

HIGHLAND COPPER COMPANY INC.

**MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS FOR THE
YEAR ENDED JUNE 30, 2021**

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 26, 2021, covers the years ended June 30, 2021 and 2020 and should be read in conjunction with the audited consolidated financial statements and related notes at June 30, 2021 and 2020 (the "June 30, 2021 and 2020 consolidated financial statements"). The June 30, 2021 and 2020 consolidated financial statements have been prepared in accordance with International Financial Reporting 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 assets are **Copperwood**, a feasibility stage copper project, and **White Pine North**, an advance-stage copper project, both located in the Upper Peninsula region of the State of Michigan, USA.

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 26, 2021, 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.

HIGHLIGHTS

Subsequent to the June 30, 2021 year-end

- On August 27, 2021 and September 9, 2021, the Company completed a non-brokered private placement (the "**Offering**") for total gross proceeds of Can \$26,342,993.
- On August 27, 2021, the Company settled an amount of \$6,337,704 due to Osisko Gold Royalties Ltd ("**Osisko**") and Greenstone pursuant to a May 2019 secured loan agreement and amendments (the "**Credit Facility**").
- On August 27, 2021, the Company completed the sale of its mineral exploration project referred to as the UPX Property, acquired in May 2017 from Kennecott Exploration Company and Rio Tinto Nickel Company ("**RTX**"), through the sale of all of the issued and outstanding shares of UPX Minerals Inc. ("**UPX Minerals**"), an indirect wholly-owned subsidiary of Highland, to Sweetwater Royalties ("**Sweetwater**"), an entity owned by Orion, in exchange for a cash consideration of \$3 million and the assumption by Sweetwater of the remaining amount due under a promissory note in favor of RTX.
- On August 27, 2021, concurrently with the transactions described above, long-time director David Fennell has stepped down in his executive role but remains as chairman of the board of directors of the Company (the "**Board**" or the "**Board of Directors**") until the next annual general meeting of the Company to be held in December 2021.

- On July 27, 2021, the Company completed the acquisition of the White Pine North Project in Michigan from Copper Range Company (“**CRC**”), a wholly-owned subsidiary of First Quantum Minerals Inc. As part of the transaction with CRC, the Company has assumed environmental liabilities and obligations related to the former White Pine mine site. To that end, the Company has provided a certificate of deposit in the amount of \$1,676,149 for the benefit of the Michigan Department of Environment, Great Lakes and Energy (“**EGLE**”) as financial assurance for the performance of environmental obligations associated with the remediation and closure plan of the former White Pine mine site.

During the financial year ended June 30, 2021

- On June 29, 2021, Osisko exercised a portion of its option to purchase a 100% net smelter return (“**NSR**”) royalty on future silver production from the Company's projects and paid an initial amount of \$3 million to the Company. As consideration, the Company granted to Osisko a 3/26th NSR royalty on future silver production from the Copperwood and White Pine North projects.
- On September 4, 2020, an additional amount of \$500,000 was made available to the Company under the Credit Facility.
- The Company realized net income of \$17.7 million in 2021 (\$0.04 per share) compared to a net loss of \$4.4 million in 2020 (\$0.01 per share); net income in 2021 includes the reversal of a previous write-down of exploration and evaluation assets related to the UPX Property in the amount of \$18.0 million and a gain of \$2.996 million related to Osisko's partial exercise of its option to purchase a 100% NSR royalty on future silver production from the Company's projects.

All projects were on care and maintenance during the financial year 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; no salaries and fees were paid to officers and directors of the Company during the last completed financial year.

OUTLOOK

Following the completion of the Offering and transactions described in the *Highlights* section above, the Company is debt free and has a working capital of approximately \$15.0 million at the date of this MD&A.

The Company has initiated an update of the feasibility study on its Copperwood Project which was completed in 2018 taking into account various factors including current market prices for metals, for the purchase of equipment, supplies and consumables and for labor rates. The Company has retained the services of G Mining Services Inc. (“**GMSI**”), a Canadian mining consultancy firm, targeting to complete the updated feasibility study by April 2022. The Company is aiming to initiate construction activities at the Copperwood Project during the summer of 2022 but its ability to do so will depend in part on the results of the updated feasibility study, the price of and demand for copper, the state of the capital market to finance the construction costs, global market conditions in general, availability of personnel, and other factors described in the *Other Risks and Uncertainties* section.

At the White Pine North Project, the Company plans to initiate baseline environmental studies over the coming months.

The Company estimates that the current working capital will be sufficient: (i) to complete the update of the 2018 Copperwood Feasibility Study, (ii) to initiate baseline environmental studies at the White Pine North Project and (iii) to provide for management and administration expenses for at least the next 12 months.

PRIVATE PLACEMENT

The Company completed the Offering in two tranches, on August 27 and September 9, 2021, resulting in total gross proceeds of Can \$26,342,993. The Offering consisted of the issuance of 263,429,930 units ("Units") at a price of Can \$0.10 per Unit. 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 Can \$0.18 per common share until August 27, 2023. In connection with the completion of the Offering, the Company paid finder's fees in the aggregate amount of Can \$104,500.

Certain insiders of the Company acquired Units in the Offering, including Orion who acquired 62,310,000 Units and Greenstone who acquired 36,635,620 Units, after which they respectively own approximately 27.7% and 15.9% of the common shares of the Company.

SETTLEMENT OF LOAN FROM OSISKO AND GREENSTONE

On May 20, 2019, the Company entered into a Credit Facility with Osisko and Greenstone (collectively, the "Lenders"). Under the terms of the Credit Facility, the Lenders agreed to provide the Company with a loan of up to \$4,500,000, which amount was disbursed in a number of tranches until February 2020. On September 4, 2020, pursuant to an amendment to the Credit Facility, Osisko made available to the Company an additional amount of \$500,000 increasing the total indebtedness under the Credit Facility to \$5,000,000 plus accrued interest. The loan, which was secured by a mortgage on the Copperwood property and a general security agreement over all the assets of the Company, bore interest at a rate of 12% per annum. The maturity date of the loan was extended on several occasions, but after October 31, 2020, the loan as well as accrued interest were payable on demand.

The amount of the loan and accrued interest for a total amount of \$6,337,704 were settled on August 27, 2021 using a portion of the proceeds of the Offering described in the *Private Placement* section and the mortgage and other securities were discharged.

ACQUISITION OF THE WHITE PINE NORTH PROJECT

On May 13, 2014 (the interim closing date), the Company acquired from CRC all rights, title and interest (including mineral rights and real properties) comprising the White Pine North Project. 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 was subject to several conditions including releasing CRC from environmental obligations associated with the remediation and closure plan of the former White Pine mine site and replacing the related environmental bond.

On July 27, 2021, the Company completed the acquisition of the White Pine North Project. As part of the transaction with CRC (as seller), White Pine Copper LLC ("WPC"), a wholly-owned subsidiary of Highland, has assumed the environmental obligations concerning the White Pine mining facility formerly operated by CRC. In addition, WPC has provided a certificate of deposit in

the amount of \$1,676,149 for the benefit of EGLE as financial assurance for the performance of environmental obligations associated with the remediation and closure plan of the former White Pine mine site.

SALE OF THE UPX PROPERTY

On May 30, 2017, UPX Minerals had acquired from RTX, mineral properties located in central Upper Peninsula of Michigan (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, May 30, 2020 and May 30, 2021. At June 30, 2021, the unpaid portion of the Note totaled \$15,000,000 plus accrued interest at the default rate of Libor plus 8% for an additional amount due of \$2,754,189.

On August 27, 2021, the Company completed the sale of all of the issued and outstanding shares of UPX Minerals to Sweetwater for a cash consideration of \$3.0 million and the assumption by Sweetwater of the \$15 million principal amount and accrued interest owing under the Note. Highland was also released from its guarantee to repay amounts owing under the Note. As a result of this transaction, and in accordance with IFRS, the Company has reversed a previous write-off of exploration and evaluation assets related to the UPX Property in the amount of approximately \$18.0 million, as reflected in its June 30, 2021 and 2020 consolidated financial statements.

ROYALTY AGREEMENTS WITH OSISKO

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 (other than silver) produced from the mineral rights and leases associated with the Copperwood Project (the "**Copperwood NSR Royalty**"). The June 2016 amendment also 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 (the "**WP NSR Royalty**"), and the Copperwood NSR Royalty 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**").

On June 29, 2021, the Company entered into an agreement with Osisko (the "**2021 Osisko Agreement**") which modified the terms and conditions of the exercise of the Silver Option Royalty. Pursuant to the 2021 Osisko Agreement, Osisko has exercised a portion of its Silver Option Royalty on future production from the Copperwood and White Pine North projects and paid the Company an initial amount of \$3 million (the "**Initial Payment**"). The Company has granted Osisko, as consideration for the Initial Payment, a 3/26th NSR royalty on future silver production from the Copperwood Project. Following the acquisition of the White Pine North Project on July 27, 2021, the Company granted to Osisko a 3/26th NSR royalty on future silver production from the White Pine North Project. 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.

To secure the payment of future royalties, 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 Highland's subsidiaries. A mortgage will also be recorded on the White Pine North properties.

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 as part of the 2021 Osisko Agreement, Osisko is entitled to nominate up to two individuals as directors of the Company. The second nominee may be nominated by Osisko following the payment of the remaining \$23 million from the Silver Option Royalty.

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 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 GMSI was completed in June 2018 and 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 5.5 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, including an amendment to the Mining Permit originally granted in 2012, approved by EGLE in December 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 from EGLE 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 1.5% NSR royalty on all metals produced (other than silver) and a 3/26th NSR royalty on silver production from the Copperwood Project are payable to Osisko, as described further in the *Royalty Agreements with Osisko* section.

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. CRC had acquired the original White Pine mine in 1937. 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.

In June 2019, the Company retained the services of GMSI to prepare a preliminary economic assessment ("**PEA**") and a mineral resource estimate for the White Pine North Project. The mineral resource estimate and results of the PEA were released on September 23, 2019. The technical report supporting the results was prepared pursuant to NI 43-101 and is available on SEDAR and 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.

MINERAL LEASE AGREEMENT, WHITE PINE, MICHIGAN

In April 2015, the Company entered into an a 20-year lease agreement, with an option for an additional five years, for certain mineral rights located in White Pine, Michigan. In connection thereto, an amount of \$575,000 was paid to the lessor over a period of four years until December 31, 2020. The lease agreement also calls for annual lease payments of \$30,000 in 2021 (payment made) and 2022. From 2023 and thereafter, annual lease payments of \$1,000,000 will be due as advance royalty payments. The base NSR royalty payable on production from the leased mineral rights are 2% for copper and 2.5% for silver.

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

Planned restructuring of the Board and Management

The Company, following the completion of the first tranche of the private placement and the sale of UPX to Sweetwater, has agreed with Orion, its most significant shareholder, to add qualified independent directors to its Board of Directors. The Company anticipates ultimately increasing its Board to seven members, of whom a majority are expected to be independent. In addition, the Company anticipates expanding its management team to address increased activity levels at the Copperwood and White Pine North projects.

On August 27, 2021, concurrently with the completion of the first tranche of the private placement and the sale of UPX, long-time director David Fennell agreed to step down as Executive Chairman and to remain on the Board as an outside director until the next annual general meeting of the Company to be held on December 15, 2021. Jean Desrosiers and John Johnson will also not stand for re-election. Osisko intends to exercise its right to nominate one individual to stand for election as director. The Company has initiated a search for additional directors to strengthen and diversify the Company's Board of Directors.

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, 2021 and 2020 consolidated financial statements.

Financial Position	June 30, 2021	June 30, 2020
	\$	\$
Cash	2,982,600	164,327
Exploration and evaluation assets	38,740,479	20,636,987
Total assets	41,791,395	20,889,107
Credit Facility, including accrued interest	6,218,415	5,006,142
Note payable	-	55,000
Promissory Note, including accrued interest	17,754,189	16,535,251
Shareholders' equity (deficit)	15,307,674	(1,899,822)

Comprehensive Income (Loss)	Year ended June 30, 2021	Year ended June 30, 2020	Year ended June 30, 2019
	\$	\$	\$
Net income (loss) for the year	17,679,781	(4,371,338)	(22,155,581)
Basic and diluted earnings (loss) per share	0.04	(0.01)	(0.05)

Cash Flows	Year ended June 30, 2021	Year ended June 30, 2020	Year ended June 30, 2019
Operating activities	(386,342)	(1,809,294)	(4,029,635)
Investing activities	2,742,725	(172,744)	(323,373)
Financing activities	432,463	1,578,448	1,476,917

1) *The Selected Consolidated Financial Information was derived from the Company's June 30, 2021 and 2020 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, 2021 and 2020.

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	Other properties	Total
	\$	\$	\$	\$	\$
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
Property payments in cash	227,275	30,000	-	-	257,275
Sale of a silver royalty	(1,500)	(1,950)	-	-	(3,450)
Reversal of write-down	-	-	18,010,077	-	18,010,077
Write-down	-	-	-	(197,904)	(197,904)
Effect of foreign exchange	-	7,072	-	30,422	37,494
Balance at June 30, 2021	17,538,034	3,192,368	18,010,077	-	38,740,479

The amounts capitalized during the year ended June 30, 2021 consisted of lease payments of \$227,275 related to the Copperwood Project and \$30,000 related to the White Pine North Project. In accordance with the 2021 Osisko Agreement described in the *Royalty Agreements with Osisko* section, the Company received on June 29, 2021 an initial payment of \$3,000,000 from Osisko. This payment was accounted for as a sale of a portion of the Copperwood and White Pine North projects and as such, an amount of \$3,450 reduced the carrying amounts of the Copperwood and White Pine North projects with the difference accounted for as a gain on disposal of exploration and evaluation assets. As a result of the sale of the UPX Property (described in the *Sale of UPX Property* section), the Company reversed a previous write-down of exploration and evaluation assets related to the UPX Property, in the amount of \$18,010,077. On April 22, 2021, the Company received a lease termination notice for the non-payment of the December 2020 rental fee, related to an exploration property located in the Upper Peninsula, Michigan, on which the Company had conducted minimal work in the past. Consequently, the Company has written off the amount of \$197,904 in exploration and evaluation assets related to this mineral lease.

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.

Exploration and evaluation expenses charged to the statements of comprehensive loss during the years ended June 30, 2021 and 2020 are detailed below.

	Copperwood Project	White Pine North Project	Other projects	Year ended June 30, 2021 Total	Year ended June 30, 2020 Total
	\$	\$	\$	\$	\$
Labour	35,874	58,804	(4,510)	90,168	181,771
Studies	7,393	84,332	-	91,725	174,323
Contractors	-	207,176	-	207,176	217,439
Office, overhead and other administrative costs	54,742	94,680	51,626	201,048	212,806
Loss on sale of capital assets	-	-	-	-	1,225
	98,009	444,992	47,116	590,117	787,564

Results for the year ended June 30, 2021 compared to year ended June 30, 2020

The Company realized net income of \$17,679,781 (\$0.04 per share) during the year ended June 30, 2021 ("FY 2021") compared to a net loss of \$4,371,338 (\$0.01 per share) during the year ended June 30, 2020 ("FY 2020"). Net income in FY 2021 included the reversal of a previous write-down of exploration and evaluation assets related to the UPX Property in the amount of \$18,010,077 and a gain of \$2,996,550 on the partial disposal of exploration and evaluation assets related to the Copperwood and White Pine North projects, following Osisko's exercise of a portion of its option to purchase a 100% NSR on future silver production from these projects. As part of net income during FY 2021, the Company recorded finance expense of \$2,031,082 (\$2,385,385 in FY 2020) composed mostly of interest of \$1,218,938 on the Note due to RTX (\$1,407,183 in FY 2020) and the interest expense of \$807,007 on the loan due to Osisko and Greenstone under the Credit Facility (\$952,141 in FY 2020). Other significant items included exploration and evaluation expenses of \$590,117 (\$787,564 in FY 2020), management and administration expenses of \$1,005,129 (\$978,320 in FY 2020) and a gain on foreign exchange of \$527,315 (a loss on foreign exchange of \$107,049 in FY 2020) mostly due to the conversion of the loan due to Osisko and Greenstone to Canadian dollars.

The Company incurred exploration and evaluation expenses of \$590,117 in FY 2021 compared to \$787,564 in FY 2020. In FY 2021, expenses consisted mostly of fees related to the completion of an environmental site assessment relating to the final closing of the White Pine North acquisition and maintenance costs related to the former White Pine mine site. In FY 2020, expenses consisted mostly of fees related to the completion of the PEA on the White Pine North Project and the maintenance costs at the former White Pine mine site.

Management and administration expenses of \$1,005,129 in FY 2021 compared to \$978,320 in FY 2020 reflect mostly additional fees of \$52,000 to independent directors of the Company for services performed as members of a special committee put in place to review potential strategic transactions in 2019 and 2020 (wages and fees of \$687,727 in FY 2021 compared to \$614,105 in FY 2020), higher professional fees due mostly to higher legal fees resulting from the completion of the 2021 Osisko Agreement, and the advancement of work required to complete the final closing of the acquisition of the White Pine North Project and the sale of UPX (\$184,333 in FY 2021 compared to \$158,197 in FY 2020), lower office costs due to reduced office rental charges (\$102,730 during FY 2021 compared to \$143,545 in 2019), reduced investor relations and travel expenses mostly due to travel restrictions resulting from the COVID-19 pandemic and the Company's financial condition (\$2,111 in FY 2021 compared to \$40,872 in FY 2020) and higher reporting issuer costs (\$28,228 in FY 2021 compared to \$21,601 in FY 2020).

Share-based compensation totaled nil in FY 2021 (\$27,646 in FY 2020) as the Company has not granted any stock options since May 2018.

On April 22, 2021, the Company received a lease termination notice for the non-payment of the rental amount that was due in December 2020 on a mineral property under lease since December 2012; consequently, the Company wrote-off the full amount of \$197,904 in exploration and evaluation assets that had been capitalized for this mineral property.

4th quarter ended June 30, 2021 compared to the 4th quarter ended June 30, 2020

During the 4th quarter ended June 30, 2021, the Company realized net income of \$20,160,998 (\$0.04 per share) compared to a net loss of \$647,037 (nil per share) during the 4th quarter ended June 30, 2020. Net income during the 4th quarter ended June 30, 2021 included the reversal of a previous write-down of exploration and evaluation assets related to the UPX Property in the amount of \$18,010,077. Also, in June 2021, Osisko exercised a portion of its option to purchase a 100% NSR on future silver production from the Company's projects and paid at that time an amount of \$3,000,000. This payment was accounted for as a sale of a portion of the Copperwood and White Pine North projects and as such, an amount of \$3,450 reduced the carrying amount of these projects with the difference of \$2,996,550 accounted for as a gain on disposal of exploration and evaluation assets.

During the 4th quarter ended June 30, 2021, the Company also recorded finance expenses of \$375,518 (\$561,504 during the comparative period in 2020) on the Note due to RTX and the loan due to Greenstone and Osisko. Other significant items included exploration and evaluation expenses of \$92,130 (\$107,341 in 2020), management and administration expenses of \$268,585 (\$186,951 in 2020) and a gain on foreign exchange of \$91,852 (a gain on foreign exchange of \$232,130 in FY 2020) mostly due to the conversion of the loan due to Osisko and Greenstone 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 income (loss)	Basic and diluted earnings (loss) per share
	\$	\$	\$
June 30, 2021 (a)	-	20,160,998	0.01
March 31, 2021 (b)	-	(844,542)	(0.00)
December 31, 2020 (c)	-	(717,757)	(0.00)
September 30, 2020 (d)	-	(918,918)	(0.00)
June 30, 2020 (e)	-	(647,037)	(0.00)
March 31, 2020 (f)	847	(1,386,660)	(0.00)
December 31, 2019 (g)	1,526	(1,042,933)	(0.00)
September 30, 2019 (h)	3,061	(1,294,708)	(0.00)

- (a) Includes the reversal of a previous write-down of exploration and evaluation assets related to the UPX Property in the amount of \$18,010,077, 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.
- (b) Includes exploration expenses of \$115,376 and finance expenses of \$534,094
- (c) Includes exploration expenses of \$201,298 and finance expenses of \$571,046
- (d) Includes exploration expenses of \$181,31 and finance expenses of \$550,425
- (e) Includes exploration expenses of \$107,341 and finance expenses of \$561,504
- (f) Includes exploration expenses of \$109,031 and finance expenses of \$604,905
- (g) Includes exploration expenses of \$188,545 and finance expenses of \$612,804
- (h) Includes exploration expenses of \$382,647 and finance expenses of \$561,504

Liquidity and Capital Resources

At June 30, 2021, the Company had a working capital deficiency of \$23,187,976 compared to a working capital deficiency of \$22,321,872 at June 30, 2020. The increase in the working capital deficiency during the year ended June 30, 2021 is mainly attributable to i) exploration and evaluation expenses of \$590,117; ii) management and administration expenses of \$1,005,129; iii) lease payments of \$257,275 related to the Copperwood and White Pine North projects; iv) the recording of accrued interest of \$1,218,938 on the Note of \$15,000,000 million in favour of RTX and accrued interest and loan accretion of \$807,007 on the \$5,000,000 Credit Facility described below; partially offset by the proceeds of \$3,000,000 received from Osisko in June 2021 following the partial exercise by Osisko of its option to purchase a 100% NSR on future silver production from the Company's projects.

On May 20, 2019, the Company entered into a Credit Facility with Greenstone and Osisko (collectively, the "**Lenders**"). Under the terms of the Credit Facility, 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 Credit Facility were received by the Company in February 2020. On September 4, 2020, pursuant to an amendment to the Credit Facility, Osisko made available to the Company an additional amount of \$500,000 increasing the total indebtedness under the Credit Facility to \$5,000,000 plus accrued interest. The loan bears interest at a rate of 12% per annum and since October 31, 2020, the loan as well as accrued interest were payable on demand.

Subsequent to June 30, 2021, the Company completed a non-brokered private placement for total gross proceeds of Can \$26.3 million, completed the sale of UPX Minerals to Sweetwater for a cash consideration of \$3 million and the assumption by Sweetwater of the \$15 million principal amount plus accrued interest owing to RTX, and settled the amount of \$6.3 million due to Osisko and Greenstone under the Credit Facility, resulting in the Company being debt-free with a working capital of approximately \$15.0 million as of the date of this MD&A.

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 mineral projects, adding value to these projects and ultimately taking them to production or obtaining sufficient proceeds from their disposal. As at June 30, 2021, managed capital was \$39,280,278 (\$19,696,571 at June 30, 2020).

There were no changes in the Company's approach to capital management during the year ended June 30, 2021. The Company is not subject to any externally imposed capital requirements as at June 30, 2021.

Off-Balance Sheet Arrangements

As at June 30, 2021, the Company has no off-balance sheet arrangements.

Transactions with Related Parties

In addition to the Credit Facility with two of the then Company's shareholders described in the *Liquidity and Capital Resources* section, during the year ended June 30, 2021, the Company incurred administration expenses of \$64,287 from Reunion Gold Corporation ("**Reunion**"), a related party by virtue of common key management and director (\$77,241 in 2020). As at June 30, 2021, the Company had an amount payable of \$126,051 to Reunion (\$38,859 at June 30, 2020).

Remuneration to directors and key management of the Company, including the Executive Chairman, the President and CEO and the CFO, totaled \$560,233 during the year ended June 30, 2021 (\$509,772 in 2020), as more fully detailed in Note 19 to the June 30, 2021 and 2020 consolidated financial statements filed on SEDAR.

The sale of UPX Minerals to Sweetwater, an affiliate of Orion, as described in the *Sale of the UPX Property* section and the participation of insiders in the Offering as described in the *Private Placement* section are related party transactions that occurred after the year ended June 30, 2021.

Outstanding Share Data

As at October 26, 2021, the Company has 736,363,619 common shares issued and outstanding, 131,714,965 share purchase warrants exercisable at a price of Can \$0.18 per share until August 27, 2023 and 7,525,000 stock options outstanding with an average exercise price of Can \$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. The significant accounting policies of Highland are presented in Note 3 to the June 30, 2021 and 2020 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 and going concern. Details of the significant accounting judgments and estimates are presented in Note 3 to the June 30, 2021 and 2020 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, 2021:

	Carrying amount	Settlement amount	Within 1 year	2 years	Over 2 years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	2,236,842	2,236,842	2,236,842	-	-
Credit facility (a)	6,218,415	6,218,415	6,218,415	-	-
Promissory note (b)	17,754,189	17,754,189	17,754,189	-	-
	26,209,446	26,209,446	26,209,446	-	-

(a) This amount was settled on August 27, 2021 concurrent with the closing of the private placement described in the *Private Placement* section.

(b) As described in the *Sale of UPX Property* section, the Note was assumed by Sweetwater as part of the sale of UPX Minerals to Sweetwater on August 27, 2021.

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 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 \$148,000.

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 \$62,000 as at June 30, 2021 (\$50,000 as at June 30, 2020).

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, 2021, financial assets and liabilities denominated in a foreign currency consisted of cash of \$1,274,152, accounts payable and accrued liabilities of \$315,699, and credit facility of \$6,218,415. The impact on profit or loss of a 10% increase or decrease in the US dollar against the Canadian dollar would be approximately \$525,000.

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, 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 26, 2021. 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).