.

A feasibility study, under the supervision of G Mining Services Inc. ("GMSI") in collaboration with SGS Canada Inc. (Lakefield), Lycopodium Minerals Canada Ltd, Golder Associates Ltd. and Foth Infrastructure and Environment, was completed in June

2018. On July 31, 2018, the Company filed on SEDAR and on its website a technical report supporting the results of the Feasibility Study in accordance with Canadian Securities National Instrument 43-101 *Standards of Disclosure for Mineral Properties* ("NI 43-101").

2018 Feasibility Study Highlights

- Base case using an average copper price of \$3.15/lb and an average silver price of \$16.00/oz;
- After-tax internal rate of return ("IRR") of 18.0%;
- After-tax net present value ("NPV") at 8% of \$116.8 million;
- Initial capital expenditures of \$275.0 million;
- Life-of-mine ("LOM") cash costs of \$1.75/pound, including royalties;
- Proven and probable reserves of 25.4 million tonnes at 1.43% and 3.83 g/t Ag, containing 0.8 billion pounds of copper and 3.1 million ounces of silver; the mineral reserves were estimated using a copper price of \$3.00/lb and a silver price of \$16.00/oz;
- In addition, inferred mineral resources of 49.9 million tonnes at 1.15% Cu and 3.4 g/t Ag, containing 1.3 billion pounds of copper and 5.6.2 million ounces of silver;
- Mine life of 10.7 years, including one year of ramp-up, with average annual LOM payable copper production of 61.7 million pounds and 0.1 million ounces of silver.

Permitting

The Company has received all major permits required to build the Copperwood Project.

In December 2018, the Michigan Department of Environment, Great Lakes, and Energy ("EGLE") (previously known as the Michigan Department of Environmental Quality or MDEQ) approved the Company's request to amend the Mining Permit originally granted in 2012 to Copperwood Resources Inc., the Company's 100%-owned subsidiary, under the provisions of Part 632, *Nonferrous Metallic Mineral Mining, of the Natural Resources and Environmental Protection Act*. The amendment was required to allow the Company to begin construction at Copperwood in accordance with the changes to the mine plan and facilities described in the updated feasibility study released on June 15, 2018. The amendment was approved under certain conditions that the Company will have to meet, namely: i) provide a revised subsidence monitoring plan for the life of mine and post closure period; ii) provide a plan to conduct confirmation baseline environmental sampling and review prior to the start of mining operations; iii) reclaim the ore stockpile area and dispose of the geomembrane liner according to regulations; and iv) reclaim or remove water intake and power supply infrastructure according to approved plans unless beneficial use agreements are established with another party.

In November 2018, the Company received three permits from EGLE, those being the Part 301/303/325 Wetland Permit, the Part 55 Air Discharge Permit, and the Part 315 Dam Safety Permit-Tailing Dam. The grant of the Part 301/303/325 Wetland Permit included the following mitigation requirements: i) the preservation of 717 acres of high-quality wetlands and 93 acres of forested upland in the headwaters area of the wild and scenic Black River and the creation of 18.3 acres of forested and emergent wetlands on-site at the Copperwood project; and ii) stream mitigation by creating 13,700 feet of natural stream channel on-site at the Copperwood Project and replacing a culvert that is blocking brook trout passage in a tributary to the wild and scenic Cisco Branch to the Ontonagon River.

The application to obtain a Lake Superior water intake permit from the US Army Corps of Engineers (COE) (required to operate) is outstanding and a final decision is expected shortly.

Contingencies and royalties related to the Copperwood Project

As part of the consideration for the acquisition of the Copperwood Project, the Company will have to pay to Orvana Minerals Corp ("Orvana"), an amount of \$1.25 million 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 payment of \$1.25 million 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.

Quarterly NSR royalty payments ranging from 2% to 4% on a sliding scale based on inflation-adjusted copper prices will be payable under the mineral leases. In addition, a 3.0% NSR royalty on all metals produced from the Copperwood Project will be payable to Osisko. As described further in the *Osisko Royalty and Silver Option* section, on closing of the acquisition of the White Pine Project, the Company will grant to Osisko a 1.5% NSR royalty on all metals produced from the White Pine North Project, and Osisko's 3.0% NSR royalty on the Copperwood Project will be reduced to 1.5%.

WHITE PINE NORTH PROJECT

The White Pine North Project is located in the historical copper range district of the Upper Peninsula of Michigan, U.S.A. In May 2014, Highland completed the interim closing of the acquisition of the White Pine North Project from CRC. As consideration, the Company issued to CRC at that time 3,000,000 of its common shares. Highland further agreed that, upon completion of a feasibility study and receipt of all necessary permits for the development of a mine at White Pine, it will pay 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 one 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 final closing of the acquisition is subject to several conditions including releasing CRC from certain environmental obligations associated with the remediation and closure plan of the historical White Pine mine site and replacing the related environmental bond for an amount expected to be approximately \$1.7 million. The deadline to complete the acquisition of the White Pine North Project from CRC has been extended to December 31, 2020.

CRC had acquired the original White Pine mine in 1937. Subsequent drilling revealed the widespread nature of the mineralization and underground mining by room and pillar methods began in 1952. Production from 1952 to 1995 was 198,070,985 short tons of ore averaging 1.14% copper for approximately 4.5 billion pounds of copper. In 1995, as a result of depressed copper prices, CRC, then a subsidiary of Inmet Mining Corporation, closed the White Pine mine, although significant amounts of mineralization remained, particularly to the northeast of the mine, referred to as the White Pine North Project. An historical estimate of the White Pine North Project mineral resource was completed in October 1995 by the former White Pine chief geologist based on 526 diamond drill holes. The total historical estimate at that time was 118.7 million short tons averaging 1.04% copper, for approximately 2.5 billion pounds of contained copper.

In June 2019, the Company undertook to prepare a preliminary economic assessment ("**PEA**") and a mineral resource estimate for the White Pine North Project (the "**Project**"). The PEA and mineral resource estimate were prepared by GMSI. The results of the PEA, which considers White Pine North as a stand-alone project and utilizes existing infrastructure to minimize initial capital expenditures, were released on September 23, 2019. The technical report supporting the results of the PEA in accordance with NI 43-101 is available on the Company's website.

2019 PEA Highlights

- Base case using a copper price of \$3.00/lb and a silver price of \$16.00/oz
- After-tax internal rate of return ("IRR") of 16.8%
- After-tax net present value ("NPV") at 8% of \$416 million
- Initial capital expenditures of \$457 million, net of pre-production revenue of \$56 million
- Life-of-mine ("LOM") cash costs of \$1.40/pound, including royalties
- Indicated mineral resource of 133.4 M tonnes at 1.07% Cu and 14.9 g/t Ag, containing 3.2 billion pounds of copper and 63.8 million ounces of silver.
- Inferred mineral resources of 97.2 M tonnes at 1.03% Cu and 8.7 g/t Ag, containing 2.2 billion pounds of copper and 27.2 million ounces of silver
- Mineral resources included in the mine plan of 121.4 M tonnes @ 0.98% Cu and 11.80 g/t Ag, containing 2.6 billion pounds of copper and 46.1 million ounces of silver
- Mine life of 25 years, including one year of ramp-up, with average annual LOM payable copper production of 89 million pounds and 1.3 million ounces of silver

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.

Environmental liabilities

The former White Pine mine ceased operation in 1995 and has been the subject of an extensive remediation program outlined in judicial Consent Decree and Remedial Action Plan agreements between CRC, Michigan's Attorney General and the Michigan Department of EGLE. The entire surface area overlying the underground mine along with the associated surface component area and tailings impoundments are listed as a "facility" under Part 201, Environmental Remediation, of Michigan's Public Act 451 of 1994 as Amended, the Natural Resource and Environmental Protection Act.

Pending final closing of the acquisition, the Company began mineral exploration and baseline environmental surveys under an access agreement with CRC. Historical environmental data for the former White Pine mine site operated by CRC was reviewed and compared with the Company's initial project plans and Michigan's Part 632 regulatory requirements. CRC had compiled extensive information on surface water, ground water and near-surface soils at the project site. Biological monitoring data in the project area was mostly limited to very brief descriptions, e.g. the Remedial Investigation Report of 1999, or the more thorough description of the 1978 Baker report that is now over 40 years old. Data from limited nearby stream monitoring completed by the State of Michigan in 1999 and earlier is also available.

Upon completion of the final closing of the acquisition of the mineral and surface rights from CRC, the Company will assume all environmental liabilities related to the Consent Decree and on-going environmental obligations.

MINERAL LEASE AGREEMENT, WHITE PINE, MICHIGAN

In April 2015, the Company entered into an agreement to lease certain mineral rights located in White Pine from a private Michigan limited liability corporation under which the Company was required to make payments of \$225,000 on closing, and \$425,000 and \$150,000 on the first and second anniversary of closing. On December 30, 2016, the Company entered into an

amended agreement with the lessor to revise the payment schedule of the remaining amount of \$575,000 owed by the Company to the Lessor. Under the terms of the amended agreement, the Company paid an amount of \$135,000 on December 30, 2016 and agreed to pay the balance of \$440,000 in sixteen equal quarterly principal amounts of \$27,500, plus interest accruing at the rate of 8% per annum until December 2020. The mineral lease is for 20 years, with an option for an additional five years. Annual lease payments are \$25,000 for the first five years, \$30,000 for the sixth and seventh years and \$1,000,000 thereafter.

UPX PROPERTY

In May 2017, UPX Minerals Inc., a wholly owned subsidiary of Highland, acquired from RTX, a mineral property located in central Upper Peninsula of Michigan. See *Financial Condition* section for additional information.

The UPX Property is comprised of non-contiguous mineral rights covering approximately 1,800 square kilometers (448,000 acres). The property covers several Precambrian geological domains with known potential for nickel-copper massive sulphide deposits, gold deposits, and sediment-hosted base metal deposits. For each of these geological domains, the Company's exploration team has carried out a systematic compilation of significant historical data obtained with the acquisition of the UPX Property to better understand the potential of the property and has identified exploration targets using ongoing geological mapping, rock and soil sampling programs, and interpretation of high-resolution magnetic data covering the full extent of the UPX Property.

On May 30, 2017, the Company acquired the UPX Property for a total consideration of \$18.0 million of which \$2.0 million was paid in cash at closing. The Company also issued a 6-year \$16 million non-interest bearing Note to RTX, as part of the consideration for the acquisition of the UPX Property. The Note provided for the payment of \$1.0 million on the first anniversary of the acquisition (payment made on May 30, 2018) and \$3.0 million on each of the second, third, fourth, fifth and sixth anniversaries of the acquisition. The Company did not make the payments of \$3.0 million due on each of May 30, 2020 and May 30, 2019. In accordance with the provisions of the Note, the failure to make these payments, constitutes an event of default and upon such occurrence and continuance, the amount of the Note then outstanding (\$15.0 million) bears interest at an annual rate of Libor plus 8% and becomes payable on demand. The Note is secured by a mortgage over the acquired property and a general security agreement over all the assets of UPX Minerals Inc., a wholly-owned subsidiary of the Company. The Company is in discussion with RTX to restructure the schedule of payments provided under the Note or find another suitable resolution. There can be no assurance that RTX will agree to reschedule the payments or to another resolution. Given the Company's inability to pay there is a risk that RTX initiates legal proceedings to demand the full payment of the Note and enforce its securities over the UPX Property.

OSISKO ROYALTY AND SILVER OPTION

On December 15, 2014, the Company and Osisko had entered into a Governance and Financing Agreement setting out the terms and conditions under which Osisko was making a C\$10.0 million refundable deposit on a 3.0% sliding-scale NSR royalty on all metals from the White Pine North Project. On June 30, 2016, the Governance and Financing Agreement was amended and restated and the C\$10.0 million deposit was converted into a 3.0% NSR royalty on all metals produced from the mineral rights and leases associated with the Copperwood Project. The amendment also provided that upon final closing of the acquisition of the White Pine Project, the Company will grant to Osisko a 1.5% NSR royalty on all metals produced from the White Pine North Project, and Osisko's 3.0% NSR royalty on the Copperwood Project will be reduced to 1.5%. To secure the

future payment of the 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: Copperwood Resources Inc., Upper Peninsula Copper Holdings Inc., White Pine Copper LLC and Keweenaw Copper Co.

As part of the original transaction with Osisko in December 2014, the Company granted to Osisko an option to purchase for \$26 million a 100% NSR on any future silver production (the "**Silver Option**") from certain projects of the Company, namely, Copperwood, White Pine and Keweenaw (this last project was dropped in 2019). The option to purchase the silver production is valid for a period of 60 days from the delivery by the Company to Osisko of a feasibility study on these projects. Following receipt of the Copperwood feasibility study, Osisko did not exercise the option to acquire the silver production from the Copperwood Project.

In connection with the September 4, 2020 amendment of the Loan Agreement described in the *Financial Condition* section above, Osisko and the Company have agreed on the terms and conditions pursuant to which Osisko would exercise the Silver Option on the White Pine North Project. Subject to the completion of due diligence and the execution of definitive documentation, Osisko would pay to Highland an initial tranche of \$3 million on closing and the remaining amount of \$23 million would be paid within 60 days from the publication of a feasibility study on the White Pine North Project. There can be no assurance that this transaction will be completed as proposed or at all.

As part of the original transaction, Osisko also obtained a right of first refusal on any royalty, streaming and project financing by the Company and is entitled to nominate one director to the board of directors of the Company. Upon exercise of the Silver Royalty, Osisko will be entitled to nominate a second director on the board of directors. As of the date of this MD&A, Osisko has no representative on the board of directors of the Company.

QUALIFIED PERSON

The technical information included in this MD&A has been reviewed and approved by Mr. Denis Miville-Deschênes, P. Eng., President and CEO of the Company and a qualified person under NI 43-101.

CORPORATE ACTIVITIES

Rights of Certain Shareholders

Following their participation in the Company's non-brokered private placement of units completed in early 2017, Greenstone received nomination rights for the sale of Highland'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 level 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, 2020 and 2019 consolidated financial statements.

Financial Position	June 30, 2020	June 30, 2019
	\$	\$
Cash	164,327	605,046
Exploration and evaluation assets	20,636,987	20,385,814
Total assets	20,889,107	21,122,294
Credit Facility from Osisko and Greenstone, due on October 31, 2020	5,006,142	2,495,484
Note payable, due until December 31, 2020	55,000	165,000
Promissory note to RTX, including accrued interest, on demand	16,535,251	15,128,068
Shareholders' (deficit) equity	(1,899,822)	2,163,379

Comprehensive Loss	Year ended June 30, 2020	Year ended June 30, 2019	Year ended June 30, 2018
	\$	\$	\$
Net loss for the year	(4,371,338)	(22,155,581)	(11,571,693)
Basic and diluted loss per share	(0.01)	(0.05)	(0.02)

Cash Flows	Year ended June 30, 2020	Year ended June 30, 2019	Year ended June 30, 2018
Operating activities	(1,809,294)	(4,029,635)	(10,668,437)
Investing activities	(172,744)	(323,373)	(366,772)
Financing activities	1,578,448	1,476,917	249,628

1) *The Selected Consolidated Financial Information was derived from the Company's June 30, 2020 and 2019 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 factor 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, 2020 and 2019.

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 Project	UPX Property	Other properties	Total
	\$	\$	\$	\$	\$
Balance at June 30, 2018	16,801,384	3,107,246	11,756,257	130,945	31,795,832
Property payments in cash	168,600	25,000	-	26,652	220,252
Finance expense	132,500	-	6,254,513	-	6,387,013
Write-down	-	-	(18,010,770)	-	(18,010,770)
Effect of foreign exchange	-	-	-	(6,513)	(6,513)
Balance at June 30, 2019	17,102,484	3,132,246	-	151,084	20,385,814
Property payments in cash	209,775	25,000	-	31,135	265,910
Effect of foreign exchange	-	-	-	(14,737)	(14,737)
Balance at June 30, 2020	17,312,259	3,157,246	-	167,482	20,636,987

The amounts capitalized during the year ended June 30, 2020 consisted mostly of lease payments of \$209,775 related to the Copperwood Project and \$25,000 related to the White Pine North Project.

During the year ended June 30, 2019, the Company capitalized lease payments of \$220,252 and finance expense of \$6,387,013. At June 30, 2019, the Company also wrote-down the full amount capitalized on the UPX Property of \$18,010,770, as it did not plan to conduct any work on this property in the near future. Capitalized finance expenses included \$132,500 related to the final amount due of \$1,000,000 to Orvana for the acquisition of the Copperwood Project, which were paid in May 2019. The Company also recorded an accretion of \$6,254,513 of the non-interest-bearing promissory note in favor of RTX to its face value of \$15.0 million following the default of the Company for non-payment of the amount of \$3.0 million which was due on May 30, 2019. Following the occurrence and continuance of the event of default, the full amount of the promissory note in favor of RTX became payable on demand.

Exploration and evaluation expenses charged to the statements of comprehensive loss during the years ended June 30, 2020 and 2019 are detailed below.

	Copperwood Project	White Pine Project	UPX Project	Year ended June 30, 2020 Total	Year ended June 30, 2019 Total
	\$	\$	\$	\$	\$
Labour	98,756	79,952	3,063	181,771	1,474,815
Studies	20,102	371,660	-	391,762	338,828
Assaying	-	-	-	-	40,973
Office, overhead and other administrative costs	46,468	142,697	24,866	214,031	555,603
	165,326	594,309	27,929	787,564	2,410,219

Results for the year ended June 30, 2020 compared to year ended June 30, 2019

The Company incurred a net loss of \$4,371,338 (\$0.01 per share) during the year ended June 30, 2020 ("FY 2020") compared to a net loss of \$22,155,581 (\$0.05 per share) during the year ended June 30, 2019 ("FY 2019"). As part of the net loss during FY 2020, the Company recorded finance expense of \$2,385,385 (\$219,908 in FY 2019) composed mostly of interest of \$1,407,183 on the Note due to RTX (\$128,068 in FY 2019) and the effective interest expense of \$952,141 on the Loan due to Osisko and Greenstone (\$71,528 in FY 2019). Other significant items included exploration and evaluation expenses of \$787,564 (\$2,410,219 in FY 2019), management and administration expenses of \$978,320 (\$1,359,322 in FY 2019) and an unrealized loss on foreign exchange of \$107,049 (an unrealized gain on foreign exchange of \$46,823 in FY 2019) mostly due to the conversion of the Loan to Canadian dollars. In FY 2019, the Company had recorded an impairment of the UPX Property in the amount of \$18,010,770. Given the Company's financial condition as more fully described in the *Financial Condition* section, the Company does not plan to conduct any work on this property in the near future and as result has written-down to nil at June 30, 2019 the value of the UPX Property. The amount of \$18,010,770 represents the cost of the property acquired in 2017 from RTX.

The Company incurred exploration and evaluation expenses of \$787,564 in FY 2020 compared to \$2,410,219 in FY 2019. In FY 2020, expenses consisted mostly of fees related to the completion of the PEA on the White Pine Project and maintaining the tailings facilities at the former White Pine site. In FY 2019, a total amount of \$1,272,275 was spent at Copperwood with efforts focused on ensuring that all amendment requests, renewals and new applications concerning the grant of permits were completed and filed in a timely manner; an amount of \$436,168 was spent at the White Pine Project, mostly related to maintaining the tailings facilities at the former White Pine site; and an amount of \$701,776 was spent at the UPX Property as it continued its systematic review and compilation of significant historical data obtained with the acquisition of the UPX Property in 2017.

Management and administration expenses of \$978,320 in FY 2020 compared to \$1,359,322 in FY 2019 reflect lower wages and fees to consultants following the reduction in wages of certain officers and the reduction of personnel at the corporate office (wages and fees of \$614,105 in FY 2020 compared to \$946,300 in FY 2019), lower professional fees due mostly to reduced legal fees (\$158,197 in FY 2020 compared to \$191,879 in FY 2019), higher office costs due to increased insurance premiums (\$143,545 during FY 2020 compared to \$107,345 in 2019), reduced investor relations and travel expenses mostly due to negative market conditions for copper projects and taking into account the Company's financial condition (\$40,872 in FY 2020 compared to \$85,161 in FY 2019) and lower reporting issuer costs (\$21,601 in FY 2020 compared to \$28,637 in FY 2019).

Share-based compensation totaled \$27,646 in FY 2020 (\$168,612 in FY 2019) as the Company has not granted any stock options since May 2018.

4th quarter ended June 30, 2020 compared to the 4th quarter ended June 30, 2019

During the 4th quarter ended June 30, 2020, the Company incurred a net loss of \$647,037 (nil per share) compared to a net loss of \$18,581,306 (\$0.04 per share) during the 4th quarter ended June 30, 2019, which amount included an impairment charge of the UPX Property in the amount of \$18,070,770.

As part of the net loss during the 4th quarter ended June 30, 2020, the Company recorded finance expense of \$561,504 (\$84,162 during the comparative period in 2019) on the Note due to RTX and the Loan due to Greenstone and Osisko. Other significant items included lower exploration and evaluation expenses of \$107,340 (\$324,053 in 2019) following the suspension of all

activities in Michigan in mid-year 2019, management and administration expenses of \$186,951 (\$185,517 in 2019) and an unrealized gain on foreign exchange of \$232,130 (an unrealized gain on foreign exchange of \$58,311 in FY 2019) due to the conversion of the Loan to Canadian dollars.

Selected Quarterly Financial Information

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

Period ended	Revenues	Net loss	Basic and diluted loss per share
	\$	\$	\$
June 30, 2020 (a)	-	647,037	(0.00)
March 31, 2020 (b)	847	1,386,660	(0.00)
December 31, 2019 (c)	1,526	1,042,933	(0.00)
September 30, 2019 (d)	3,061	1,294,708	(0.00)
June 30, 2019 (e)	1,697	18,581,306	(0.04)
March 31, 2019	625	877,703	(0.00)
December 31, 2018	3,929	1,037,350	(0.00)
September 30, 2018	12,754	1,659,222	(0.00)

(a) Includes exploration expenses of \$107,340 and finance expenses of \$561,504

(b) Includes exploration expenses of \$109,031 and finance expenses of \$604,905

(c) Includes exploration expenses of \$188,545 and finance expenses of \$612,804

(d) Includes exploration expenses of \$382,647 and finance expenses of \$561,504

(e) Includes an impairment of \$18,010,770 of the UPX Property

Liquidity and Capital Resources

At June 30, 2020, the Company had a working capital deficiency of \$22,321,872 compared to a working capital deficiency of \$17,992,199 at June 30, 2019. The increase in the working capital deficiency during the year ended June 30, 2020 is mainly attributable to i) exploration and evaluation expenses of \$787,564 ; ii) management and administration expenses of \$978,320; iii) lease payments of \$265,910 related to the Copperwood Project and other mineral leases held; iv) the recording of accrued interest of \$1,407,183 on the promissory note of \$15,000,000 million in favour of RTX and accrued interest and loan accretion of \$952,141 on the \$4.500,000 Loan Agreement described below.

On May 20, 2019, the Company entered into a Loan Agreement with two of its then shareholders, Greenstone and Osisko (collectively, the "Lenders"), which are deemed to have significant influence over the Company. Under the terms of the Loan Agreement, the Lenders agreed to provide the Company with a loan of up to \$4,500,000 (the "Principal Amount"). The proceeds of the final drawdown under the Loan Agreement were received by the Company in February 2020. On September 4, 2020, pursuant to an amendment to the Loan Agreement, Osisko made available to the Company an additional amount of \$500,000 increasing the total indebtedness under the Loan Agreement to \$5,000,000 plus accrued interest. The loan bears interest at a rate of 12% per annum and following a number of amendments to this effect, now has a maturity date of October 31, 2020 (the "Maturity Date"). The funds under the Loan Agreement were disbursed in a number of tranches pursuant to an approved budget,

including the settlement of certain outstanding liabilities, expenses to conduct a scoping study on the White Pine North Project and expenses to conduct a strategic review process. The Principal Amount of the loan as well as accrued interest are payable at the latest on the Maturity Date of the loan.

On May 28, 2018, the Company and Orvana amended the repayment terms of the final amount due of \$1,250,000 and as such, a payment of \$250,000 was made on June 17, 2018 and the remaining amount of \$1,000,000 with interest of \$112,500 and penalty of \$20,000 were paid on May 28, 2019.

The Company requires additional funds to reimburse the loan to the Lenders, to meet all existing commitments (including the Note of \$16.5 million due to RTX), to complete the acquisition of White Pine (including an amount of approximately \$1.7 million to replace the current environmental financial assurance bond), to pay all its service providers and employees, and to provide for management and administration expenses for the next 12 months.

In July 2019, the Company engaged BMO Nesbitt Burns Inc. to act as financial advisor to the Company to review all funding options available to it, including the sale of assets, the issuance of securities, a merger or other type of arrangement or a combination of assets or entities. However, given the state of the capital markets for exploration and development companies such as Highland, there is no assurance that additional funds will be available or available on terms acceptable to the Company or that the Company will be able to complete a strategic transaction.

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, 2020, managed capital was \$19,696,571 (\$19,951,931 at June 30, 2019). There were no changes in the Company's approach to capital management during the year ended June 30, 2020. The Company is not subject to any externally imposed capital requirements as at June 30, 2020.

Off-Balance Sheet Arrangements

As at June 30, 2020, the Company has no off-balance sheet arrangements.

Transactions with Related Parties

In addition to the Loan Agreement with two of the then Company's shareholders described in the *Liquidity and Capital Resources* section, during the year ended June 30, 2020, the Company incurred administration expenses of \$77,241 from Reunion Gold Corporation ("**Reunion**"), a related party by virtue of common key management and director (\$76,858 in 2019).

During the year ended June 30, 2020, the Company recovered an amount of nil for management services provided to other TSXV-listed companies, related by virtue of common key management, including Odyssey Resources Limited and Reunion (\$169,753 in 2019). The services are provided at cost.

As at June 30, 2020, the Company had an amount payable of \$38,859 to Reunion (\$33,610 at June 30, 2019).

Remuneration to directors and key management of the Company, including the Executive Chairman, the President and CEO and the CFO, totaled \$509,772 during the year ended June 30, 2020 (\$668,301 in 2019), as more fully detailed in Note 21 to the June 30, 2020 and 2019 consolidated financial statements filed on SEDAR.

Outstanding Share Data

As at October 27, 2020, the Company has 472,933,689 common shares issued and outstanding and 8,675,000 stock options outstanding with an average exercise price of \$0.12, expiring at various dates until October 2022.

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, except for the adoption of IFRS 16, *Leases* and IFRIC 23, *Uncertainty Over Income Tax Treatments*, described below. The significant accounting policies of Highland are presented in Note 4 to the June 30, 2020 and 2019 consolidated financial statements filed on SEDAR.

Changes in accounting policies

Adoption of IFRS 16, Leases

On July 1, 2019, the Company adopted IFRS 16, *Leases* ("IFRS 16") using the modified retrospective approach for transition. As a result, comparative information has not been restated. IFRS 16 replaces IAS 17, *Leases* ("IAS 17"), and related interpretations. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as was required by IAS 17 and, instead, introduces a single lessee accounting model. All leases result in the lessee obtaining the right to use an asset at the start of the lease and incurring a financing obligation corresponding to the lease payments to be made over time. The main impact of IFRS 16 to the Company's consolidated financial statements relates to office and warehouse space leases. As at July 1, 2019, the Company recognized a right-of-use assets of \$58,183 included in capital assets with a corresponding amount to lease liabilities, measured at the Company's incremental borrowing rate of 20%. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period. The right-of-use assets are amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

Adoption of IFRIC 23, Uncertainty Over Income Tax Treatments

On July 1, 2019, the Company adopted IFRIC 23, *Uncertainty Over Income Tax Treatments* ("IFRIC 23"). IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses the following issues: that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty; that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information; that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the

treatment; that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and that the judgments and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgments. The adoption of IFRIC 23 had no impact on the consolidated financial statements for the year ended June 30, 2020.

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, environmental liability and going concern. Details of the significant accounting judgments and estimates are presented in Note 4 to the June 30, 2020 and 2019 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, currency risk, credit risk and interest rate 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 does not expect to receive revenues from operations in the foreseeable future, if at all. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required for continued operations through future financings or sale of assets.

The following table summarizes the contractual maturities of the Company's financial liabilities at June 30, 2020:

	Carrying amount	Settlement amount	Within 1 year	2 years	Over 2 years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	916,939	916,939	916,939	-	-
Lease liabilities	9,446	12,500	12,500	-	-
Credit facility	5,006,142	5,036,630	5,036,630	-	-
Note payable	55,000	56,640	56,640	-	-
Promissory note	16,535,251	16,535,251	16,535,251	-	-
	22,522,778	22,557,960	22,557,960	-	-

Credit risk

Credit risk is the risk that the Company will incur losses due to the non-payment of contractual obligations by third parties. The Company is exposed to credit risk with respect to cash and cash equivalents which are 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 due to RTX. The Company's current policy on its cash balances is to invest excess cash in guaranteed investment certificates or interest-bearing accounts with a major Canadian-based chartered bank. The Company regularly monitors compliance to its cash management policy. Cash and the promissory note are subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would affect profit or loss by approximately \$164,000.

The loan from Osisko and Greenstone and the note payable to the lessor of certain mineral rights located in White Pine, Michigan, issued at fixed rates, expose the Company to the risk of variability in fair value due to changes in market interest rates. A 1% increase or decrease in the interest rate at the reporting date would have the effect to either increase or decrease the fair value of these financial instruments and the equity by \$50,000 as at June 30, 2020 (\$27,000 as at June 30, 2019).

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 dollar. The consolidated entity does not presently enter into hedging arrangements to hedge its currency risk. All foreign currency transactions are entered into at spot rates. 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, 2020, financial assets and liabilities denominated in a foreign currency consisted of cash of \$107,538, accounts payable and accrued liabilities of \$37,685, and credit facility of \$5,006,142. The impact on profit or loss of a 10% increase or decrease in the US dollar against the Canadian dollar would be approximately \$494,000.

OTHER RISKS AND UNCERTAINTIES

Highland 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 Highland's overall operations and financial condition and could materially affect the value of Highland'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 Highland could be facing. Additional risks or uncertainties not presently known to Highland or that Highland currently considers immaterial may also impair its business operations. Highland 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 Highland to achieve its plans and objectives is dependent on its ability to raise sufficient amounts of capital through equity financings, debt financings, joint venture, sale of projects and / or other means.

Highland requires substantial amount of funds to continue its activities including funds: a) to repay the loan to Osisko and Greenstone (\$5,006,142 due in capital and interest as at June 30, 2020), b) for the development of its Copperwood Project and to place it into commercial production; if adequate financing is not available, the construction of the Copperwood mine and the commencement of production may be delayed indefinitely; c) to complete the acquisition of the White Pine Project, Highland requires funds to replace an environmental bond posted by CRC in relation with the remediation and closure plan of the historical White Pine mine site; if adequate financing is not available, the acquisition of the White Pine Project may be delayed or not be completed; d) to repay the outstanding secured promissory note and to conduct exploration programs on its UPX Property; if adequate financing is not available, RTX may demand payment of the \$15.0 million plus interest due under the Note and given the Company's inability to pay such amount, RTX may initiate legal proceedings to demand the full payment of the Note and enforce its securities over the UPX Property; and e) for general and administrative expenses.

Highland's ability to raise the necessary funds depends in part upon the market's perception of its mineral projects including the results of the Copperwood Feasibility Study and of the White Pine PEA, the price of and demand for copper and other metals, the state of the capital market to finance resource projects and global market conditions in general. No assurance can be given that additional capital will be available at all or available on terms acceptable to Highland.

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 several members of the Company's management have mine construction and operating experience, as a corporation, Highland does not have any experience in taking a mining project to production; as a result, Highland'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. Highland has taken steps to verify title with respect to its most material mineral properties. Although Highland believes that title to its mineral properties are in good standing there is no guarantee that title to such properties will not be challenged or impugned.
- Highland'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 Highland 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 property which is subject to a consent decree; as part of the acquisition of White Pine, the Company will have to assume certain environmental responsibilities and risks related to the closure of the former White Pine Mine which Highland may be unable or choose not to insure.
- The executive officers, directors, and several shareholders of the Company (including Orion and Greenstone) and their affiliated entities together beneficially own a majority of the Company'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 approval by our shareholders, 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 Highland 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. If qualified people and services or expertise cannot be obtained in Michigan, Highland may need to seek and obtain those services from people located outside of these areas, which will 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, 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.
- Title to mineral rights and surface rights may be disputed.
- 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.
- Necessary permits to operate may not be granted or may be granted later than anticipated.
- 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 our expectations or beliefs regarding future events. Forward-looking statements include, but are not limited to: statements with respect to: the result of the strategic review process and the funding requirement; the Company’s ability to repay its debts; the estimation of mineral resources and mineral reserves; the timing and cost of the construction of the mine; the timing and amount of estimated future production, costs of production and capital expenditures; and statements with respect to the acquisition of the White Pine Project, the result of the discussion with RTX with respect to the Note; 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 our 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, uncertainties and risks related to the acquisition of the White Pine Project, 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 our actual results, performance or achievements to differ materially from those described in our forward-looking statements, there may be other factors that cause our results, performance or achievements not to be as anticipated, estimated or intended.

There can be no assurance that our forward-looking statements will prove to be accurate, as our actual results, performance or achievements could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on our 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 27, 2020. 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).