

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Highland Resources Inc.
Suite 750 – 580 Hornby Street
Vancouver, B.C. V6C 3B6

Item 2 Date of Material Change

May 4, 2012

Item 3 News Release

Issued in Vancouver, British Columbia on May 4, 2012 and distributed through Stockwatch and Market News.

Item 4 Summary of Material Change

See attached news release.

Item 5 Full Description of Material Change

See attached news release.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

This report is not being filed on a confidential basis.

Item 7 Omitted Information

There are no significant facts required to be disclosed herein which have been omitted.

Item 8 Executive Officer

Contact: Robert Eadie, President & CEO
Telephone: (604) 602-4935

Item 9 Date of Report

May 4, 2012

HIGHLAND RESOURCES INC.

May 4, 2012

Trading Symbol: HI

NEWS RELEASE

Highland Increases Private Placement

Vancouver, B.C. ... **Highland Resources Inc.** (the “Company”) announces that further to its news release of April 20, 2012, it is increasing its non-brokered private placement to 250,000,000 units at \$0.08 per unit for gross proceeds of \$20,000,000. This is an increase over the previously announced private placement of 206,250,000 units totalling \$16,500,000. Each unit is comprised of one common share of the Company and one transferable common share purchase warrant, each warrant exercisable for a period of two years from the date of issue to purchase one common share of the Company at a price of \$0.15 per share.

The warrants are subject to an acceleration clause at the option of the Company, with a provision that if after the expiry of all resale restrictions, the closing price of the Company’s shares on the TSX Venture Exchange is \$0.40 or greater for a period of 20 consecutive trading days, the Company may give notice of an earlier expiry of the Warrants, in which case they will expire 30 days after the giving of such notice.

In addition to working capital, the net proceeds of the private placement will be used to meet the Company’s commitments for acquiring a 65% interest in copper properties located in the Keweenaw and Houghton counties of Michigan. (See news release dated November 1, 2011.)

The private placement is subject to TSX Venture Exchange (the “Exchange”) acceptance and required regulatory approvals. All of the securities issued pursuant to this offering will have a hold period expiring four months after the closing date.

A finder's fee will apply in this transaction in accordance with the policies of the Exchange.

ON BEHALF OF THE BOARD

Signed “Robert Eadie”

Robert Eadie,
President, Chief Executive Officer and Director

FOR FURTHER INFORMATION PLEASE CONTACT:

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Facsimile: 1-604-602-4936

Contact: Robert Eadie

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.