HIGHLAND COPPER COMPANY INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
- QUARTERLY HIGHLIGHTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

*The following management's discussion and analysis - quarterly highlights (**"Interim MD&A"**) of Highland Copper Company Inc. (**"Highland"** or the **"Company"**) for the three months ended March 31, 2022 provides material information about the Company's business activities during the interim period and updates disclosure previously provided in the Company's management's discussion and analysis for the year ended June 30, 2021 (**"Annual MD&A"**).*

*This Interim MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three months ended March 31, 2022 (the "**Interim Financial Statements**"), the Company's audited consolidated financial statements for the years ended June 30, 2021 and 2020 (the "**Annual Financial Statements**") and the Company's Annual MD&A, including the section describing risks and uncertainties. All financial results presented in this Interim MD&A are expressed in US dollars unless otherwise indicated.*

The effective date of this Interim MD&A is May 24, 2022.

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 advanced-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 March 31, 2022, 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 DURING THE THREE MONTHS ENDED March 31, 2022

- During the quarter, we continued work on the updated Feasibility Study which is being undertaken by G Mining Services Inc. ("G Mining"). At March 31, 2022, approximately 90% of the underlying engineering work was completed. We are targeting to complete the updated Feasibility Study, including a development schedule, by June 2022.
- The Company is aiming to initiate construction activities at the Copperwood Project in early 2023, depending in part on the results of the updated Feasibility Study and reigning conditions in the financial and capital markets.
- Year to date, a range of key steps have been taken to prepare Highland Copper for funding and development of our key assets in Michigan. The sale of the Company's exploration assets and an equity raise in the first half of the year facilitated payment of all outstanding corporate debt. Six new Board members were added in December 2021 and we announced the appointment of Barry O'Shea as Highland's Chief Financial Officer in February 2022.
- At White Pine North, the Company plans to initiate baseline environmental studies over the coming months and will consider a conversion drilling program this coming winter. We plan to begin a Feasibility Study in the first half of 2023.

- The Company realized net income loss of $1.5 million during the three months ended March 31, 2022 and a net income loss of $0.7 million for the nine months ended March 31, 2022 (nil per share) compared to a net loss of $0.8 million during the three-month comparative period and a net loss of $2.5 million for the nine-month comparative period in 2021 (nil per share); net income during the 2022 period includes a gain of $2.9 million on the sale of UPX Minerals to Sweetwater.
- Expenditures in three months ended March 31, 2022 relate primarily to the ongoing updated Feasibility Study work for Copperwoood.
- As at March 31, 2022, the Company is debt free, has cash of $14.1 million and working capital of $13.2 million.
- The Company estimates that the current working capital will be sufficient: (i) to complete the update of the 2018 Copperwood Feasibility Study described below, (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.

EXPLORATION AND EVALUATION EXPENSES

The amounts capitalized during the nine months ended March 31, 2022 include a lease payment of $266,025 related to the Copperwood Project and an amount of $593,148 resulting from an increase of the environmental liability related to the White Pine North Project following its final acquisition in July 2021.

Exploration and evaluation expenses charged to earnings during the three months ended March 31, 2022 and 2021 are as follows:

	Copperwood Project	**White Pine Project**	**Other expenses**	**Three months ended Mar 31, 2022 Total**	Three months ended Mar 31, 2021 Total
	$	**$**	**$**	**$**	$
Labour	**211,347**	**34,484**	**-**	**245,831**	13,732
Studies and consultants	**562,587**	**17,590**	**-**	**580,177**	52,041
Contractors	**-**	**-**	**-**	**-**	-
Office, overhead and other administrative costs	**19,333**	**29,177**	**61,950**	**110,460**	49,603
	793,267	**81,251**	**61,950**	**936,468**	115,376

OPERATING ACTIVITIES

During the three months ended March 31, 2022, the Company realized net loss of $1,755,228 (nil per share) compared to a net loss of $884,542 (nil per share) during the comparative period in 2021. Other significant items during the period included exploration and evaluation expenses of $936,468 as detailed above ($115,376 in 2021), management and administration expenses of $495,699 ($267,063 in 2021) and an unrealized loss on foreign exchange of $122,306 (a foreign exchange gain of

$76,293 in 2021) mostly related to the conversion of the loan due to Osisko and Greenstone to Canadian dollars. Expenditures predominantly related to the feasibility study update. Management and administration expenses during the three months ended March 31, 2022 included wages and fees to consultants of $272,133.

LIQUIDITIES AND CAPITAL RESOURCES

At March 31, 2022, the Company had a working capital of $13,232,333 compared to a working capital deficiency of $23,187,976 at June 30, 2021. During the nine months ended March 31, 2022, the Company completed a non-brokered private placement for a net amount of $20,737,659, completed the sale of UPX Minerals for a cash amount of $3,000,000 and the assumption by Sweetwater of the amount owing under the Note due to RTX of $17,956,985, reimbursed the amounts due under the Credit Facility, posted an environmental bond in the amount of $1,676,149 related to the final acquisition of the White Pine North Project, incurred exploration and evaluation expenses of $1,475,428, management and administration expenses of $1,540,916 and made property payments of $266,025.

At March 31, 2022, financial liabilities of $1,159,558 consisted of accounts payable and accrued liabilities due within the next three months.

RELATED PARTY TRANSACTIONS

During the three and nine months ended March 31, 2022, the Company incurred administration expenses of $15,639 and $46,679, respectively from Reunion Gold Corporation (**"Reunion Gold"**), a related party by virtue of common key management and a director ($13,738 and $59,527 during the comparative period in 2021). At March 31, 2022, the Company had an amount payable of $15,639 to Reunion Gold ($126,051 at June 30, 2021).

The remuneration to directors and key management of the Company, including the President and CEO and the CFO, during the three and nine months ended March 31, 2022, totaled $209,067 and $615,312, respectively, including an amount of $300,000 paid to the Company's former executive chairman following the termination of his employment agreement effective August 31, 2021 ($128,711 and $428,999 during the comparative periods in 2021) and an amount of $120,038 ($150,000 CAD) to the former CFO.

As described in the *Corporate Activities* section, the sale of UPX Minerals to Sweetwater, an affiliate of Orion, and the participation of insiders in the Offering are also related party transactions that occurred during the three months ended September 30, 2021.

RISKS AND UNCERTAINTIES

Highland is subject to a number of significant risks and uncertainties due to the nature of its business which includes the acquisition, exploration and development of mineral projects. Failure to successfully address such risks and uncertainties could have a significant negative impact on Highland's overall operations and financial condition and could materially affect the value of Highland's assets and impact its future operating results and business plans. Therefore, an investment in the securities of Highland involves significant risks and should be considered highly speculative.

Highland's ability to raise the necessary funds to develop its projects and place them into commercial production depends in part upon the market's perception of its mineral projects, the price of and demand for copper, the state of the market to finance resource projects and global market conditions in general. No assurance can be given that additional capital will be available at all or available on terms acceptable to Highland.

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 the funds required to continue its activities, the continued spread of the COVID-19 globally could also have an impact on employees' health, the availability of personnel, 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.

Additional risks or uncertainties not presently known to Highland or that Highland currently considers immaterial may also impair its business operations. Highland cannot give assurance that it will successfully address these risks. For additional risk factors, refer to the risks and uncertainties described in the Annual MD&A. Readers should carefully consider these risks and uncertainties.

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 due to inflation or other factors, supply chain disruptions, 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

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

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).