



# Management's Discussion and Analysis

For the three months ended  
September 30, 2024

In US dollars

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **For the three months ended September 30, 2024**

This management discussion and analysis ("MD&A") of financial position and results of operations of Highland Copper Company Inc. ("Highland" or the "Company") is prepared as of November 25, 2024 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended September 30, 2024, the audited consolidated financial statements for the year ended June 30, 2024 and the MD&A for the year ended June 30, 2024, including the section describing risks and uncertainties.

The Company reports its financial position, results of operations and cash flows in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in US dollars unless otherwise indicated. Additional information relevant to the Company's activities can be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website, [www.highlandcopper.com](http://www.highlandcopper.com).

### **DESCRIPTION OF BUSINESS**

Highland and its subsidiaries are engaged in the acquisition, exploration, and development of mineral properties. The Company's principal projects are Copperwood, a feasibility stage copper project, and White Pine North (34% interest), an advanced exploration stage copper project, both located in the Upper Peninsula region (the "U.P.") of the State of Michigan, USA. Copperwood is anticipated to produce approximately 30,000 tons of copper per year for 11 years, with potential upside from the inferred tonnage<sup>1</sup>. Copperwood is permitted for site development and operation. White Pine North is a joint project with Kinterra Copper USA, LLC ("Kinterra"), who is also the operator of the project. White Pine North is anticipated to produce approximately 42,000 tons of copper per year for more than 20 years<sup>2</sup>.

Highland is a Canadian-based company, incorporated under the *Business Corporations Act (British Columbia)* in 2006. Highland's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "HI" and on the OTCQB Venture Marketplace (the "OTCQB") under the symbol "HDRSF". As of September 30, 2024, the Company has 736,363,619 common shares issued and outstanding. Orion Resource Partners, Condire Investors LLC, and Greenstone Resources II LP hold respectively 27.7%, 16.2% and 15.9% of the Company's issued and outstanding common shares.

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

<sup>2</sup> See the NI 43-101 technical report entitled "Preliminary Economic Assessment White Pine North Project Michigan, USA" with an issue date of September 7, 2023, prepared for the Company by G Mining Services Inc. and available on SEDAR+, for the assumptions, risks and analysis underlying anticipated production at the White Pine North Project.

## HIGHLIGHTS DURING THE THREE MONTHS ENDED SEPTEMBER 30, 2024

### Copperwood Project (“Copperwood”)

- Copperwood has substantially completed all obligated early site work as of the date of the MD&A, maintaining key permits in good standing.
- In September 2024, Highland announced the appointment of Dr. Wynand van Dyk as Project Director for Copperwood. Preparation for detailed engineering is underway.
- During the quarter, the Company signed a letter of intent with the Michigan Building and Construction Trades Council reflecting the collective goal to sign a Project Labor Agreement.

### White Pine North Project (“White Pine North” or “White Pine”)

- Subsequent to quarter-end, White Pine has completed its summer drilling program consisting of approximately 14,200 metres for metallurgical and geotechnical samples. The drilling locations are largely infill with respect to the Measured and Indicated resource.
- Multiple key environmental baselining studies have been completed through the summer as preparation for permit submission continues.
- Engineering trade-offs are underway with respect to mining method, process flow sheet and tailings storage facilities as White Pine prepares for engineering studies.

### Corporate Activities

- During the three months ended September 30, 2024, the Company issued 9,825,000 incentive stock options, 2,244,242 Restricted Share Units and 1,812,500 Deferred Share Units to directors, executive officers and employees of the Company. The options are exercisable at an exercise price of \$0.12 per share for a period of up to five years and will vest as to one third immediately and one third on each of the first and second anniversary of the grant. The Restricted Share Units and Deferred Share Units will vest as to one third on each of the first, second and third anniversary of the grant.
- The Company realized a net loss of \$7.0 million for the three months ended September 30, 2024 (\$0.01 per share) compared to net income of \$34.3 million, mainly from the disposition of 66% of White Pine, during the comparative period in 2023 (\$0.05 per share).
- As at September 30, 2024, the Company had working capital (total current assets less total current liabilities) of \$15.6 million.

## PROJECT OVERVIEW AND UPDATES

### Copperwood Project

The Copperwood project is Highland's 100%-owned, fully-permitted copper project in the Upper Peninsula, Michigan, USA. The Copperwood Project Feasibility Study issued in April 2023 demonstrated a project producing 64.6 million pounds of copper annually (approximately 30 thousand tonnes) over an initial 11-year mine life. Notably, the project has significant leverage to copper price and multiple opportunities to improve project economics, particularly converting its significant inferred resource (which is excluded from Feasibility Study economics).

Table 1 – Metal Price Sensitivities – After-Tax Results<sup>1</sup>

Cu Price (\$/lb)	NPV 0% (\$M)	NPV 8% (\$M)	IRR (%)	Payback (years)
5.00	1,013	507	33.4	2.0
4.50	729	333	25.6	2.5
4.25	587	246	21.4	2.9
4.00	456	168	17.6	3.5
3.75	308	75	12.4	4.4

<sup>1</sup> Source: Technical report entitled "Feasibility Study Update Copperwood Project Michigan, USA" with an effective date of March 6, 2023 prepared for Highland by G Mining Services available at [www.sedarplus.ca](http://www.sedarplus.ca) (the "Copperwood Technical Report").

During the quarter ended September 30, 2024, the Company continued to execute on its path to a near-term construction decision at Copperwood:

#### *Early Site Work*

As of the date of this report, the Company has substantially completed its early site work program on site as required by its Wetlands and Streams Permit. This program includes partial site clearing, in addition to the construction of mitigating wetland areas and site stream diversion structures.

At the Gipsy Creek wetland creation site, the Company has constructed a multi-celled wetland that will expand to cover 14.3 acres. In addition, on-site stream channels have been relocated around future major project infrastructure, creating natural stream corridors and wetland pockets. These projects will be permanently protected by conservation easements, encompassing a total of 18.3 acres of newly created emergent wetlands and approximately 13,700 lineal feet (4.18 km) of newly constructed stream. The Company will complete the on-site work with landscaping and tree planting in 2025. The work completed on site has allowed Highland to establish an operating presence, demonstrate strong environmental stewardship and strengthen relationships with local authorities and stakeholders.



Figure 1: Stream diversion with in-stream structures



Figure 2: Stream diversion maturing with natural growth



Figure 3: Newly created wetland designed for native biodiversity to thrive



Figure 4: Wetland creation with anti-erosion structures

Off-site at Bluff Creek, the Company will be replacing a multi-culvert stream crossing with a single-span crossing to significantly enhance fish and wildlife passage. The off-site work is planned to be completed by July 2025.

The substantial completion of this site work satisfies key obligations under the Wetland and Streams Permit. Highland is currently renewing the Part 55 Air Permit, which we expect to complete by Q1 2025.

#### *Application for Government Grant*

In January 2024, the Michigan Economic Development Corporation proposed a \$50 million performance-based grant from the Strategic Site Readiness Program to assist with infrastructure expenditure at the Copperwood Project. The Michigan Strategic Fund (the “MSF”) and Michigan House Appropriations Committee approved the grant in March 2024 and June 2024, respectively. Per Michigan state law, the House approval of the grant funds expires on November 29, 2024, being 60 days after the state’s fiscal year-end. As a matter of procedure, appropriation of the grant funds will require legislative re-approval from the Michigan House Appropriations Committee, along with other appropriations similarly impacted. The grant is also pending approval by the Michigan Senate Appropriations Committee. Highland continues to educate the committee on the merits of the project. The Copperwood project has been endorsed by 22 local municipalities, counties and townships, in addition to the approvals already received from the MSF and House Appropriations Committee for the grant.

#### *Construction Team and Detailed Engineering*

In September 2024, Highland appointed Dr. Wynand van Dyk as the Project Director for the Copperwood project. Dr. van Dyk is a senior executive with 30 years of experience in mining, metallurgy and capital projects at De Beers, Hatch, Lonmin Platinum, and Itafos in addition to consulting engagements for numerous senior producers. Dr. van Dyk’s scale of experience will support Copperwood as it advances to final project design and development.

Since Dr. van Dyk’s appointment, Highland has initiated bidding for key detailed engineering work packages including box cut engineering, mine engineering, process plant engineering, water management and tailings disposal facility engineering, in addition to internal work on the site power plan. This engineering is critical to both derisk and optimize Copperwood’s design, as well as support due diligence during project financing. Highland will adopt a phased approach to engineering with the initial step of finalizing design criteria for key work packages and assessing key opportunities to improve the project. Of particular note, Highland may consider the applicability of ultrafine flotation technology to improve recoveries.

#### *Union Engagement*

During the quarter ended September 30, 2024, Highland signed a letter of intent with the Michigan Building and Construction Trades Council reflecting the collective goal to sign a Project Labor Agreement. This agreement would assure construction work on Copperwood proceeds economically, efficiently, safely, without interruption, and with due consideration for the protection of labor standards, wages, and working conditions in Michigan. Highland has received a formal letter of support from all unions represented by both the Michigan Building and Construction Trades Council and the Upper Peninsula Construction Council.

## **White Pine North Project**

The White Pine North project is the Company's 34%-owned brownfield copper project which is also located in the Upper Peninsula, Michigan, USA. White Pine North has a Preliminary Economic Assessment<sup>3</sup> issued in September 2023 demonstrating a 22-year mine life with average annual payable copper production of 93.5 million pounds (approximately 42 thousand tonnes).

During the quarter ended September 30, 2024, while Highland focused on the Copperwood project, its partner Kinterra, who owns 66% of the White Pine North project, applied its technical and financial strength to advance White Pine:

### *Drilling Programs*

In January 2024, White Pine concluded a winter drill program of 10 holes or approximately 6,600 metres. The primary goal of the drill program was to collect ore samples for geotechnical and metallurgical testing to support further engineering studies. In October 2024, White Pine completed a second drill program of 14 holes, or approximately 14,200 metres, including 28 wedges. At the conclusion of the drill programs, sufficient metallurgical and geotechnical samples have been collected to support key engineering studies. A resource update is planned for the first half of 2025 which will include infill holes from the second drill program.

### *Test work and Engineering Trade-offs*

Geotechnical test work is continuing on samples collected to date. Engineering trade-off studies are also underway to evaluate mining methods, mine access options, and material handling systems. Metallurgical test work has been initiated with the main objective of developing a flowsheet to maximize metal recovery. It primarily consists of grinding and flotation test work on multiple variability samples.

### *Environmental Baselineing*

Environmental baseline studies have been completed for surface water flow and water quality monitoring, groundwater elevation and water quality monitoring, aquatic habitat, threatened and endangered species, wetlands and streams, wildlife habitat, and archaeological and cultural surveys. Environmental baselineing will continue through 2025. This baselineing is a key initial step to support permit applications.

### *Kinterra Loan*

Highland is funding its share of expenditures on White Pine by drawing down on the loan facility provided by Kinterra. As of September 30, 2024, Highland has a loan outstanding of \$5.6 million.

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<sup>3</sup> The preliminary economic assessment is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Information regarding the basis for the preliminary economic assessment and the qualifications and assumptions relied upon, are set out in detail in the report entitled Preliminary Economic Assessment, White Pine North Project, Michigan, USA" dated September 7, 2023 available under Highland's profile on SEDAR+ (the "White Pine Technical Report").

## **OUTLOOK**

For the upcoming quarter, the Company will continue to proactively advance Copperwood toward a construction decision. The key strategic initiatives to support the advancement include:

- Successfully completing the early site mitigation work;
- Continue to derisk the project in high priority areas;
- Securing state funding;
- Preparing for detailed engineering.

At White Pine, we will continue to work alongside the project operator, Kinterra, in advancing the White Pine North project through permitting and feasibility study.

## **SCIENTIFIC AND TECHNICAL INFORMATION**

The scientific and technical information related to Highland's mineral properties set out in this MD&A has been reviewed and approved by Dr. Wynand van Dyk, a qualified person as defined in NI 43-101.

## SELECTED QUARTERLY INFORMATION

The following table provides information for the eight fiscal quarters ended September 30, 2024:

	<b>September 30, 2024</b>	<b>June 30, 2024</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Exploration and evaluation expenditures	\$ 3,243,405	\$ 1,541,989	\$ 248,435	\$ 3,211,949
Net loss	6,955,985	3,396,497	1,870,105	4,873,235
Loss per share - basic and diluted	0.01	0.00	0.00	0.01

  

	<b>September 30, 2023</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Exploration and evaluation expenditures	\$ 4,745,834	1,272,006	1,615,948	1,167,075
Net (income) loss	(34,336,957)	2,259,526	2,130,147	1,906,474
(Income) loss per share - basic and diluted	(0.05)	0.01	0.01	0.00

The changes in the Company's financial results on a quarter-by-quarter basis are primarily due to fluctuations in the activity level of the Company's exploration and evaluation programs, project acquisitions, and corporate functions. The Company is a mineral exploration and development company and does not currently generate operating revenue. The net income of \$34.3 million in the quarter ended September 30, 2023 was primarily due to the gain on sale of controlling interest in White Pine of \$39.5 million.

The exploration and evaluation expenditures for the quarters ended September and June 30, 2024, and December 31 and September 30, 2023, included costs relating to the early site work conducted at the Copperwood Project required for the Wetlands and Streams Permit. The first phase of the work was completed in the fall of 2023. No site work was carried out during the winter months. The Company re-initiated the second and final phase of the stream and wetland mitigation work in May 2024. Except for the Bluff Creek off-site stream mitigation project, landscaping, and tree planting to be completed in spring 2025, Copperwood has substantially completed all obligated early site work as of the date of the MD&A.

## RESULTS OF OPERATIONS

Results of operations for the three months ended September 30, 2024 (“Q1 2025”) compared to the three months ended September 30, 2023 (“Q1 2024”) are as follows:

	Three months ended September 30,	
	2024	2023
Exploration and evaluation	\$ 3,243,405	\$ 4,745,834
Management and administration	650,666	776,505
Depreciation and amortization	-	640
Share-based compensation	320,675	96,157
Gain on sale of controlling interest in White Pine	-	(39,521,720)
Accretion on environmental liability	23,454	-
Share of loss in associates	2,855,287	83,025
Finance income	(252,651)	(73,798)
Interest expense	103,369	-
Loss (gain) on foreign exchange	11,780	(443,600)
<b>Net (loss) income for the period</b>	<b>\$ (6,955,985)</b>	<b>\$ 34,336,957</b>

### *Exploration and evaluation expenditures*

Exploration and evaluation expenditures decreased by \$1.5 million in Q1 2025 compared to Q1 2024. The Company initiated the early site work in Q1 2024, the activities included earthworks, excavation and logging to impact the stream and wetland, also to prepare site for the required mitigation work. Intensive earthworks was carried out in Q1 2024 and does not need to be repeated during Q1 2025 construction season, contributing to the decrease in exploration and evaluation expenditures in current quarter.

### *Management and administration*

Management and administration expenditures decreased by \$0.1 million in Q1 2025 compared to Q1 2024 primarily due to a decrease in professional fees and travel.

### *Share-based compensation*

Share-based compensation increased by \$0.2 million in Q1 2025 compared to Q1 2024 due to new stock options, Restricted Share Units (“RSU’s”) and Deferred Share Units (“DSU’s”) granted to the Company’s directors and employees during the current quarter.

### *Gain on sale of controlling interest in White Pine*

In the quarter ended September 30, 2023, the Company completed the sale of a controlling interest in White Pine Copper, LLC to its partner Kinterra, resulting in a gain of \$39,521,720 for the period.

### *Share of loss in associates*

The Company accounts for its 34% interest in the White Pine North Project using the equity method. The amount recognized as ‘share of loss in associate’ for the period represents the Company’s share of White

Pine's loss incurred during Q1 2025. The increase in the current quarter compared to the same quarter last year is primarily due to increased exploration activities, including a drilling campaign at White Pine in the current quarter.

#### *Finance income*

Finance income represents interest earned on the Company's cash and cash equivalents. The increase in finance income during Q1 2025 compared to same period last year is a result of higher interest rate and higher cash and cash equivalent balances during the three months ended September 30, 2024.

#### *Interest Expense on Kinterra Loan*

Kinterra has provided the Company an unsecured loan to satisfy the Company's pro rata expenditure for the Initial Program at White Pine North. The unsecured loan is subject to an interest rate of 10%, compounded annually from the date of each advance, and matures on July 24, 2026. In the same period last year, the Company did not have any loan outstanding.

### **FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

As of September 30, 2024, the Company had working capital (total current assets less total current liabilities) of \$15,567,565 compared to \$19,328,726 as at June 30, 2024. The decrease in working capital during the three months ended September 30, 2024, is mainly attributable to the funding of the early site work at the Copperwood Project and corporate activities. The Company had total assets and total non-current liabilities of \$55,947,832 and \$9,858,037 as at September 30, 2024 compared to \$58,625,096 and \$5,915,942 as at June 30, 2024. The Company had operating cash outflow of \$3,315,350 in the three months ended September 30, 2024, compared to a cash outflow of \$4,484,732 for three months ended September 30, 2023. The decrease is mainly due to lower exploration and evaluation expenditures incurred in Q1 2025 compared to same period last year.

The Company will continue to fund its portion of the White Pine North Project by drawing on the unsecured loan provided by its partner Kinterra.

The Company currently has no source of operating cash flow. Continuance as a going concern is dependent upon the Company's ability to obtain adequate equity or debt financing, or, alternatively, dispose of its non-core properties on an advantageous basis, among other things. While the Company has been successful in the past in obtaining financing for its operations, there is no assurance that it will be able to obtain adequate financing in the future, and as a result, a material uncertainty exists that casts significant doubt about the Company's ability to continue as a going concern.

### **CAPITAL MANAGEMENT**

The Company's properties are in the exploration and evaluation stage and, as a result, the Company currently has no source of operating cash flows. The Company intends to raise such funds as and when required to complete the exploration and development of its projects. The only sources of other future funds presently available to the Company are through the sale of equity capital of the Company, the sale by the Company of an interest in any of its properties in whole or in part or loans. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as on its business performance. There can be no assurance that the Company will be

successful in its efforts to arrange additional financing on terms satisfactory to the Company in reasonable terms. There were no changes in the Company's approach to capital management during the quarter ended September 30, 2024. The Company is not subject to any externally imposed capital requirements as at September 30, 2024.

#### **OFF BALANCE-SHEET ARRANGEMENTS**

During the period ending September 30, 2024, the Company was not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, capital expenditures, liquidity, or capital resources of the Company.

#### **RELATED PARTY TRANSACTIONS**

Key management personnel are people responsible for planning, directing, and controlling the activities of the Company, including directors and officers. For the three months ended September 30, 2024 and 2023, key management compensation comprises:

		<b>Three months ended</b>	
		<b>September 30</b>	
		<b>2024</b>	<b>2023</b>
Salaries, fees, bonuses, and termination payments	\$	<b>416,113</b>	\$ 178,949
Share-based compensation		<b>314,505</b>	96,157
	<b>\$</b>	<b>730,618</b>	<b>\$ 275,106</b>

#### **PROPOSED TRANSACTIONS**

There are no proposed transactions that have not been disclosed herein.

#### **OUTSTANDING SHARE DATA**

As of the date of this MD&A, the Company has 736,363,619 common shares, 41,063,891 stock options, 1,562,500 Deferred Share Units and 2,244,242 Restricted Share Units outstanding.

#### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company is exposed to risks that arise from its use of financial instruments. The Company's exposures to financial risk and how the Company manages each of those risks are described in the Company's MD&A as well as in note 17 of the financial statements for the year ended June 30, 2024. There were no significant changes to the Company's exposure to those risks or to the Company's management of its risk exposures during the three months ended September 30, 2024.

#### **RISKS AND UNCERTAINTIES**

The Company is engaged in the acquisition, exploration, evaluation, and development of mineral projects which, by nature, are speculative. Due to the high-risk nature of the Company's business and the present stage of the Company's various projects, an investment in the Company's common shares should be considered a highly speculative investment that involves significant financial risks, and prospective investors should carefully consider all of the information disclosed in this MD&A and the Company's

other public disclosures, including the risks disclosed in the “Risks and Uncertainties” section of the Company’s MD&A for the year ended June 30, 2024 prior to making any investment in the Company’s common shares. The risks disclosed in the “Risks and Uncertainties” section of the Company’s MD&A for the year ended June 30, 2024 do not necessarily comprise all the risks faced by the Company. Additional risks not currently known to the Company, or that the Company currently considers immaterial, may also adversely affect the Company’s business, result of operations, financial results, prospects, and price of common shares.

#### **CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION**

This MD&A contains “forward-looking information” within the meaning of Canadian securities legislation and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking statements”). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect expectations or beliefs of the Company’s management regarding future events. Forward-looking statements include but are not limited to statements with respect to: (i) the anticipated final approval of the Michigan Strategic Fund grant by the Michigan Senate Appropriations Committee; (ii) the Company’s ongoing and proposed activities at Copperwood, including the anticipated completion of 2025 early site work program, final project design and development and completion of the various initiatives aimed at advancing Copperwood toward a construction decision; (iii) the Company’s intentions to sign a Project Labor Agreement with the Michigan Building and Construction Trades Council and the anticipated terms and benefits of such agreement; (iv) the estimation of mineral resources and mineral reserves at the Company’s mineral projects; (v) the ongoing and anticipated activities at White Pine North, including plans with respect to continuing geotechnical and metallurgical test work, environmental baselining, the timing and completion of a resource update at White Pine and the potential completion of a feasibility study at White Pine; (vi) continued funding of the Company’s portion of the White Pine project; (vii) the Company’s intention to raise additional funds as and when required to complete the exploration and development of its projects, and (viii) the Company’s other 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: (i) the Company’s ability to raise capital necessary to maintain and to advance its mineral projects; (ii) advancement to a construction decision at Copperwood being subject to additional studies, for which the Company will require additional funds which may not be available on a timely basis and could accordingly delay a construction decision; (iii) there being no assurance that the Michigan Senate Appropriations Committee will approve the Michigan Strategic Fund grant, and any such approval may be subject to conditions; (iv) the Company will be

required to repay the loan facility from Kinterra in July 2026 or will have its interest at White Pine diluted; (v) risks related to the volatility in future prices of copper and other metals which may have a negative impact on the Company's share price or ability to raise funds capital; (vi) the accuracy of mineral resource and mineral reserve estimates, and any inaccuracy of the assumptions used in preparing the Copperwood Feasibility Study and the White Pine North PEA; (vii) increased operating and capital costs which could negatively impact not only the Company's operations, but also the results of the Copperwood Feasibility Study and the White Pine North PEA; (viii) the impact of inflation on project costs and budgets for 2025 and beyond; (ix) changes to governmental regulations, compliance with governmental regulations and environmental laws and regulations; (x) reliance on approvals and permits from governmental authorities and the ability of the Company to maintain state permits for Copperwood, or for the White Pine project to obtain necessary permits at White Pine; (xi) challenges to title to the Company's mineral properties; (xii) the ability of the Company to maintain its social license to operate; (xiii) dependence on key management and operating personnel; (xiv) competition in the mining industry; (xv) the inability of the Company to insure against all risks; and (xvi) risks normally associated with the conduct of joint ventures or joint operations; and (xvii) inherent risks involved in the exploration, development and production of minerals, and the presence of unknown geological and other physical and environmental hazards at the Company's projects; as well as those factors detailed from time to time in the Company's interim and annual financial statements and MD&A, the Copperwood Feasibility Study and the White Pine North PEA, and the Company's Annual Information Form for the year ended June 30, 2024, all of which are, or will be, filed and available for review under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Although the Company has attempted to identify important factors that could cause actual results, performance, or achievements to differ materially from those described in these forward-looking statements, there may be other factors that cause results, performance, or achievements not to be as anticipated, estimated or intended.

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

#### **CAUTIONARY NOTE TO U.S. INVESTORS CONCERNING RESOURCE ESTIMATES**

The resource estimates and other technical disclosure in this MD&A were prepared in accordance with National Instrument 43-101 adopted by the Canadian Securities Administrators ("NI 43-101") and the 2014 CIM Standards. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Highland is not required to provide disclosure on its mineral properties in the form required by the United States Securities and Exchange Commission (the "SEC") as Highland is presently a "foreign issuer" under the U.S. Exchange Act. Accordingly, United States investors are cautioned that the disclosure Highland provides on its mineral properties in this MD&A and under its continuous disclosure obligations in Canada may be different from the disclosure that Highland would otherwise be required to provide as a U.S. domestic issuer.

United States investors are cautioned that while terms used under the SEC rules are "substantially similar" to CIM Definitions, there are differences in the definitions.

There is no assurance any resources and reserves that Highland reports as "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" and "proven mineral

reserves” and “probable mineral reserves” under NI 43-101 would be the same had Highland prepared these estimates under the standards adopted by the SEC.

United States investors are also cautioned that while the SEC now recognizes “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources”, investors should not assume that any part or all the mineral deposits in these categories will ever be converted into a higher category of mineral resources or into mineral reserves. Mineralization described by these terms has a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. Investors are cautioned not to assume that any “measured mineral resources”, “indicated mineral resources”, or “inferred mineral resources” that we report in this MD&A are or will be economically or legally mineable.

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