HIGHLAND
Copper Company Inc.

MANAGEMENT'S DISCUSSION & ANALYSIS

Year ended June 30, 2017

HIGHLAND COPPER COMPANY INC.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 2017

The following management's discussion and analysis ("MD&A") of the operations, results, and financial position of Highland Copper Company Inc. ("Highland" or the "Company"), dated October 26, 2017, covers the years ended June 30, 2017 and 2016 and should be read in conjunction with the audited consolidated financial statements and related notes at June 30, 2017 and 2016 (the "June 30, 2017 and 2016 consolidated financial statements"). The June 30, 2017 and 2016 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

Description of Business

Highland is a Canadian-based company engaged in the acquisition, exploration and development of mineral properties. The Company's mineral projects are located in the State of Michigan, USA.

The Company has assembled a number of advanced-stage copper projects located in Michigan's Upper Peninsula region, including **Copperwood**, a feasibility stage project, acquired in June 2014 from Orvana Minerals Corp. ("Orvana"), **White Pine** (subject to final closing of the acquisition from Copper Range Company ("CRC"), a wholly-owned subsidiary of First Quantum Minerals Ltd.), and **Keweenaw**, which includes the 543S deposit (subject to the exercise of an option to acquire a 65% interest in the project from BRP LLC). Also, in May 2017, the Company acquired from subsidiaries of the Rio Tinto Group a mineral property covering approximately 448,000 acres in the Upper Peninsula region. The acquisition of this property establishes Highland as a dominant mining exploration and development company in the Upper Peninsula of Michigan.

Highland 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. On October 23, 2017, the Company's common shares started trading on the OTCQB Venture Marketplace (the "OTCQB"), a U.S. trading platform that is operated by the OTC Markets Group in New York. The Company trades on the OTCQB under symbol "HDRSF".

At October 26, 2017, the Company has 459,148,153 common shares and 153,589,762 share purchase warrants issued and outstanding.

Financing

On March 24, 2017, the Company completed a private placement raising a total of $30,022,967 by issuing 300,229,670 units (the "Units") at $0.10 per Unit (the "Offering"). Each Unit consisted of one common share of the Company and one half of one common share purchase warrant (each whole warrant, a "Warrant"), with each Warrant exercisable to acquire one common share at $0.15 for a period of 12 months. The Offering was completed in four tranches, with closing dates of November 30, 2016, February 22, 2017, March 17, 2017 and March 24, 2017. In connection with the Offering, the Company paid finders' fees of $948,129 and issued 1,000,000 compensation warrants allowing the holder to acquire 1,000,000 common shares of the Company at a price of $0.10 until March 17, 2020.

As part of the Offering, Osisko Gold Royalties Ltd. ("Osisko") acquired a total of 43,000,000 Units, which combined with its previous holding now holds 15.2% of the issued and outstanding common shares in Highland. Greenstone Resources II LP ("Greenstone") acquired 80,700,000 Units and OMF Fund II (H) LP, a subsidiary of Orion Mine Finance ("Orion"), acquired 67,250,000 Units resulting in Greenstone and Orion holding respectively 17.5% and 14.6% of Highland's issued and outstanding common shares. Greenstone and Orion received participation rights to maintain their equity ownership level in future equity financings and a right to nominate a representative on a project steering committee. Greenstone also received nomination rights for the sale of Highland's production pro-rata to its shareholding, and Orion entered into an offtake agreement with the Company entitling Orion to purchase 15% of all concentrates to be produced at the Copperwood project. Orion also received a right of first refusal on any debt financing for the Copperwood project until September 17, 2018, excluding any royalty or stream financings. Osisko continues to have a right to maintain its equity ownership in future issuances of securities and a right of first refusal on any other future debt financing.

Copperwood Project

In June 2014, the Company acquired 100% of the Copperwood Project from Orvana for a cash consideration of US$20 million. As part of the acquisition of the Copperwood Project, the Company paid in cash as additional consideration an amount of US$1.25 million on June 17, 2017 and is required to pay in cash or shares of Highland, at Orvana's option, an additional amount of US$1.25 million on June 17, 2018. An amount of US$1.25 million may also be payable if the average copper price for any 60 calendar day period following the first anniversary and preceding the second anniversary of commencement of commercial production is greater than US$4.25/lb; and an additional payment of US$1.25 million if the average copper price for any 60 calendar day period following the second anniversary and preceding the third anniversary of the commencement of commercial production is greater than US$4.50/lb.

The Copperwood deposit is located in Gogebic County in the Upper Peninsula of Michigan, USA within the Keweenaw copper district and about 35 kilometers west of the White Pine property. The Copperwood Project is comprised of long-term mineral leases covering an aggregate of 4,707 acres and options to lease for an additional 1,470 acres.

Copperwood Project Feasibility Study

In May 2017, the Company initiated the work required to update the 2012 feasibility study prepared by Orvana ("FS Update") on the Copperwood Project. The Company expects to release the results of the FS Update in the second quarter of 2018 and aims to complete the necessary permitting and financing for the development of the Copperwood Project in the first half of 2018 with construction planned to begin in the second half of 2018.

The Company engaged G Mining Services Inc. ("G Mining") as lead consultant for the preparation of the FS Update. G Mining is also responsible for mineral resource modelling and estimation and for the development of the mining plan using a mine throughput of 6,000 tonnes per day, and a room-and-pillar mining method as the base case. Alternative mining scenarios are also being evaluated. Mine design is being carried out by G Mining with geotechnical support from Golder Associates, using results from additional geotechnical holes drilled on all mineralized zones earlier in 2017.

Design of the processing facility is being completed by Lycopodium Minerals Canada of Toronto. Design of the tailings facility and water management systems is being done by Golder Associates, who had been involved in the previous studies at

Copperwood. A thorough metallurgical test program is being completed at SGS Lakefield in Ontario, Canada on samples from all mineralized zones.

Infrastructure studies, including transportation, are being done internally and the Company has recently submitted a grant application for funding the upgrade of County road 519. Various power alternatives are also being studied, including a trade-off analysis to compare the cost of bringing a powerline to site versus on-site natural gas generation, as a gas line is available close-by in the town of Wakefield. Raw water is available from nearby municipalities and the Company is also considering a water wells alternative.

A portion of the environmental permitting applications is being handled internally, but the permitting lead and coordination is being performed by Foth Infrastructure and Environment, a Wisconsin-based engineering firm with solid experience in Michigan and the region.

Copperwood Project Updated Resource Estimate

On October 19, 2017, the Company reported an updated mineral resource estimate for the Copperwood Project, as shown in the table below. The updated resource estimate was prepared by G Mining. The updated resource estimate represents a 46% increase in the Measured and Indicated Resources categories compared to the previous resource estimate dated April 15th, 2015. This updated resource estimate provides a solid base for the FS Update described above. G Mining used the results of the 2017 drilling program to update the 2015 resource estimate that had been reported in a NI 43-101 technical report.

The 2017 drilling program consisted of 32 HQ-diameter and three PQ-diameter drill holes for a total of 6,784 meters of core or approximately 74% of the planned 44-hole, 9,198 meters core drilling program. The drilling provided 527 samples for copper and silver assaying and 607 kg of materialized material for metallurgical testing. The remaining 12 in-fill resource drill holes in the Section 5 area, at the eastern edge of the deposit, were not completed due to an early spring thaw. The 2017 drill program was designed to upgrade the current inferred mineral resources at the eastern section of the deposit, obtain metallurgical samples and carry out geotechnical studies to refine the mining plan. All of these objectives were realized and every drill hole intersected copper-silver mineralization, as expected.

The drilling at the Copperwood "main zone" at the western section of the deposit, along with Section 6, has now been completed. Samples for the available drill holes were sent for assay to Activation Laboratories, Thunder Bay, Ontario, and all samples for geotechnical and metallurgical testing have been shipped to specialized laboratories.

The updated resource estimate is based on 2,738 assay results from 359 diamond drill holes totaling 66,577 meters, drilled by four companies between 1956 and 2017. The conversion of Indicated Resources into Measured Resources was robust including the zones drilled in 2017.

Copperwood Project - Mineral Resource Estimate – October 18, 2017

Deposits	Resource Category	Tonnage (Mt)	Copper Grade (%)	Silver Grade (g/t)	Copper Contained (M lbs)	Silver Contained (M oz)
Copperwood LCBS	Measured	26.8	1.69	4.59	1,000	4.0
	Indicated	11.6	1.50	2.68	383	1.0
	M + I	38.4	1.63	4.02	1,383	5.0
	Inferred	4.6	1.36	1.69	138	0.3
Copperwood UCBS	Measured	-	-	-	-	-
	Indicated	4.1	1.19	3.33	107	0.4
	M + I	4.1	1.19	3.33	107	0.4
	Inferred	0.3	1.05	3.23	8	0.0
Satellite LCBS	Inferred	33.2	1.21	2.37	885	2.5
Satellite UCBS	Inferred	6.1	1.15	4.75	155	0.9

Notes

(1) Mineral Resources are reported using a copper price of US$ 3.00/lb and a silver price of US$ 18/oz.
(2) A payable rate of 96.5% for copper and 90% for silver was assumed
(3) The 2012 Copperwood feasibility study by Orvana Minerals Corp. reported metallurgical testing with recovery of 86% for copper and 50% for silver
(4) Cut-off grade of 1.0% copper was used, based on an underground "room and pillar" mining scenario
(5) Operating costs are based on a processing plant located at the Copperwood site
(6) An NSR sliding scale royalty is applicable and equivalent to 3.0% at US$ 3.00/lb
(7) Measured, Indicated and Inferred Mineral Resources have a drill hole spacing of 175 m, 250 m, and 350 m, respectively
(8) No mining dilution and mining loss were considered for the Mineral Resources
(9) Rock bulk densities are based on rock types
(10) Classification of Mineral Resources conforms to CIM definitions
(11) The qualified person for the estimate is Mr. Réjean Sirois, P. Eng, Vice President Geology and Resources for G Mining Services Inc. The estimate has an effective date of October 18, 2017
(12) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues
(13) LCBS: Lower Copper Bearing Sequence
(14) UCBS: Upper Copper Bearing Sequence
(15) The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as Indicated or Measured Mineral Resources.

Acquisition of the UPX Property from Rio Tinto

In May 2017, UPX Minerals Inc. ("UPX"), a wholly owned subsidiary of Highland, acquired from Kennecott Exploration Company and Rio Tinto Nickel Company ("RTX"), subsidiaries of the Rio Tinto Group, a mineral property located in central Upper Peninsula of Michigan. The property is comprised of non-contiguous mineral rights covering approximately 1,800 square kilometers (448,000 acres) (the "UPX Property").

The consideration for the acquisition of the UPX Property was US$18.0 million of which US$2.0 million was paid at closing and UPX issued a US$16 million secured non-interest bearing promissory note (the "Note") that provides for the payment of US$1.0 million on the first anniversary of the acquisition and US$3.0 million on each of the second, third, fourth, fifth and sixth anniversary dates of the acquisition. The payments under the Note will be accelerated if Highland publicly releases a feasibility study covering any portion of the UPX Property. The Note is secured by a first priority security interest over the acquired property.

RTX has retained a 2% net smelter return royalty (the "NSR") on all mineral interests. Highland has an option to buy-down half of the 2% NSR by paying US$8 million to RTX. The option will be exercisable at any time prior to May 30, 2028.

In addition to the UPX Property, the acquisition includes all geological, geophysical, geochemical, environmental and other technical information related to the property including maps, geophysical and geochemical surveys, drill core, and other technical and operational information generated by RTX.

The UPX Property package covers the extension into Michigan of the Wawa-Abitibi geological Sub-province, which is part of the Superior Province of the Canadian Shield. The Superior Province is a geologically distinct Archean (>2.5 billion years old) province that stretches from Quebec through Ontario and into Minnesota and Michigan in the US and is well known for its mineral endowment.

Since 2003, the UPX Property has been subject to over 69,500 line-miles of detailed airborne geophysical surveys as well as 147 diamond drill holes. Almost all of the RTX exploration effort was focused on Ni-Cu targets and the program ultimately led to the discovery of the Eagle Mine. Although exploration for deposits of other commodities was limited, the potential for several mineral deposit types have been identified, including nickel-copper massive sulphides in Mesoproterozoic rocks, orogenic gold in Archean greenstone belts and zinc-copper in Paleoproterozoic sediments. The Archean and Proterozoic rock assemblages are separated by the Great Lakes Tectonic zone, a large crustal boundary that in the Marquette area is 2.4 km wide. The Company believes that the UPX Property offers the opportunity to build a pipeline of mineral projects that could be developed in the future.

Exploration work planned for the next 12 months includes compilation of all available data to better understand the potential of the property. The work program will also include field mapping and soil surveys along with ground geophysics. A re-interpretation of available geophysical data will also be carried out with emphasis on the understanding of the various geological environments. Budgeted expenditures for this exploration phase are approximately US$1.5 million. Some targets may be ready for drill testing in 2018. Once the initial compilation work has been completed on the UPX Property and targets have been prioritized, a strategic decision will be taken regarding which portion of the UPX Property could be explored under arrangements with potential joint venture partners.

White Pine North Project

In May 2014 (the interim closing date), the Company entered into an agreement to acquire from CRC, all of CRC's rights, title and interest in mineral and surface rights forming the White Pine property. The Company issued to CRC at that time 3,000,000 of its common shares. Highland further agreed that, upon completion of a feasibility study and receipt of all necessary permits for the development of a mine at White Pine, it will pay as additional consideration, in cash or in common shares of Highland, at the option of CRC, an amount equal to US$0.005 (one half of one cent) per pound for the first one billion pounds of proven and probable reserves of copper and US$0.0025 (one quarter of one cent) for each additional pound of proven and probable reserves of copper.

The final closing of the acquisition will be completed once Highland has (i) released CRC for a US$2.85 million financial assurance letter of credit associated with the remediation and closure plan of the previous White Pine mine site in a manner that is acceptable to all parties involved, including the applicable governmental authorities; and (ii) released CRC from its environmental obligations with the MDEQ. At that time, Highland will assume all of CRC's environmental liabilities related to the former White Pine mine site and will also be responsible for all on-going environmental obligations. Highland and CRC recently agreed to extend the period to complete the acquisition of the White Pine property to December 15, 2017.

CRC acquired the original White Pine mine in 1937. Subsequent drilling revealed the widespread nature of the mineralization and underground mining by room and pillar methods began in 1952. Production from 1952 to 1995 was 198,070,985 short tons of ore averaging 1.14% copper for approximately 4.5 billion pounds of copper. In 1995, as a result of depressed copper prices, CRC, then a subsidiary of Inmet Mining Corporation, closed the White Pine mine, although significant amounts of mineralization remained, particularly to the northeast of the mine, referred to as the White Pine North Project. An historical estimate of the White Pine North Project mineral resource was completed in October 1995 by the former White Pine chief geologist based on 526 diamond drill holes. The total historical estimate at that time was 118.7 million short tons averaging 20.7 pounds of copper per ton, for approximately 2.5 billion pounds of contained copper.

The resources reported for the White Pine North are provided as historical data only. A qualified person has not completed the work necessary to verify the quality of the historic exploration data or to classify the historical estimate as current mineral resources or mineral reserves. The Company is not treating the historical estimate as current mineral resources or mineral reserves and the historical data should not be relied upon until they have been verified.

With an improving commodity price backdrop, Highland intends to develop a conceptual approach to mine development at the White Pine North Project in 2018. Based on the historical resource estimate already identified at the White Pine North deposit, this Project represents a significant medium-term copper production growth opportunity for the Company.

Lease Agreement, White Pine, Michigan

In April 2015, the Company entered into an agreement to lease certain mineral rights located in White Pine from a private Michigan limited liability corporation. The mineral lease is for 20 years, with an option for an additional five years. Payment at closing consisted of US$225,000 in cash and the issuance of 2,164,701 common shares of Highland. Additional cash payments were payable on the first and second anniversaries of closing. On December 30, 2016, the Company entered into an amended agreement with the lessor to revise the payment schedule of the remaining amount of US$575,000 owed by the Company to the Lessor. Under the terms of the amended agreement, the Company paid an amount of US$135,000 on December 30, 2016 and agreed to pay the balance of US$440,000 in sixteen equal quarterly principal amounts of US$27,500, plus interest accruing at the rate of 8% per annum. These quarterly payments started on March 30, 2017.

Keweenaw Project

The Keweenaw Project, which covers an area of approximately 9,000 acres, includes the 543S deposit. Under a Mining Venture Agreement (the "Venture Agreement") with BRP, the Company has an option to acquire a 65% interest in the Keweenaw Project by spending US$11,500,000 in exploration work (which amount has been spent), providing a feasibility study by December 31, 2017 and securing historical shafts. In addition to its 35% interest, BRP will retain a sliding scale NSR royalty from production on those properties contributed by BRP based on the price per pound of copper with a minimum of 2% up to a maximum of 5%. The Company will not be able to complete the feasibility study by December 31, 2017 and it will have to renegotiate the terms of the Venture Agreement or it may lose its right to acquire an interest in the project.

Management Appointments

Denis Miville-Deschênes, as President and CEO

On February 22, 2017, the Company announced that Mr. Denis Miville-Deschênes had joined Highland as President and CEO and as a member of the Board of Directors. Mr. Miville-Deschênes is a mining engineer with over 30 years of experience in the design, development and construction of mines as well as closure and rehabilitation of sites. During his career, which started with Falconbridge Copper and then with Cambior and Iamgold, Mr. Miville-Deschênes has worked on numerous technical studies and fourteen underground or open pit mining projects in North America, South America and Africa. He is recognized for his ability to establish dynamic work teams and operating at high standards.

Mr. David Fennell who had been acting as President and CEO on an interim basis remains Chairman of the board of directors of the Company.

Sylvain Collard, as General Manager, Projects and Operations

Mr. Sylvain Collard has recently joined the Company to coordinate the work being performed by the various engineering firms to oversee the completion of the Copperwood FS Update. Mr. Collard is a highly-qualified mechanical engineer who possesses thorough knowledge of mining, construction and operating activities. Mr. Collard was until recently responsible for the daily operations of the mine, mill and power plant at Iamgold's Essakane gold mine, in Burkina Faso.

David Charles, as Manager, Investor Relations

On February 22, 2017, the Company also announced the appointment of Mr. David Charles as Manager, Investor Relations. David Charles brings close to 30 years of experience in the financial services industry in Canada primarily as a senior mining equity analyst. Mr. Charles holds a bachelor's degree in geology from Trinity College Dublin, an MSc. (applied) in Mineral Exploration from McGill University and is a CFA charter holder.

Appointment of Jean Desrosiers as director

On October 26, 2017, the Board of Directors appointed Mr. Jean Desrosiers as a director of the Company. Mr. Desrosiers is a retired mining engineer with over 40 years of experience in the mining industry. During his career, Mr. Desrosiers has held senior management positions with Noranda, Falconbridge, Xstrata and Glencore Xstrata.

Debt Settlement

On December 12, 2016, the Company settled an outstanding indebtedness in the amount of $494,986, including accrued interest calculated at the rate of 1% per month, owing to a company wholly-owned by David Fennell, the Company's chairman, by issuing 4,949,857 common shares and 2,474,928 warrants, with each warrant entitling the holder to purchase one common share of the Company for a period of 12 months at an exercise price of $0.15 per share. Mr. Fennell had advanced these funds to the Company during the period from August 1, 2016 to November 30, 2016 to ensure that critical payments to maintain the Company in good standing were being made.

Grant of Stock Options

On August 29, 2017, the Company granted a total of 9,025,000 incentive stock options to directors, officers, employees and consultants of the Company at an exercise price of $0.11 per share and on October 26, 2017, the Company granted a total of 2,070,000 incentive stock options to directors, officers and employees of the Company at an exercise price of $0.17 per share. All of the stock options will be vesting over a period of two years and, if not exercised, will expire five years from the date of the grant.

Exploration and Evaluation Expenses and Change in Accounting Policy

At June 30, 2017, the Company changed its accounting policy related to exploration and evaluation expenses, which previously consisted in capitalizing all such expenditures. Under the new policy, the cost of acquiring prospective properties and exploration rights continues to be capitalized and exploration and evaluation costs, subsequent to acquisition, are expensed until it has been established that a mineral property is commercially viable and a mine development decision has been made by the Company. Thereafter, the Company will capitalize expenditures incurred to develop the mine, prior to the start of mining operations. This change in accounting was applied retroactively and all related numbers for the year ended June 30, 2016 were restated retroactively to reflect adjustments made as a result of this change in accounting policy. Details of the restatement to the June 30, 2016 audited consolidated financial statements are presented in Note 3 to the June 30, 2017 and 2016 consolidated financial statements.

Amounts invested in exploration and evaluation assets and capitalized in accordance with the Company's new accounting policy on exploration and evaluation expenses described above, are as follows:

	Copperwood Project	**White Pine Project**	**UPX Property**	**Other properties**	**Total**
	$	**$**	**$**	**$**	**$**
Restated balance, June 30, 2015	29,220,203	3,116,386	-	1,028,427	33,365,016
Property payments in cash	146,605	596,981	-	29,815	773,401
Write-down	-	-	-	(123,301)	(123,301)
Conversion of Osisko loan into NSR royalty	(10,000,000)	-	-	-	(10,000,000)
Finance expense	463,755	-	-	-	463,755
Effect of foreign exchange	982,890	74,215	-	5,617	1,062,722
	(8,406,750)	671,196	-	(87,869)	(7,823,423)
Restated balance, June 30, 2016	20,813,453	3,787,582	-	940,558	25,541,593
Property payments in cash	**146,638**	**199,039**	**13,340,196**	**32,393**	**13,718,266**
Finance expense	**373,356**	**-**	**174,148**	**-**	**547,504**
Effect of foreign exchange	**85,226**	**10,953**	**(515,893)**	**(205)**	**(419,919)**
	605,220	**209,992**	**12,998,451**	**32,188**	**13,845,851**
Balance, June 30, 2017	**21,418,673**	**3,997,574**	**12,998,451**	**972,746**	**39,387,444**

The amounts capitalized during the year ended June 30, 2017 included the acquisition cost of the UPX property for an amount of $13,340,196 (which consist of the amount of US$2,000,000 paid at closing and the fair value of the non-interest bearing note of US$16,000,000 payable over a period of 6 years in favor of the vendor, using a discount rate of 20%), lease payments of $146,638 related to the Copperwood Project and $32,393 related to other properties, the balance of the additional payment of $199,039 owing to the lessor of the property in White Pine, a total accretion amount of $547,504 related to the non-interest bearing promissory note in favor of RTX and the non-interest bearing balance of purchase price payable in favor of Orvana and an unrealized gain on foreign of exchange of $419,919.

In 2016, the capitalized amounts included lease payments of $146,605 related to the Copperwood Project and other $29,815 related to other properties, an additional amount of $596,981 owing to the lessor of the property in White Pine, an accretion amount of $463,755 related to the non-interest bearing balance of purchase price payable in favor of Orvana and an unrealized loss on foreign exchange of $1,062,722. Capitalized amounts were reduced during the year by an amount of $123,301 related mostly to the write-down of the G-2 project expenditures and an amount of $10,000,000 following the conversion of the Osisko deposit on sale of royalty into a 3% NSR royalty on the Copperwood Project.

Exploration and evaluation expenses charged to the statement of comprehensive loss during the years ended June 30, 2017 and 2016 are as follows:

	Copperwood Project	**White Pine Project**	**UPX Project**	**Other projects**	**Year ended June 30, 2017 Total**	Year ended June 30, 2016 Total
	$	**$**	**$**	**$**	**$**	$
Site preparation, drilling and assaying	**1,529,045**	**-**	**133**	**-**	**1,529,178**	-
Labour	**538,719**	**417,725**	**179,448**	**2,305**	**1,138,197**	1,217,610
Studies and consultants	**256,791**	**290,623**	**-**	**-**	**547,414**	554,438
Office, overhead and other administrative costs	**154,285**	**299,165**	**119,417**	**26,285**	**599,152**	460,543
Gain on sale of capital assets	**-**	**-**	**-**	**-**	**-**	(83,577)
Depreciation and amortization	**2,694**	**35,054**	**-**	**15,212**	**52,960**	123,669
Share-based compensation	**-**	**-**	**-**	**9,882**	**9,882**	31,552
	2,481,534	**1,042,567**	**298,998**	**53,684**	**3,876,783**	2,304,235

Selected Consolidated Financial Information [(1)(2)]

The following selected financial information should be read in conjunction with the Company's June 30, 2017 and 2016 consolidated financial statements.

	June 30, 2017	June 30, 2016
	$	$
Financial Position		
Cash	**18,247,875**	201,998
Working capital (deficit)	**13,735,032**	(4,281,894)
Exploration and evaluation assets *(3)*	**39,387,444**	25,541,593
Total assets *(3)*	**57,849,645**	25,864,814
Non-current portion of note payable and promissory note	**9,662,267**	-
Non-current portion of balance of purchase price payable	**-**	1,289,355
Shareholders' equity *(3)*	**43,216,420**	19,778,728

Comprehensive Loss	**Year ended June 30, 2017**	Year ended June 30, 2016 *(3)*	Year ended June 30, 2015 *(3)*
	$	**$**	$
Net loss for the year	**(5,947,994)**	(3,988,133)	(12,355,741)
Basic and diluted loss per share	**(0.02)**	(0.03)	(0.12)
Cash Flows			
Operating activities	**(6,137,657)**	(4,290,127)	(10,739,565)
Investing activities	**(2,918,460)**	(227,081)	(492,553)
Financing activities	**27,508,149**	3,639,008	9,238,151

1) *The Selected Consolidated Financial Information was derived from the Company's June 30, 2017 and 2016 consolidated financial statements, prepared in accordance with IFRS.*
2) *The Company's June 30, 2017 and 2016 consolidated financial statements have been prepared on the basis of a going concern, which assumes that the Company will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The Company is subject to a number of risks and uncertainties associated with its future exploration and development activities, including raising additional funds and completing the acquisition of the White Pine property. There can be no assurance that the Company will be able to raise the funds required. If the Company is not successful in raising additional funds, it may be required to further delay, reduce the scope of, or eliminate its current or future exploration and development activities, and/or sell some of its assets, any of which could have a negative impact on the business, financial condition and results of operation of the Company. The conditions and uncertainties described above indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption was not appropriate for the Company's June 30, 2017 and 2016 consolidated financial statements, adjustments which could be material would be necessary to the carrying value of assets and liabilities, in particular an impairment of exploration and evaluation assets, as well as adjustments to reported expenses.*

3) *Amounts restated to reflect the change in accounting policy related to exploration and evaluation expenses described in the Exploration and Evaluation Expenses and Change in Accounting Policy section.*

Since its incorporation, the Company has not paid any cash dividend on its outstanding common shares. Any future dividend payments will depend on the Company's financial needs to fund its exploration and development programs and any other factor that the board of directors may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

Financial Review

The Company is in the exploration and development phase and does not yet have revenue-generating activities. Accordingly, the Company's financial performance is largely a function of the level of exploration and development activities undertaken on its projects and the management and administrative expenses required to operate and carry out its activities as well as other items such as foreign exchange gains or losses.

Year ended June 30, 2017 compared to year ended June 30, 2016

The Company incurred a net loss of $5,947,994 during the year ended June 30, 2017 compared to a net loss of $3,988,133 in 2016. The increased loss in 2017 is mostly due to expenses incurred for the drilling program conducted during the year at the Copperwood Project ($1,529,178) and an unrealized loss on foreign exchange of $389,208 on the conversion of the Company's cash position held in US dollars at June 30, 2017.

The detail of exploration expenses of $3,876,783 incurred in 2017 compared to $2,304,235 in 2016 is presented by project in the *Exploration and Evaluation Expenses and Change in Accounting Policy* section.

Management and administration expenses of $1,423,209 in 2017 compared to $1,486,118 in 2016 reflect higher wages and fees following the hiring of senior corporate staff (wages and fees of $929,797 in 2017 compared to $858,049 in 2016), higher investor relations and travel expenses for attending key mining conferences and other investor relations events ($95,635 in 2017 compared to $24,128 in 2016) offset by lower office expenses ($151,471 in 2017 compared to $237,159 in 2016) and professional fees ($184,892 in 2017 compared to $260,796 in 2016).

The Company continues to assess mineral projects which resulted in business development expenses of $264,906 in 2017 compared to $79,783 in 2016. Such expenses consist mostly of professional fees and travel expenses.

The Company incurred a finance expense of $11,497 in 2017 (nil in 2016) related to funds advanced by the Company's chairman between August 1, 2016 to November 30, 2016 to ensure that critical payments to maintain the Company in good standing were being made, and a finance expense of $22,624 (nil in 2016) on the remaining amount of US$575,000 owed to the lessor of certain mineral rights located in White Pine, Michigan, in accordance with an amended agreement described in the *Debt Settlement* section.

4th quarter ended June 30, 2017 compared to the 4th quarter ended June 30, 2016

During the 4th quarter ended June 30, 2017, the Company incurred a net loss of $1,939,703 (nil per share), compared to a net loss of $831,780 ($0.01 per share) during the 4th quarter ended June 30, 2016. The increased loss during the 4th quarter ended June 30, 2017 compared to 2016 is mainly due to increased exploration and evaluation expenses of $1,003,925 related to the beginning of the Copperwood Project feasibility study and the completion of the drilling program at the Copperwood Project that had been initiated in February 2017, business developments expenses of $106,582 related to the assessment of various mineral projects and an unrealized loss on foreign exchange of $147,197 on the conversion of the Company's cash position held in US dollars at June 30, 2017. Such increases were partially offset by finance income of $41,683 and lower management and administration expenses of $85,774. The amount of management and administration expenses for the 4th quarter ended June 30, 2016 included a settlement provision of US$150,000 payable to the Company's former president and CEO following his resignation in February 2016. This settlement amount was paid in full in March 2017.

Selected Quarterly Financial Information

The following is a summary of the Company's financial results for the past eight quarters:

	Revenues	Net loss	Basic and diluted loss per share
Period ended	$	$	$
June 30, 2017	41,683	(1,939,703)	(0.00)
March 31, 2017 *(1)*	8,881	(2,689,432)	(0.01)
December 31, 2016 *(1)*	1,509	(613,734)	(0.00)
September 30, 2016 *(1)*	35	(705,125)	(0.00)
June 30, 2016 *(1)*	302	(831,780)	(0.01)
March 31, 2016 *(1)*	700	(736,362)	(0.00)
December 31, 2015 *(1)*	2,340	(1,207,457)	(0.01)
September 30, 2015 *(1)*	588	(1,212,534)	(0.01)

1) Amounts restated to reflect the change in accounting policy related to exploration and evaluation expenses described in the Exploration and Evaluation Expenses and Change in Accounting Policy section.

Liquidity and Capital Resources

At June 30, 2017, the Company had a working capital of $13,735,032 compared to a working capital deficit of $4,281,894 at June 30, 2016. The increase in the working capital during the year ended June 30, 2017 is mainly attributable to the completion of a private placement which resulted in the issuance of 300,229,670 Units at a price of $0.10 per Unit for total gross proceeds of $30,022,967, partially offset by share issue expenses of $1,068,114, the payment of $2,699,000 (US$2,000,000) to acquire the UPX Property, lease payments of $179,031 related to the Copperwood Project and other mineral leases held, the reimbursement of an amount due to Orvana of $1,678,077 (US$1,250,000) as a balance of the purchase price of the Copperwood Project, exploration and evaluation expenses of $3,813,941 and management and administration expenses of $1,390,647, excluding non-cash items.

On May 30, 2017, as consideration for the acquisition of the UPX Property, the Company issued a US$16,000,000 million secured non-interest bearing promissory note in favor of RTX repayable over a period of six years.

On December 30, 2016, the Company entered into an amended agreement with the lessor of certain mineral rights located in White Pine and agreed to pay the balance of the amount due of US$440,000 in sixteen equal quarterly principal amounts of US$27,500 plus interest accruing at the rate of 8% per annum, starting on March 30, 2017.

The Company will require additional funds to settle its non-current liabilities and its other commitments and to further pursue exploration and development activities on its mineral properties. Although such funding requirements may be met in the future in a number of ways, including the issuance of securities, debt financing, joint venture or other arrangements, there is no assurance that the Company will be successful in raising such funds. Should the Company not be successful in raising additional funds, it may be required to delay, reduce the scope of, or eliminate its future exploration and development activities, and / or it may have to sell some or all of its assets, any of which could have a negative impact on the business, financial condition and results of operation of the Company.

Capital Management

The Company defines capital that it manages as loans (including note payable, promissory note and balance of purchase price payable) and shareholders' equity. When managing capital, the Company's objectives are a) to ensure the entity continues as a going concern; b) to increase the value of the entity's assets; and c) to achieve optimal returns to shareholders. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them to production or obtaining sufficient proceeds from their disposal. At June 30, 2017, managed capital was $55,584,186 ($22,513,170 at June 30, 2016). There were no changes in the Company's approach to capital management during the year ended June 30, 2017. The Company is not subject to any externally imposed capital requirements as at June 30, 2017.

Off-Balance Sheet Arrangements

At June 30, 2017, the Company has no off-balance sheet arrangements.

Transactions with Related Parties

During the year ended June 30, 2017, the Company incurred administration expenses of $100,998 for office-related services provided by Reunion Gold Corporation ("Reunion"), a related party by virtue of common key management and directors (administration expenses of $270,658 and the purchase of office furniture and computer equipment for an amount of $31,681 from Reunion in 2016). At June 30, 2017, the Company had an amount due to Reunion of nil ($25,543 at June 30, 2016).

During the year ended June 30, 2017, the Company recovered amounts of $152,514 for management services provided to other TSXV-listed companies, related by virtue of common key management, including Odyssey Resources Limited and Reunion (an amount of $120,810 was recovered in 2016). The services are provided at cost.

David Fennell, the Company's chairman advanced funds of $483,489 between August 1, 2016 and November 30, 2016, through a company wholly-owned by David Fennell, to ensure that critical payments to maintain the Company in good standing were being made. These advances bore interest at the rate of 1% per month on the principal amount. On December 12, 2016, the Company settled the amount of the debt due to Mr. Fennell, by issuing common shares and share purchase warrants.

Remuneration to directors and key management of the Company totaled $937,638 during the year ended June 30, 2017 ($912,677 in 2016).

Outstanding Share Data

At October 26, 2017, the Company has 459,148,153 common shares issued and outstanding, 153,589,762 share purchase warrants exercisable at a price of $0.15 per share at various dates until March 17, 2020, and 7,455,000 stock options outstanding with an average exercise price of $0.48, expiring at various dates until November 2020.

Basis of Presentation of Financial Statements

The Company's consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The accounting policies, methods of computation and presentation applied in the Company's consolidated financial statements are consistent with those of the previous year, except for the change in accounting policy related to exploration and evaluation assets described in the *Exploration and Evaluation Expenses and Change in Account Policy* section. The significant accounting policies of Highland are detailed in Note 5 to the June 30, 2017 and 2016 consolidated financial statements filed on SEDAR.

Significant accounting judgements and estimates

The preparation of the Company's consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. These estimates, judgments and assumptions are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from the assumptions made, include title to mineral property interests, exploration and evaluation assets, fair value of liabilities, environmental liability and going concern. Details on the significant assumptions are presented in Note 5 to the June 30, 2017 and 2016 consolidated financial statements filed on SEDAR.

Accounting Standards Issued but not yet Applied

Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of the Company's consolidated financial statements that are expected to be relevant to the Company are presented in Note 5 to the June 30, 2017 and 2016 consolidated financial statements filed on SEDAR.

Financial Risk Factors

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include liquidity risk, currency risk, credit risk and interest rate risk. Where material, these risks are reviewed by the board of directors.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required for continued operations through future financings.

The following table summarizes the contractual maturities of the Company's financial liabilities at June 30, 2017:

	Carrying amount	Settlement amount	Within 6 months	Within 1 year	2-3 years	Over 3 years
	$	$	$	$	$	$
Accounts payable and accrued liabilities	1,945,816	1,945,816	885,936	1,059,880	-	-
Note payable	499,615	499,615	71,374	71,373	285,495	71,373
Promissory note	10,389,075	20,763,200	-	1,297,700	7,786,200	11,679,300
Balance of purchase price payable	1,479,076	1,622,125	-	1,622,125	-	-
	14,313,582	24,830,756	957,310	4,051,078	8,071,695	11,750,673

Credit Risk

Credit risk is the risk that the Company will incur losses due to the non-payment of contractual obligations by third parties. The Company is exposed to credit risk with respect to cash.

Interest Rate Risk

The Company's interest rate risk relates to cash. The Company's current policy on its cash balances is to invest excess cash in guaranteed investment certificates or interest-bearing accounts with a major Canadian-based chartered bank. The Company regularly monitors compliance to its cash management policy. Cash is subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would affect profit or loss by approximately $182,000.

Currency Risk

In the normal course of operations, the Company is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of each of the entities within the consolidated group. The currency in which these transactions are denominated are primarily the Canadian and the US dollar. The consolidated entity seeks to minimise its exposure to currency risk by monitoring exchange rates and entering into foreign currency transactions that maximize the consolidated entity's position. The consolidated entity does not presently enter into hedging arrangements to hedge its currency risk. All foreign currency transactions are entered into at spot rates. The board of directors considers this policy appropriate, taking into account the consolidated entity's size, current stage of operations, financial position and the board's approach to risk management. At June 30, 2017, financial assets and liabilities denominated in a foreign currency consisted of cash of $8,734,211 and accounts payable and accrued liabilities of $207,652. The impact on profit or loss of a 10% increase or decrease in foreign currencies against the Canadian dollar would be approximately $853,000.

Other Risks and Uncertainties

The Company is subject to a number of significant risks and uncertainties which include but are not limited to the nature of its business and the present stage of exploration and development of its mineral projects and the requirement for additional funds to pursue its planned exploration and development activities on all of its projects. Failure to successfully address such risks and uncertainties could have a significant negative impact on the Company's overall operations and financial condition and could materially affect the value of the Company's assets and future operating results. Therefore, an investment in the securities of the Company involves significant risks and should be considered speculative. The risks and uncertainties described herein are not necessarily the only ones that the Company could be facing. The Company cannot give assurance that it will successfully address these risks or other unknown risks that may affect its business. Readers should carefully consider the risks and uncertainties described below.

Company Specific Risks

- The ability of the Company to achieve its plans and objectives as well as its ability to raise funds may be affected by the results of the ongoing feasibility study on its Copperwood project, the results of exploration programs on its projects, delays in obtaining or failures to obtain required governmental, environmental or other approvals, and other variables such as changes in demand for and prices of copper, lower than expected grades and quantities of resources, mining rates and recovery rates, legislative, environmental and other regulatory approval or political changes.
- The Company may be unable to complete the acquisition of the White Pine property if it cannot meet the final closing conditions. This would negatively impact the Company's business plan.
- The Company is subject to environmental risks related to the fact that the White Pine property is subject to a consent decree and, as part of the acquisition of White Pine, the Company will have to assume certain environmental responsibilities and risks related to the closure of the former White Pine Mine.
- In Michigan, mineral rights are property rights that can be sold, transferred or leased. The Company is taking steps to verify title with respect to its most material mineral properties. Although the Company believes that title to its

mineral properties are in good standing there is no guarantee that title to such properties will not be challenged or impugned.

- The Company's mineral resource estimates are not mineral reserves. There is no assurance that minerals will be discovered in sufficient quantities to justify commercial operations and that the Company will be able to demonstrate the economic viability of its deposits.
- The Company may not obtain all necessary permits to conduct its activities and operate a mine.
- Future issuance of common shares into the public market may result in dilution to the existing shareholders.
- The Company faces substantial competition within the mining industry from other mineral companies with much greater financial and technical resources.
- The Company has no history of earnings and does not expect to receive revenues from operations in the foreseeable future.
- Certain directors and senior officers of the Company also serve as officers and/or directors of other mineral resource companies, which may give rise to conflicts.

Industry Risks

- Mineral exploration and development is a high risk, speculative business. Few properties that are explored are ultimately developed into producing mines.
- Mineral exploration is subject to geological uncertainties and interpretation.
- Mineral exploration is subject to numerous industry operating and environmental hazards and risks, many of which are beyond the Company's control.
- Substantial expenditures are required to explore mineral projects, define mineral resources, and complete all metallurgical, engineering, environmental, financial and other studies required to complete a feasibility study.
- Changes in mining and environmental laws.
- Necessary permits to operate may not be granted or may be granted later than anticipated.
- Current economic uncertainties globally have created market volatility and risk aversion among investors, limiting capital raising options.
- Commodity prices including the price of copper have fluctuated widely in the past and are expected to continue to do so in the future.
- Mining operations including exploration and development activities are subject to numerous laws and regulations.
- Title to mineral rights and surface rights may be disputed.
- Social and environmental groups may be opposed to the development of mining projects.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by the forward-looking information.

Specifically, this MD&A contains forward-looking information relating to the Company's plans to complete the updated feasibility study on the Copperwood deposit by the second quarter of 2018, plans to complete the necessary permitting and financing for the development of the Copperwood Project in the first half of 2018, plans to begin construction in the second half of 2018, the potential upgrade of inferred resources, plans to raise additional funds to achieve the Company's objectives, and plans to complete the acquisition of the White Pine property by December 15, 2017. Other forward looking information in this MD&A includes perceived merit of properties; exploration plans and budgets; mineral reserves and resource estimates; work programs; capital expenditures; timelines; strategic plans; market prices for copper; or other statements that are not statements of fact.

There can be no assurance that the Company will be successful in its efforts to complete its plans and achieve its objectives and that such forward-looking information will prove to be accurate. Actual results could differ materially from those currently anticipated due to a number of risk factors, including those described above. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, except as may be required by law.

Cautionary Note to U.S. Investors Concerning Resource Estimates

The resource estimates in this MD&A were prepared in accordance with NI 43-101 adopted by the Canadian Securities Administrators and it contains the terms "measured", "indicated" and "inferred" resources. Although these terms are recognized and required in Canada, the U.S. Securities and Exchange Commission ("SEC") does not recognize them. The SEC permits US mining companies, in their filings with the SEC, to disclose only those mineral deposits that constitute "reserves". Under United States standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally extracted at the time the determination is made. United States investors should not assume that all or any portion of a measured or indicated resource will ever be converted into "reserves". Further, "inferred resources" have a great amount of uncertainty as to their existence and whether they can be mined economically or legally, and United States investors should not assume that "inferred resources" exist or can be legally or economically mined, or that they will ever be upgraded to a higher category.

Qualified Person

Carlos H. Bertoni, P. Geo., a Qualified Person under NI 43-101, has reviewed and approved all of the technical information in this MD&A. Mr. Bertoni is the Company's Vice President, Exploration.

Additional Information and Continuous Disclosure

This MD&A has been prepared as at October 26, 2017. 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).