



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

3rd Quarter ended March 31, 2014

In Canadian Dollars

Unaudited

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Highland Copper Company Inc. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

Highland Copper Company Inc.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - in Canadian dollars)

	March 31, 2014	June 30, 2013
	\$	\$
ASSETS		
Current		
Cash	2,890,367	6,240,228
Sales taxes receivable	90,399	74,498
Prepaid expenses	40,906	54,723
	3,021,672	6,369,449
Non-current		
Deferred acquisition expenses (Note 3)	393,708	-
Capital assets (Note 4)	389,884	486,770
Exploration and evaluation assets (Note 5)	15,269,164	10,396,553
TOTAL ASSETS	19,074,428	17,252,772
LIABILITIES		
Current		
Accounts payable and accrued liabilities	1,666,190	407,745
TOTAL LIABILITIES	1,666,190	407,745
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	21,793,609	19,801,726
Contributed surplus	4,128,995	3,609,412
Deficit	(9,603,769)	(7,026,909)
Cumulative translation adjustment	1,089,403	460,798
TOTAL EQUITY	17,408,238	16,845,027
TOTAL LIABILITIES AND EQUITY	19,074,428	17,252,772

Going concern (Note 1)

Events after the reporting date (Note 12)

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

On behalf of the Board,

/s/ James Crombie
James Crombie, Director

/s/ Jo Mark Zurel
Jo Mark Zurel, Director

Highland Copper Company Inc.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Unaudited - in Canadian dollars)

	3 rd Quarter ended March 31, 2014	3 rd Quarter ended March 31, 2013	Nine-months ended March 31, 2014	Ten-months ended March 31, 2013 (Note1)
	\$	\$	\$	\$
Expenses and other items				
Management and administration (Note 8)	340,379	403,725	1,195,817	2,282,404
Pre-exploration (Note 5)	856,100	-	1,458,117	-
Gain on foreign exchange	(71,478)	(157,949)	(71,713)	(119,171)
Finance income	(1,279)	(11,364)	(5,361)	(79,897)
Net loss for the period	(1,123,722)	(234,412)	(2,576,860)	(2,083,336)
Other comprehensive income				
Item that will not be subsequently reclassified to income				
Foreign currency translation adjustment	478,749	90,341	628,605	139,423
Total comprehensive loss for the period	(644,973)	(144,071)	(1,948,255)	(1,943,913)
Basic and diluted loss per share	(0.02)	(0.00)	(0.05)	(0.04)
Weighted average number of shares - basic and diluted	52,986,585	52,277,878	52,526,723	51,996,145

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Highland Copper Company Inc.
Condensed Interim Consolidated Statements of Shareholders' Equity
(Unaudited - in Canadian dollars)

	Number of issued and outstanding common shares	Share capital	Contributed surplus	Deficit	Cumulative translation adjustment	Shareholders' equity
		\$	\$	\$	\$	\$
Balance at June 30, 2013	52,277,878	19,801,726	3,609,412	(7,026,909)	460,798	16,845,027
Shares issued pursuant to a property option agreement (Note 5)	66,667	10,000	-	-	-	10,000
Private placement (Note 6)	4,127,400	2,063,700	-	-	-	2,063,700
Share issue expenses	-	(81,817)	-	-	-	(81,817)
Share-based remuneration	-	-	519,583	-	-	519,583
Transaction with owners	4,194,067	1,991,883	519,583	-	-	2,511,466
Loss for the period	-	-	-	(2,576,860)	-	(2,576,860)
Other comprehensive income						
Foreign currency translation adjustment	-	-	-	-	628,605	628,605
Balance at March 31, 2014	56,471,945	21,793,609	4,128,995	(9,603,769)	1,089,403	17,408,238
Balance at May 31, 2012 (Note 1)	51,383,212	19,312,032	2,162,095	(4,719,574)	5,050	16,759,603
Exercise of warrants	828,000	464,112	(50,112)	-	-	414,000
Share issue expenses	-	(7,751)	-	-	-	(7,751)
Shares issued pursuant to a property option agreement	66,666	33,333	-	-	-	33,333
Share-based remuneration	-	-	1,300,899	-	-	1,300,899
Transaction with owners	894,666	489,694	1,250,787	-	-	1,740,481
Loss for the period	-	-	-	(2,083,336)	-	(2,083,336)
Other comprehensive income						
Foreign currency translation adjustment	-	-	-	-	139,423	139,423
Balance at March 31, 2013	52,277,878	19,801,726	3,412,882	(6,802,910)	144,473	16,556,171

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Highland Copper Company Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - in Canadian dollars)

	3 rd Quarter ended March 31, 2014 \$	3 rd Quarter ended March 31, 2013 \$	Nine-months ended March 31, 2014 \$	Ten-months ended March 31, 2013 (Note 1) \$
Operating activities				
Net loss for the period	(1,123,722)	(234,412)	(2,576,860)	(2,083,336)
Adjustments				
Share-based remuneration	74,327	239,448	436,050	1,038,496
Depreciation and amortization	2,393	2,081	7,300	2,081
Unrealized gain on foreign exchange	(71,478)	-	(71,713)	-
Finance income accrued	(1,279)	(11,364)	(5,361)	(79,885)
Finance income received	671	11,364	5,361	79,885
Changes in working capital items				
Sales taxes receivable	(25,555)	(47,924)	(15,810)	(97,098)
Prepaid expenses	2,392	(33,051)	14,094	(18,961)
Accounts payable and accrued liabilities	560,264	7,444	350,385	(24,063)
	(581,987)	(66,414)	(1,856,554)	(1,182,881)
Investing activities				
Acquisition of capital assets	(71,572)	(30,545)	(110,509)	(562,529)
Disposal of capital assets	8,963	-	8,963	-
Additions to exploration and evaluation assets	(803,785)	(2,026,527)	(3,032,018)	(6,781,787)
Additions to deferred acquisition expenses	(305,259)	-	(393,708)	-
	(1,171,653)	(2,057,072)	(3,527,272)	(7,344,316)
Financing activities				
Issue of shares	2,063,700	-	2,063,700	-
Exercise of warrants and stock options	-	-	-	414,000
Share issue expenses	(81,817)	-	(81,817)	(7,751)
	1,981,883	-	1,981,883	406,249
Effect of exchange rate changes on cash held in foreign currency	54,356	(96,615)	52,082	(32,971)
Net change in cash	282,599	(2,220,101)	(3,349,861)	(8,153,919)
Cash, beginning of period	2,607,768	10,035,827	6,240,228	15,969,645
Cash, end of period	2,890,367	7,815,726	2,890,367	7,815,726
Supplemental cash flow information				
Current liabilities related to exploration and evaluation assets	846,108	177,730	960,006	929,008
Depreciation included in exploration and evaluation assets	74,164	61,561	211,378	170,056
Share-based remuneration included in exploration and evaluation assets	17,394	54,548	83,533	262,403
Shares issued included in exploration and evaluation assets	-	-	10,000	33,333

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2014 (Unaudited - in Canadian dollars)

1. GENERAL INFORMATION AND GOING CONCERN

Highland Copper Company Inc. ("Highland") is a Canadian-based company. Highland and its subsidiaries (together the "Company") are engaged in the acquisition, exploration and development of mineral properties in the state of Michigan, USA. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. All financial results in these condensed interim consolidated financial statements are expressed in Canadian dollars unless otherwise indicated. Highland's common shares are listed on the TSX Venture Exchange (the "TSXV") under the symbol HI.

In August 23, 2012, the Board of Directors of Highland approved the change of the Company's year-end from May 31 to June 30. In accordance with the relevant legislation, these condensed interim consolidated financial statements are for the three and nine-month periods ended and as at March 31, 2014 and the comparative statements of comprehensive loss and cash flows are for the three and ten-month periods ended March 31, 2013.

The Board of Directors approved these consolidated financial statements on May 28, 2014.

Going concern

The Company is at the exploration stage and as is common with many exploration companies, it raises funds on the equity market to conduct its activities. The Company has incurred a loss in the current and prior periods, with a net loss of \$2,576,860 during the nine-month period ended March 31, 2014 and an accumulated deficit of \$9,603,769 at March 31, 2014. The Company has a working capital of \$1,355,482 at March 31, 2014 but requires additional funds to complete the acquisition of the Copperwood project (which terms are described in Note 3), to pursue exploration and development work on its mineral projects and to provide for management and administration expenses for at least the next 12 months. To this effect, the Company had announced on February 18, 2014 an increase to the size of its previously announced non-brokered private placement of common shares from \$25 million to up to \$55 million. On March 17 and May 13, 2014, the Company closed respectively a first and second tranches of the private placement and issued 4,927,400 common shares for total gross proceeds of \$2,463,700. However, there can be no assurance that the Company will be successful in its efforts to complete the private placement, when needed, on terms satisfactory to the Company. The Company is also evaluating other financing alternatives. If the Company is not successful in raising additional funds by way of private placement or if alternative financing options are not available, the Company may not be able to complete the acquisition of the Copperwood project and may be required to pay a termination fee of US\$500,000, it may be required to delay, reduce the scope of, or eliminate its current or future exploration and development activities and it may be unable to meet the earn-in requirements under the Venture Agreement with BRP. These uncertainties cast doubt regarding the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect any adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these condensed interim consolidated financial statements, adjustments to the carrying values of assets and liabilities and statement of financial position classification, which could be material, may be necessary.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2014 (Unaudited - in Canadian dollars)

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. They do not contain all of the information and disclosures required for annual financial statements, and should be read in conjunction with the Company's audited consolidated financial statements for the 13-month period ended June 30, 2013 and 12-month period ended May 31, 2012 which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These condensed interim consolidated financial statements follow the same accounting policies as the Company's most recent annual financial statements except for the adoption of new standards, interpretations and amendments which came into effect on January 1, 2013 (described below) and applied by the Company on July 1, 2013.

New accounting pronouncements

Certain pronouncements issued by the IASB or the IFRS Interpretations Committee are mandatory for accounting periods beginning on or after January 1, 2013. The following new standards, amendments and interpretations have been adopted by the Company in preparing these condensed interim consolidated financial statements but have had no impact on its financial information.

- IFRS 10, Consolidated Financial Statements;
- IFRS 11, Joint Arrangements;
- IFRS 12, Disclosure of Interests in Other Entities;
- IFRS 13, Fair Value Measurement;
- Amendments to IAS 1, Presentation of Financial Statements.

Significant accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenues and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual results could differ significantly from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets and share-based payments. The most significant judgement relates to the preparation of these condensed interim consolidated financial statements on a going concern basis.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2014 (Unaudited - in Canadian dollars)

3. AGREEMENTS TO ACQUIRE MINERAL PROPERTIES

Agreement to acquire the White Pine Copper Project, Michigan, USA

On March 5, 2014, the Company entered into a definitive asset purchase agreement (“APA”) with Copper Range Company (“CRC”), a subsidiary of First Quantum Minerals Ltd., a TSX-listed company, to acquire all of CRC’s rights, title and interest in the White Pine copper project (“White Pine”) located in the Upper Peninsula of the state of Michigan, USA. Under the APA, the Company agreed to issue to CRC, at the interim closing, 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 1 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) compensated CRC for a US\$2.85 million financial assurance bond associated with the remediation and closure plan of White Pine 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 Michigan Department of Environmental Quality. At that time, Highland will assume all of CRC’s environmental liabilities related to White Pine and will also be responsible for all on-going environmental obligations. Final closing is anticipated to occur by December 31, 2015.

Until final closing, Highland has access to White Pine under an access agreement to perform exploration, engineering and environmental studies and other activities associated with the potential development of a new copper mine at White Pine, and CRC continues to be responsible for environmental obligations and for remediation work up to a maximum of US\$2 million.

On May 13, 2014, the Company announced that it had completed the interim closing for the acquisition of White Pine (Note 12).

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2014 (Unaudited - in Canadian dollars)

3. AGREEMENTS TO ACQUIRE MINERAL PROPERTIES (continued)

Agreement to Acquire the Copperwood Project, Michigan, USA

On February 11, 2014, the Company and Orvana Minerals Corp., a TSX-listed company ("Orvana") entered into a share purchase agreement ("Agreement") whereby Highland will acquire all rights, title and interest in the Copperwood Project ("Copperwood") from Orvana through the acquisition of all of the outstanding shares of Orvana Resources US Corp. (the "Acquisition"). As consideration for the Acquisition, Highland will pay Orvana up to US\$25 million in aggregate, of which US\$20 million will be paid in cash upon closing of the Acquisition and US\$5 million will be paid in cash or shares of Highland, at Orvana's option, upon the occurrence of the events described below:

- US\$1.25 million upon the earliest of (i) commencement of commercial production of Copperwood and (ii) the date that is 36 months after closing of the Acquisition; and an additional US\$1.25 million on the first anniversary of this payment.
- US\$1.25 million 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 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.

Among other items, closing of the Acquisition is conditional upon the completion of a financing to fund the Acquisition and receipt of all required regulatory approvals including the approval of the TSXV. Under the Agreement, closing of the Acquisition is scheduled to occur by May 31, 2014 or such other date that the parties may agree upon. The Company could, under certain circumstances, be required to pay a termination fee of US\$500,000. The Company has engaged BMO Capital Markets ("BMO") as its financial advisor and, upon completion of the Acquisition, the Company will pay BMO a fee of \$1 million in cash.

Deferred acquisition expenses

During the nine-month period ended March 31, 2014, the Company incurred total expenses of \$393,708 related to the acquisition of White Pine and Copperwood. These expenses, which consist mostly of legal fees and consulting fees from technical advisors were deferred and presented separately on the statements of financial position.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2014 (Unaudited - in Canadian dollars)

4. CAPITAL ASSETS

Capital assets subject to depreciation and amortization are presented below. These assets are located in Michigan, USA.

	Intangible assets	Vehicles	Computer equipment and furniture	Exploration equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance at June 30, 2013	54,374	177,874	121,533	321,583	69,111	744,475
Additions	26,704	23,316	1,044	59,445	-	110,509
Disposals	-	-	-	(13,084)	-	(13,084)
Effect of foreign exchange	2,938	10,050	6,369	18,104	3,569	41,030
Balance at March 31, 2014	84,016	211,240	128,946	386,048	72,680	882,930
Accumulated depreciation and amortization						
Balance at June 30, 2013	17,925	57,918	59,110	85,948	36,804	257,705
Depreciation and amortization	24,975	46,538	40,672	85,498	20,995	218,678
Disposals	-	-	-	(4,121)	-	(4,121)
Effect of foreign exchange	1,351	4,711	4,421	7,622	2,679	20,784
Balance at March 31, 2014	44,251	109,167	104,203	174,947	60,478	493,046
Carrying amounts						
Balance at June 30, 2013	36,449	119,956	62,423	235,635	32,307	486,770
Balance at March 31, 2014	39,765	102,073	24,743	211,101	12,202	389,884

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2014 (Unaudited - in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

Amounts invested in exploration and evaluation assets are as follows:

	Keweenaw Copper	Leased Properties	White Pine	Total
	\$	\$	\$	\$
Balance at June 30, 2013	10,062,930	333,623	-	10,396,553
Property payments in shares	10,000	-	-	10,000
Property payments in cash	260,625	41,575	-	302,200
Drilling and assaying	758,894	118,460	792,815	1,670,169
Site preparation and road building	26,028	10,241	34,623	70,892
Labour	580,303	60,413	68,211	708,927
Consulting	276,390	34,243	194,703	505,336
Studies	216,258	-	26,961	243,219
Other exploration expenses	369,918	29,740	91,623	491,281
Depreciation and amortization	211,378	-	-	211,378
Share-based remuneration	83,533	-	-	83,533
Effect of foreign exchange	553,192	28,144	(5,660)	575,676
	3,346,519	322,816	1,203,276	4,872,611
Balance at March 31, 2014	13,409,449	656,439	1,203,276	15,269,164

Keweenaw Copper Project

Under a Mining Venture Agreement (the "Venture Agreement") with BRP LLC ("BRP"), the Company has an option to acquire a 65 percent interest in the Keweenaw Copper Project by spending US\$11,500,000 in exploration and development work and providing a feasibility study by October 26, 2015. At March 31, 2014, a cumulative amount of US\$12,851,235 in eligible expenditures had been spent on the Keweenaw Copper Project. Upon satisfying all conditions and exercising the option, the Company will have a 65% interest and BRP will have a 35% interest in the property. In addition, BRP will be entitled to a sliding scale net smelter return royalty from production ("NSR") 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%.

Under the terms of the Venture Agreement, the Company made a final cash payment of \$260,625 (US\$250,000) and issued a total of 66,667 common shares to BRP on October 17, 2013, valued at \$0.15 per share, being the closing price of the shares of the Company on October 16, 2013.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2014 (Unaudited - in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Leased Properties

The Company has entered into several lease agreements for the exploration and development of other mineral properties located in the Upper Peninsula of the State of Michigan. The leases have a primary term of 10 years and may be extended for an additional 10 years under certain conditions. The Company will pay an annual rent to the lessor. Under the terms of the lease agreements, payments during the current period amounted to \$41,575 (US\$39,000), with annual payments thereafter increasing by US\$5,000 per year. In the event that a positive feasibility study is prepared and that production is achieved on any part of some of the leased properties, milestone payments and sliding scale net smelter return royalty will apply. The Company may terminate any of the lease agreements at any time subject to certain conditions. These leased properties are not part of the Venture Agreement with BRP.

White Pine Copper Project

On March 5, 2014, the Company entered into an asset purchase agreement with CRC related to the White Pine copper project, as described in Note 3. On March 5, 2014, the Company also entered into an access agreement with CRC whereby CRC has granted to Highland the right to access the White Pine property to conduct exploration and other activities associated with the potential development of a new copper mine at White Pine. In accordance with its accounting policy on exploration and evaluation assets, the Company has deferred exploration and evaluation expenses related to the White Pine property beginning on March 5, 2014.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2014 (Unaudited - in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Pre-exploration expenses

In accordance with the Company's accounting policy on exploration and evaluation assets, costs incurred before the legal right to undertake exploration and evaluation activities has been obtained, are recognized in profit or loss when they are incurred. During the 3rd Quarter and nine-month period ended March 31, 2014, the Company incurred pre-exploration expenses of \$856,100 and \$1,458,117, respectively (nil during the comparative periods in 2013) for such activities, including preparation work related to White Pine (work performed before March 5, 2014), Copperwood and other properties. Costs are detailed as follows:

	3 rd Quarter ended March 31, 2014	3 rd Quarter ended March 31, 2013	Nine-months ended March 31, 2014	Ten-months ended March 31, 2013 (Note 1)
	\$	\$	\$	\$
Site preparation	64,653	-	66,379	-
Drilling and assaying	34,191	-	119,499	-
Labour	124,400	-	211,281	-
Consulting	376,948	-	711,211	-
Studies	73,273	-	92,520	-
Others	182,635	-	257,227	-
	856,100	-	1,458,117	-

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2014 (Unaudited - in Canadian dollars)

6. SHARE CAPITAL AND WARRANTS

Issued and fully paid

At March 31, 2014, the Company had 56,471,945 issued and outstanding common shares.

Issuance of shares

On March 17, 2014 the Company completed the first tranche of a previously announced non-brokered private placement of its common shares, by issuing a total of 4,127,400 common shares at \$0.50 per share for gross proceeds of \$2,063,700. Share issue expenses of \$81,817 were incurred, including finder's fees of \$70,685.

Share purchase warrants

There was no activity in share purchase warrants during the nine-month period ended March 31, 2014. The following table reflects the number of issued and outstanding share purchase warrants at March 31, 2014:

	Number of warrants at March 31, 2014	Price	Expiry date (Note 12)
		\$	
Private placement - May 2012	11,995,850	0.75	May 16, 2014
Private placement - May 2012	26,478,875	0.75	May 28, 2014
Private placement - May 2012	2,775,275	0.75	May 30, 2014
	41,250,000	0.75	

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2014 (Unaudited - in Canadian dollars)

7. STOCK OPTIONS

There was no activity in stock options during the nine-month period ended March 31, 2014. The following table reflects the stock options issued and outstanding at March 31, 2014:

Issue date	Number of options	Exercise price	Remaining contractual life	Number of options exercisable	Exercise price of exercisable options
		\$	(years)		\$
September 22, 2006	2,000	1.00	2.5	2,000	1.00
August 18, 2009	20,000	0.78	0.4	20,000	0.78
October 8, 2009	20,000	0.93	0.6	20,000	0.93
April 28, 2010	20,000	0.50	1.1	20,000	0.50
July 6, 2012	400,000	0.50	3.3	266,667	0.50
November 5, 2012	3,980,000	0.60	3.6	2,653,333	0.60
	4,442,000	0.59	3.5	2,982,000	0.59

At March 31, 2014, an amount of \$213,060 of cost remains to be amortized in future periods (until November 2014) related to the grant of stock options.

8. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses:

	3 rd Quarter ended March 31, 2014	3 rd Quarter ended March 31, 2013	Nine-months ended March 31, 2014	Ten-months ended March 31, 2013 (Note 1)
	\$	\$	\$	\$
Administrative and general	139,732	83,124	346,480	907,828
Office	29,917	25,608	87,747	90,372
Professional fees	13,422	5,497	72,524	60,372
Investor relations and travel	71,447	31,705	229,909	139,635
Reporting issuer costs	9,141	16,262	15,807	43,620
	263,659	162,196	752,467	1,241,827
Share-based remuneration	74,327	239,448	436,050	1,038,496
Depreciation and amortization	2,393	2,081	7,300	2,081
	340,379	403,725	1,195,817	2,282,404

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2014 (Unaudited - in Canadian dollars)

9. RELATED PARTY TRANSACTIONS

During the 3rd quarter and the nine-month period ended March 31, 2014, the Company incurred administration expenses of \$65,682 and \$158,232 from Reunion Gold Corporation, a related party by virtue of common management and directors (\$44,904 and \$162,070 during the 3rd quarter and the ten-month period ended March 31, 2013). During the 3rd quarter and the nine-month period ended March 31, 2014, the Company incurred administration expenses of nil from a company controlled by a director and a former officer of the Company (nil and \$47,134 during the 3rd quarter and the ten-month period ended March 31, 2013). These charges were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

Remuneration of directors and key management of the Company

The remuneration awarded to directors and to senior key management, including the Executive Chairman, the interim President and CEO, the CFO and the Vice President, Exploration, is as follows:

	3 rd Quarter ended March 31, 2014	3 rd Quarter ended March 31, 2013	Nine-months ended March 31, 2014	Ten-months ended March 31, 2013 (Note 1)
	\$	\$	\$	\$
Salaries, benefits and director fees	21,599	15,000	66,220	618,246
Consulting fees	116,891	83,181	315,929	272,655
Share-based remuneration	68,346	220,182	408,049	954,937
	206,836	318,363	790,198	1,845,838

10. COMMITMENTS

In addition to the commitments related to the exploration and evaluation assets (Note 5), the Company has entered into lease agreements expiring at various dates until November 2014 which calls for minimum lease payments of \$30,790 for the rental of office and warehousing space. Minimum lease payments are \$16,380 in 2014 and \$14,410 in 2015.

11. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition and exploration of mineral properties. Capital assets and exploration and evaluation assets held at March 31, 2014, which total \$15,659,048, are located in Michigan, USA (exploration and evaluation assets of \$10,883,323 at June 30, 2013 are located in Michigan, USA).

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
March 31, 2014 (Unaudited - in Canadian dollars)

12. EVENTS AFTER THE REPORTING DATE

Interim closing of the White Pine Copper Project

On May 13, 2014, the Company completed the interim closing for the acquisition of the White Pine Copper Project, located in Michigan, U.S.A. At the interim closing, the Company issued to CRC 3,000,000 of its common shares. The additional future consideration payments as well as conditions to complete the final close, anticipated to occur by December 31, 2015, are fully described in Note 3.

Extension of expiry date of share purchase warrants

On May 13, 2014, the Company announced that the TSXV had accepted the Company's request to extend the expiry date of the 41,250,000 share purchase warrants originally issued for a two-year term in May 2012 as part of a non-brokered private placement of the Company's securities. The new expiry date of the share purchase warrants is March 31, 2015. The exercise price of \$0.75 remains unchanged.

2nd tranche of Private Placement

On May 13, 2014, the Company completed a second tranche of the previously announced non-brokered private placement of its common shares by issuing 800,000 common shares at \$0.50 per share for gross proceeds of \$400,000.