



**Highland
Copper**

Management's Discussion and Analysis

**For the three and six months ended
December 31, 2025**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended December 31, 2025

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 February 19, 2026 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six months ended December 31, 2025, the audited consolidated financial statements for the year ended June 30, 2025 and the MD&A for the year ended June 30, 2025, 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. All amounts are expressed in US dollars unless otherwise indicated. Additional information relevant to the Company's activities can be found on SEDAR+ at www.sedarplus.ca and on the Company's website, www.highlandcopper.com.

DESCRIPTION OF BUSINESS

Highland and its subsidiaries are engaged in the acquisition, exploration, and development of mineral properties. The Company's principal projects are Copperwood, a feasibility stage copper project, and White Pine North ("White Pine") (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 tonnage¹. Copperwood is permitted for site development and operation. White Pine is a joint project with Kinterra Copper USA, LLC ("Kinterra"), who is also the operator of the project. White Pine is anticipated to produce approximately 42,000 tons of copper per year for more than 20 years².

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 December 31, 2025, the Company has 738,188,122 common shares issued and outstanding. Orion Resource Partners and Condire Investors LLC hold respectively 27.7% and 16.2% of the Company's issued and outstanding common shares.

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

² 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 Project.

HIGHLIGHTS DURING THE THREE MONTHS ENDED DECEMBER 31, 2025

During the three months ended December 31, 2025, Highland Copper continued to advance its 100%-owned, fully permitted Copperwood Project toward a 2026 construction decision. Following the completion of Phase 1 engineering, the Company is progressing detailed engineering to a 40% completion target to support project financing due diligence. In parallel, Highland is pursuing federal funding opportunities to de-risk the project, while simultaneously advancing technical and commercial workstreams for construction readiness and maintaining strong stakeholder support in Michigan's Upper Peninsula.

Copperwood Project ("Copperwood")

- Phase 1 Engineering Completed: On October 15, 2025, the Company announced the completion of Phase 1 engineering, which finalized key design criteria for select components of the mine, process plant, water management systems, and Tailings Disposal Facility ("TDF"), and advanced the assessment of project risks and opportunities through trade-off studies.

White Pine Project

- Engineering studies progressed during the current quarter, including advancement of geotechnical modelling and design criteria, mine planning and scheduling, process design criteria, and site layout optimization. Phase 2 metallurgical test work and flowsheet optimization were completed.
- Environmental baseline reports were received during the quarter. Review and updates are underway, with continued data analysis and advancement of permitting activities.
- Trade-off studies were completed, and the results were incorporated into key design decisions supporting ongoing engineering activities.

Kinterra Transaction

- Signed binding offer for White Pine: On November 25, 2025, the Company entered into a binding offer with Kinterra to sell a 34% interest in White Pine for US\$30 million.
- The transaction reinforces Highland Copper's strategic focus and strengthens its balance sheet by funding corporate and Copperwood activities to support a near-term construction decision, eliminating existing debt, and simplifying the corporate structure for the next phase of development.

Financial Data

- The Company realized a net loss of \$2.9 million for the three months ended December 31, 2025 (\$0.00 per share) compared to net loss of \$3.1 million during the comparative period last year (\$0.00 per share).
- As at December 31, 2025, the Company had negative working capital (total current assets less total current liabilities) of \$6.3 million. The Company has the option to settle the current loans and borrowings of \$10.9 million through a dilution of its interest in White Pine. Subsequent to the quarter end, the Company signed a definitive Membership Interest Purchase Agreement with Kinterra for the sale of the Company's 34% interest in White Pine. Upon closing, a portion of the proceeds is expected to be used to extinguish the existing debt. The White Pine Transaction is anticipated to close in the third quarter.

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 Feasibility Study issued in April 2023 (the "Copperwood Feasibility Study") 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 Results¹

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

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

During the quarter ended December 31, 2025, the Company continued to execute on its path to a near-term construction decision at Copperwood:

On October 15, 2025 the Company announced the completion of Phase 1 detailed engineering ("Phase 1") for the Copperwood Project in Michigan, USA. Phase 1 represented a comprehensive re-evaluation of the project, and in key areas, confirmation of overall project design. The work has delivered meaningful improvements to both the process plant and mine, strengthening the overall project, improving its environmental footprint and advancing Copperwood toward Phase 2 detailed engineering ("Phase 2"). Phase 2 will advance engineering to approximately 35-40%, supporting a potential construction decision and technical due diligence for project financing in 2026. Phase 2 will also update capital and operating costs to reflect inflation and other changes since the Feasibility Study.

Engineering for the process plant and mine was carried out by DRA Americas Inc. ("DRA"). Overall water balance engineering was completed by Foth Infrastructure & Environment, LLC ("Foth") and Tailings Disposal Facility ("TDF") engineering was completed by Tetra Tech.

Process Plant Redesign Highlights

As announced on September 4, 2025, based on the positive results from the 2025 metallurgical test work program, the process plant has been broadly redesigned.

- **Higher Recoveries and Lower Costs:** The redesigned circuit is expected to achieve 87.6% copper recovery at a concentrate grade of 25% copper, while also reducing operating costs through lower power and reagent consumption. Particularly, an optimized reagent scheme reduces

processing costs by approximately \$1.00 per tonne milled. This represents a clear improvement over the 2023 Feasibility Study from a recovery and cost perspective.

- **More Efficient Comminution:** The adoption of an MF2 circuit with a coarser primary grind, a de-sliming stage ahead of the secondary milling and optimized regrind using ISAMill technology, reduces power demand and operating costs while minimizing fine particle losses.
- **Smaller, Smarter Flotation Plant:** The integration of Jameson cell ultrafine flotation technology substantially reduced the overall flotation plant footprint and complexity, lowering capital costs and improving ESG performance.
- **Operational Improvements:** A larger ore storage silo, enhanced pump redundancy and the adoption of a Programmable Logic Controller/Supervisory Control and Data Acquisition (“PLC/SCADA”) control system will improve reliability and align with local expertise.

Collectively, these refinements increase copper recoveries, reduce costs, and de-risk execution while strengthening Copperwood’s operational profile.

Mine Engineering Highlights

Phase 1 mine engineering re-evaluated the mining method, mining equipment and underground ore handling with the goal of reducing technical risk and improving economics.

- **Mining Method:** While the Copperwood Feasibility Study proposes room-and-pillar (“R&P”) mining, Phase 1 evaluated drift-and-fill (“D&F”) in high-grade zones of the ore body. It was identified that D&F could potentially increase mine recoveries from 69% to approximately 94%, extend mine life, and reduce the tailings footprint by using paste backfill. A hybrid approach of D&F in the west and R&P in the east may present an opportunity to improve the economic returns of the project, subject to successful paste test work early in Phase 2 engineering. If paste backfill is determined to be technically viable, Highland will consider other relative merits, including environmental and permitting implications, before considering changing from the R&P mining method for certain areas of the deposit. We are encouraged by the optionality D&F provides and will provide updates on this engineering during Phase 2.
- **Mining Equipment:** During the Phase 1 review, DRA reviewed the productivity assumptions regarding roadheader (continuous miner) utilization, particularly their maneuverability and cycle times. As part of an overall mine plan review early in Phase 2, we will continue to assess the technical and financial merits of roadheaders versus conventional drill-and-blast using jumbos.
- **Underground Ore Handling:** Trade-off studies confirmed conveyors as the preferred option over truck haulage, offering the lowest operating cost, minimal ventilation needs, and long-term scalability. The design also maintains flexibility to adopt battery electric vehicle technology in the future.

Tailings & Water Management Engineering Highlights

An integrated approach between DRA, Foth Infrastructure & Environment, LLC and Tetra Tech, Inc. delivered a more efficient, lower risk plan for tailings deposition and water management.

- **Thickened Tailings:** The addition of a tailings thickener increases solids content to approximately 50% by mass, cutting tailings handling costs, reducing the scale of the tailings disposal facility footprint, and providing for the immediate recycle of more than 80% of process water needs directly back to the plant. Additionally, the TDF will no longer be used for contact water storage, further reducing dam failure risk. Instead, contact water will be managed in a permanent rainwater retention dam, improving safety and aligning with global standards.
- **Underground Tailings Disposal:** Studies indicate that approximately 7.9 Mm³ of thickened tailings could potentially be stored underground, reducing the required surface TDF footprint by approximately 40%. This option will be further assessed in Phase 2 engineering, including environmental and permitting implications.
- **Water Resilience:** Updated water balance modeling confirmed robust water management across a range of climate scenarios, strengthening ESG performance.

White Pine Project

The White Pine project is the Company's 34%-owned brownfield copper project which is also located in the Upper Peninsula, Michigan, USA. White Pine has a Preliminary Economic Assessment³ issued in September 2023 (the "White Pine PEA") demonstrating a 22-year mine life with average annual payable copper production of 93.5 million pounds (approximately 42 thousand tonnes).

While Highland focused on the Copperwood project, its partner Kinterra, who owns 66% of the White Pine project, continued to advance White Pine.

On January 13, 2026, the Company signed a definitive Membership Interest Purchase Agreement with its joint venture partner, Kinterra Copper USA LLC ("Kinterra"), for the sale of the Company's 34% interest in the White Pine North Project ("White Pine") for aggregate consideration of approximately US\$30 million (the "White Pine Transaction").

This transaction represents a significant milestone in optimizing Highland Copper's corporate strategy and strengthening its financial position. The proceeds will fund the Company's planned corporate and Copperwood Project activities, eliminate existing debt, and streamline its overall corporate structure. With a strengthened balance sheet and a clear focus on its 100%-owned, fully permitted Copperwood Project, the Company is well positioned for its next phase of development.

The total consideration consists of US\$18.3 million in cash, net of the outstanding principal and accrued interest on the loan made by Kinterra to the Company's wholly owned subsidiary, Upper Peninsula Copper Holdings Inc., which is expected to total approximately US\$11.7 million at closing. In addition, the parties have agreed to suspend cash calls under the White Pine joint operating agreement. The Company will not be obligated to make cash calls through closing, and any such cash calls will be recorded and allocated between Kinterra and the Company only if the White Pine Transaction does not close.

³ 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").

The divestiture of the Company's non-controlling interest in White Pine delivers several key strategic benefits:

- **Funded Growth:** The net cash proceeds are expected to fund the activities required to advance the Copperwood Project to a construction decision, including necessary detailed engineering and project financing activities.
- **Balance Sheet Enhancement:** The White Pine Transaction will allow the Company to eliminate its existing debt, improving financial flexibility and reducing future interest obligations.
- **Simplified Corporate Structure:** The sale streamlines Highland Copper's asset portfolio, enabling management to focus entirely on advancing Copperwood.

The parties intend to work towards closing of the White Pine Transaction in February 2026, with an outside date of February 27, 2026. Completion of the White Pine Transaction remains subject to customary closing conditions, including approval of the TSX Venture Exchange, as well as the discharge of various security interests held by existing streaming counterparties on White Pine and all requisite third-party consents and releases having been obtained.

Moelis & Company LLC is acting as exclusive financial advisor and McMillan LLP is acting as legal advisor to the Company in connection with the White Pine Transaction.

Kinterra Loan

Highland is funding its share of expenditures on White Pine by drawing down on the loan facility provided by Kinterra. As of December 31, 2025, the outstanding loan balance, including accrued interest, was \$10.9 million.

OUTLOOK

The Company remains committed to proactively advancing the Copperwood Project toward a near-term construction decision, with a continued focus on disciplined execution and long-term value creation for shareholders. Management's priority in 2026 is to further de-risk the project through detailed engineering, strategic funding initiatives, and construction readiness activities, positioning Copperwood for a potential construction decision by the end of 2026 and a transition into execution thereafter.

The Company continues to assess federal funding and financing opportunities, including engagement with U.S. EXIM under the Make More in America Initiative, the U.S. Department of Energy Loan Programs Office under Title 17, and potential funding avenues with the U.S. Department of Defence following the proposal to designate copper as a critical mineral. These initiatives are intended to strengthen the project's financing framework and align Copperwood with broader U.S. supply chain and critical minerals objectives.

Engineering advancement remains central to the 2026 work plan. The Company is undertaking an integrated mine plan review, including evaluation of revised cut-off grades, cost inputs, mining methods and ground support design. The potential applicability of a drift and fill mining method will be assessed, subject to successful demonstration of a competent paste fill. Phase 2 FEED engineering is expected to advance toward approximately 40% completion, with the Tailings Disposal Facility targeted at

approximately 80% completion, providing greater design certainty and updated capital and operating cost estimates reflecting current market conditions. These milestones are intended to support technical due diligence in connection with project financing.

Construction readiness activities will continue in parallel with engineering. Environmental mitigation monitoring, installation of additional groundwater monitoring wells, and regional infrastructure planning are ongoing. The Company is also advancing labour, housing, and workforce planning in Michigan's Upper Peninsula to support a potential construction start in 2027. To further strengthen oversight and execution, Highland is establishing a Technical Committee, appointing an offtake advisor, and initiating the process to appoint a debt finance advisor to support a comprehensive evaluation of available financing sources, including U.S. federal debt, private capital, offtake-linked finance, and traditional bank project finance.

A key corporate objective for early 2026 is the anticipated closing of the White Pine transaction, expected by February 27, 2026. Proceeds are expected to eliminate existing debt, fully fund the 2026 Copperwood work plan, and sharpen the Company's focus on Copperwood as its sole development priority.

Overall, the Company believes that continued progress on engineering, funding initiatives, and site readiness will position Copperwood for a construction decision and the advancement of project financing, marking a significant step toward transitioning from development to execution.

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 National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and an employee of the Company who is the Project Director for the Copperwood Project.

SELECTED QUARTERLY INFORMATION

The following table provides information for the eight fiscal quarters ended December 31, 2025:

| | December 31, 2025 | September 30, 2025 | June 30, 2025 | March 31, 2025 |
|---|----------------------|-----------------------|------------------|-------------------|
| Exploration and evaluation expenditures | \$ 729,944 | \$ 2,289,733 | \$ 2,439,515 | \$ 1,712,648 |
| Net loss | 2,880,333 | 4,134,549 | 3,008,599 | 2,694,492 |
| Loss per share - basic and diluted | 0.00 | 0.01 | 0.00 | 0.00 |

| | December 31, 2024 | September 30, 2024 | June 30, 2024 | March 31, 2024 |
|---|----------------------|-----------------------|------------------|-------------------|
| Exploration and evaluation expenditures | \$ 1,257,563 | 3,243,405 | 1,541,989 | 248,435 |
| Net loss | 3,104,781 | 6,955,985 | 3,396,497 | 1,870,105 |
| Loss per share - basic and diluted | 0.00 | 0.01 | 0.00 | 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 and corporate functions. The Company is a mineral exploration and development company and does not currently generate operating revenue.

Exploration and evaluation expenditures primarily relate to early site work activities and detailed engineering at Copperwood. Early site work was seasonal in nature, with no field activities conducted during the winter months. All obligated early site work was completed in September 2025.

During the quarter ended March 31, 2025, the Company completed a drilling program to collect material for metallurgical testing of ultrafine flotation technology. Front-End Engineering and Design ("FEED") Phase 1 engineering commenced in the same quarter and was completed in September 2025. Following completion of Phase 1 FEED, the Company initiated Phase 2a detailed engineering during the quarter ended December 31, 2025.

RESULTS OF OPERATIONS

Results of operations for the three and six months ended December 31, 2025 compared to the three and six months ended December 31, 2024 are as follows:

| | Three months ended December 31 | | Six months ended December 31, | |
|--|-----------------------------------|-----------------------|----------------------------------|------------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Exploration and evaluation | \$ 729,944 | \$ 1,257,563 | \$ 3,019,677 | \$ 4,500,968 |
| Management and administration | 422,554 | 416,567 | 1,221,434 | 1,067,233 |
| Share-based compensation | 168,269 | 144,056 | 440,453 | 464,731 |
| Re-evaluation adjustment - environmental provision | (10,286) | (123,972) | 4,126 | (100,518) |
| Share of loss in associates | 1,376,590 | 1,429,282 | 1,984,258 | 4,284,569 |
| Finance income | (73,155) | (201,006) | (155,513) | (453,657) |
| Interest expense on Kinterra loan | 258,828 | 168,622 | 497,252 | 271,991 |
| Loss (gain) on foreign exchange | 7,589 | (30,853) | 3,195 | (19,073) |
| Income tax expense | - | 44,522 | - | 44,522 |
| Net loss for the period | \$ (2,880,333) | \$ (3,104,781) | \$ (7,014,882) | \$ (10,060,766) |

Three months ended December 31, 2025 ("Q2 2026") compared to the three months ended December 31, 2024 ("Q2 2025") and six months ended December 31, 2025 ("YTD 2026") compared to the six months ended December 31, 2024 ("YTD 2025")

Exploration and evaluation expenditures

Exploration and evaluation expenditures decreased by \$0.5 million for Q2 2026 compared to the corresponding period in Q2 2025 and by \$1.5 million in YTD 2026 compared to YTD 2025. The decrease was primarily attributable to the completion of early site work, which commenced in Q1 2024 and continued through Q2 2025. Early site activities included earthworks, excavation, and logging associated with stream and wetland impacts, as well as site preparation for required mitigation activities. On-site early site work was completed in September 2025.

The decrease in site mitigation expenditures of \$0.7 million during Q2 2026 was partially offset by increases of \$0.1 million in detailed engineering costs and \$0.1 million in office and other administrative costs. For YTD 2026, the decrease in site mitigation expenditures of \$2.2 million was partially offset by increases of \$0.4 million in detailed engineering costs and \$0.3 million in environment and other administrative costs.

Management and administration

Management and administration expenditures remained consistent for Q2 2026 compared to the corresponding period in Q2 2025 and increased by \$0.2 million for YTD 2026 compared to YTD 2025. The increase for YTD 2026 was primarily attributable to higher investor relations and marketing activities, as well as related travel expenses.

Share-based compensation

Share-based compensation has remained consistent in Q2 2026 and YTD 2026 compared to Q2 2025 and YTD 2025.

Revaluation adjustments of environmental provisions

The Company has recognized an asset retirement obligation related to the early site work. The provisions are revalued at each reporting period. The gain from revaluating environmental provisions in Q2 2026 was primarily due to higher interest rates in current period compared to Q1 2026. Conversely, the loss recognized in YTD 2026 was primarily due to lower interest rates in current period compared to the period ended June 30, 2025.

Share of loss in associates

The Company accounts for its 34% interest in the White Pine Project using the equity method. The share of loss in associate's recognized for the period reflects the Company's proportionate share of White Pine's loss incurred in Q2 2026 and YTD 2026. The decrease in YTD 2026 compared to the same period last year is primarily due to lower drilling and baseline activities at White Pine. White Pine conducted a drilling campaign in Q1 2025 while no drilling activities occurred in Q1 2026.

Finance income

Finance income represents interest earned on the Company's cash and cash equivalents. The decrease in finance income in YTD 2026 and Q2 2026 was primarily due to lower cash balance.

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. 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. The increase in interest expense in YTD 2026 and Q2 2026 compared to same period last year was due to higher loan balance in current period.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2025, the Company had a negative working capital (total current assets less total current liabilities) of \$6,256,353 compared to positive \$8,864,698 as at June 30, 2025. The decrease in working capital during the six months ended December 31, 2025, is mainly attributable to the long term loans and borrowings of \$10,918,231 related to the Kinterra loan becoming a current liability, funding of the early site work and engineering activities for the Copperwood Project, as well as general corporate activities. The Company has the option to settle the loans and borrowings of \$10,918,231 by diluting its interest in White Pine. The Company had total assets and total liabilities of \$44,333,575 and \$13,359,491 as at December 31, 2025 compared to \$50,195,178 and \$12,542,080 as at June 30, 2025. The Company had operating cash outflow of \$4,660,170 for the six months ended December 31, 2025, compared to a cash outflow of \$5,691,234 for six months ended December 31, 2024.

The negative working capital position is primarily attributable to the maturity of the Initial Loan in July

2026, as described in Note 5. The Company may settle the Initial Loan of \$10,918,231 through additional financing or through a dilution of its interest in White Pine, as further described in Note 5 to the financial statements.

On January 13, 2026, the Company entered into a definitive Membership Interest Purchase Agreement with its joint venture partner, Kinterra Copper USA LLC (“Kinterra”), pursuant to which the Company agreed to sell its 34% interest in the White Pine North Project (“White Pine”) for aggregate consideration of approximately US\$30.0 million. Refer to Note 18 to the financial statements for additional details.

The Company is in the exploration and evaluation stage, no revenue nor positive cash flow has yet been generated from its operating activities. The Company has relied upon external financings, primarily through the issuance of equity, exercise of warrants and share options, as well as proceeds from the disposal of exploration and evaluation assets, to fund its operations in the past. While the Company has been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing in the future.

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

The conditions and uncertainties described above indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern. These interim condensed consolidated financial statements do not reflect any adjustments to the carrying values or the classification of assets and liabilities and reported expenses that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

OFF BALANCE-SHEET ARRANGEMENTS

During the period ending December 31, 2025, the Company was not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, capital expenditure, liquidity, or capital resources of the Company.

RELATED PARTY TRANSACTIONS

Key management personnel are people responsible for planning, directing, and controlling the activities of the Company, including directors and officers. For the three and six months ended December 31, 2025 and 2024, key management compensation comprises:

| | Three months ended | | Six months ended | |
|---|---------------------------|-------------------|-------------------------|---------------------|
| | December 31 | | December 31 | |
| | 2025 | 2024 | 2025 | 2024 |
| Salaries, fees, bonuses, and termination payments | \$ 230,437 | \$ 225,265 | \$ 847,457 | \$ 641,378 |
| Share-based compensation | 154,990 | 135,672 | 413,143 | 450,177 |
| | \$ 385,427 | \$ 360,937 | \$ 1,260,600 | \$ 1,091,555 |

PROPOSED TRANSACTIONS

On January 13, 2026, the Company entered into a definitive Membership Interest Purchase Agreement with its joint venture partner, Kinterra Copper USA LLC (“Kinterra”), pursuant to which the Company agreed to sell its 34% interest in the White Pine North Project (“White Pine”). The White Pine Transaction is expected to result in aggregate consideration of approximately US\$30.0 million.

Total consideration includes cash of approximately US\$18.3 million, net of the outstanding principal and accrued interest on a loan advanced by Kinterra to the Company’s wholly owned subsidiary, Upper Peninsula Copper Holdings Inc., which is expected to total approximately US\$11.7 million at closing. In connection with the agreement, the parties have agreed to suspend cash calls under the White Pine joint operating agreement. The Company is not required to fund cash calls through closing; however, if the White Pine Transaction does not close, any suspended cash calls will be recorded and allocated between the Company and Kinterra in accordance with their respective interests.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 738,188,222 common shares, 40,473,939 stock options, 2,970,395 Deferred Share Units and 4,613,037 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, 2025. 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 December 31, 2025.

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, 2025 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, 2025 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) funding requirements to explore and develop the Copperwood project; (ii) the estimation of mineral resources and mineral reserves at the Company's mineral projects; (iii) the timing of a construction decision and cost of the construction of the Copperwood Project; (iv) the timing and completion of the White Pine Transaction and expected use of transaction proceeds; (v) the Company's ongoing and proposed activities at Copperwood and Kinterra's ongoing and anticipated activities at White Pine through the White Pine joint operating company; (vi) the timing of completion of and anticipated results of ongoing studies at Copperwood and White Pine; (vii) the timing of completion of resource updates and a preliminary feasibility study for the White Pine Project; (viii) the potential anticipated continued draw down of the loan facility by the Company to fund its White Pine project commitments; (ix) the potential receipt and timing of federal funding or financing support from U.S. government programs; (x) expected improvements in metallurgical recoveries based on recent test work; (xi) potential changes to mining methods including paste backfill viability and drift-and-fill design at Copperwood; (xii) timing and approval of potential permit amendments at Copperwood; (xiii) anticipated construction start timing; (xiv) expected engineering completion milestones and percentages; and the Company's other plans and objectives, including those under the heading "Outlook".

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document certain forward-looking statements are identified by words including "anticipation", "plan" and "expected".

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to: (i) the Company's ability to raise capital necessary to advance the Copperwood Project; (ii) the risk that the White Pine Transaction does not close; (iii) 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; (iv) 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 PEA; (v) 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 PEA; (vi) the impact of inflation on project costs and budgets for 2026 and beyond; (vii) changes to governmental regulations, compliance with governmental regulations and environmental laws and regulations; (viii) 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; (ix) challenges to title to the Company's mineral properties; (x) the ability of the Company to maintain its social license to operate; (xi) changes in international trade and other relations or increased protectionist policies may affect costs generally, and the Company's ability to operate in a foreign jurisdiction (xii) dependence on key management personnel; (xiii) competition in the mining industry; (xiv) the inability of the Company to insure against all risks; and (xv) inherent risks involved in the exploration, development and production of minerals,

and the presence of unknown geological and other physical and environmental hazards at the Company's projects; as well as those factors detailed from time to time in the Company's interim and annual financial statements and MD&A, the Copperwood Feasibility Study and the White Pine PEA, and the Company's annual information form (if applicable) all of which are, or will be, filed and available for review under the Company's profile on SEDAR+ at www.sedarplus.ca. Although the Company has attempted to identify important factors that could cause actual results, performance, or achievements to differ materially from those described in these forward-looking statements, there may be other factors that cause results, performance, or achievements not to be as anticipated, estimated or intended.

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

CAUTIONARY NOTE TO U.S. INVESTORS CONCERNING RESOURCE ESTIMATES

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

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

There is no assurance any resources and reserves that Highland reports as "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" and "proven mineral reserves" and "probable mineral reserves" under NI 43-101 would be the same had Highland prepared these estimates under the standards adopted by the SEC.

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