



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the three and nine months ended March 31, 2016

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

<i>(unaudited, in Canadian dollars)</i>	March 31, 2016	June 30, 2015
	\$	\$
ASSETS		
Current		
Cash	579,727	1,042,341
Sales taxes receivable	9,584	54,496
Prepaid expenses and other	18,072	52,441
	607,383	1,149,278
Non-current		
Capital assets (Note 4)	149,529	233,615
Exploration and evaluation assets (Note 5)	66,142,573	61,568,034
TOTAL ASSETS	66,899,485	62,950,927
LIABILITIES		
Current		
Accounts payable and accrued liabilities	2,131,076	3,146,097
Due to a related party (Note 14)	-	8,022
Deposit on sale of royalty (Note 6)	10,000,000	10,000,000
	12,131,076	13,154,119
Non-current		
Balance of purchase price payable (Note 7)	2,644,179	2,207,430
Environmental liability (Note 8)	304,329	281,749
TOTAL LIABILITIES	15,079,584	15,643,298
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	51,754,469	48,115,461
Contributed surplus	6,241,439	6,173,571
Deficit	(14,943,808)	(13,592,922)
Cumulative translation adjustment	8,767,801	6,611,519
TOTAL EQUITY	51,819,901	47,307,629
TOTAL LIABILITIES AND EQUITY	66,899,485	62,950,927

Going concern (Note 2); Commitments and contingencies (Notes 5, 6 and 11);
Events after the reporting date (Note 5 – White Pine Project and Note 6).

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

On behalf of the Board,

/s/ David Fennell
David Fennell, Director

/s/ Jo Mark Zurel
Jo Mark Zurel, Director

Highland Copper Company Inc.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

<i>(unaudited, in Canadian dollars)</i>	Three months ended March 31,		Nine months ended March 31,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Expenses and other items				
Management and administration (Note 12)	314,335	467,247	994,657	2,559,239
Pre-exploration	48,325	-	79,783	79,204
Write-down of exploration and evaluation assets (Note 5)	-	-	273,883	-
Accretion on environmental liability (Note 8)	3,910	4,190	11,726	13,052
Finance income	(700)	(2,325)	(3,628)	(6,999)
Loss (gain) on foreign exchange	7,796	(32,289)	(5,535)	(31,083)
Net loss for the period	(373,666)	(436,823)	(1,350,886)	(2,613,413)
Other comprehensive income (loss)				
Item that will not be subsequently reclassified to income				
Foreign currency translation adjustment	(3,980,723)	4,232,442	2,156,282	7,098,869
Total comprehensive income (loss) for the period	(4,354,389)	3,795,619	805,396	4,485,456
Basic and diluted loss per common share	(0.00)	(0.00)	(0.01)	(0.03)
Weighted average number of common shares - basic and diluted	153,968,626	102,944,119	145,263,933	98,930,116

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

<i>(unaudited, in Canadian dollars)</i>	Number of issued and outstanding common shares	Share capital	Contributed surplus	Deficit	Cumulative translation adjustment	Total shareholders' equity
		\$	\$	\$	\$	\$
Balance at June 30, 2015	129,542,192	48,115,461	6,173,571	(13,592,922)	6,611,519	47,307,629
Private placement (Note 9)	24,426,434	3,663,965	-	-	-	3,663,965
Share issue expenses	-	(24,957)	-	-	-	(24,957)
Share-based remuneration	-	-	67,868	-	-	67,868
	24,426,434	3,639,008	67,868	-	-	3,706,876
Loss for the period	-	-	-	(1,350,886)	-	(1,350,886)
Other comprehensive income						
Foreign currency translation adjustment	-	-	-	-	2,156,282	2,156,282
Balance at March 31, 2016	153,968,626	51,754,469	6,241,439	(14,943,808)	8,767,801	51,819,901
Balance at June 30, 2014	96,966,745	41,394,661	4,221,734	(10,450,128)	248,024	35,414,291
Private placement	30,410,746	6,458,495	1,144,192	-	-	7,602,687
Share issue expenses	-	(219,459)	-	-	-	(219,459)
Share-based remuneration	-	-	742,819	-	-	742,819
	30,410,746	6,239,036	1,887,011	-	-	8,126,047
Loss for the period	-	-	-	(2,613,413)	-	(2,613,413)
Other comprehensive income						
Foreign currency translation adjustment	-	-	-	-	7,098,869	7,098,869
Balance at March 31, 2015	127,377,491	47,633,697	6,108,745	(13,063,541)	7,346,893	48,025,794

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

<i>(unaudited, in Canadian dollars)</i>	Three months ended March 31,		Nine months ended March 31,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Operating activities				
Net loss for the period	(373,666)	(436,823)	(1,350,886)	(2,613,413)
Adjustments				
Share-based remuneration	12,386	-	40,710	634,008
Depreciation and amortization	13,493	4,066	26,708	19,182
Write-down of exploration and evaluation assets	-	-	273,883	-
Unrealized gain on foreign exchange	7,796	(31,083)	(5,535)	(31,083)
Accretion on environmental liability	3,910	4,190	11,726	13,052
Finance income accrued	(700)	(2,325)	(3,628)	(6,999)
Finance income received	922	671	4,132	6,394
Changes in working capital items				
Sales taxes receivable	26,617	(7,476)	44,912	86,031
Prepaid expenses and other	8,294	(37,713)	34,369	(77,583)
Accounts payable and accrued liabilities	70,891	(12,276)	(145,965)	(293,298)
Due to a related party	(1,289)	-	(8,022)	-
	(231,346)	(518,769)	(1,077,596)	(2,263,709)
Investing activities				
Acquisition of capital assets	-	(10,835)	(33,127)	(61,083)
Proceeds on disposal of capital assets	70,995	-	70,995	27,837
Additions to exploration and evaluation assets	(489,473)	(3,802,342)	(3,089,664)	(6,653,506)
	(418,478)	(3,813,177)	(3,051,796)	(6,686,752)
Financing activities				
Issue of shares	-	7,602,687	3,663,965	7,602,687
Share issue expenses	-	(219,459)	(24,957)	(219,459)
Deposit on sale of royalty	-	-	-	10,000,000
Reimbursement of promissory note	-	-	-	(8,141,000)
	-	7,383,228	3,639,008	9,242,228
Effect of exchange rate changes on cash held in foreign currency	32,056	(302,221)	27,770	(247,818)
Net change in cash	(617,768)	2,749,061	(462,614)	43,949
Cash, beginning of period	1,197,495	537,598	1,042,341	3,242,710
Cash, end of period	579,727	3,286,659	579,727	3,286,659
Supplemental cash flow information				
Current liabilities related to exploration and evaluation assets	(88,379)	938,308	(960,230)	1,810,497
Depreciation and amortization included in exploration and evaluation assets	25,970	63,961	103,963	204,443
Share-based remuneration included in exploration and evaluation assets	8,921	-	27,158	108,811
Finance expense included in exploration and evaluation assets	115,622	121,851	359,882	375,993
Gain on disposal of assets included in exploration and evaluation assets	(70,995)	-	(70,995)	(7,774)

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, 2016 *(unaudited - in Canadian dollars)*

1. GENERAL INFORMATION

Highland Copper Company Inc. is a Canadian-based company. Highland and its subsidiaries (together “Highland” or the “Company”) are primarily engaged in the acquisition, exploration and development of mineral properties in Michigan, USA.

In May 2014, the Company completed the interim closing for the acquisition of the White Pine copper project (the “White Pine Project”) and in June 2014, the Company acquired the Copperwood copper project (the “Copperwood Project”). The Company also has an option to acquire a 65% interest in the Keweenaw project which hosts the 543S deposit, the G-2 project and other target areas (the “Keweenaw Project”).

To date, the Company has not earned significant revenues and is considered to be in the exploration and development stage. All financial results in these unaudited 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.

The Board of Directors approved these unaudited condensed interim consolidated financial statements on May 25, 2016.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016 (unaudited - in Canadian dollars)

2. GOING CONCERN

These unaudited condensed interim 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 the successful completion of the acquisition of the White Pine Project and raising additional funds.

As is common with many exploration and development companies, the Company has relied on equity financing to fund its operations, including its investments in exploration and evaluation assets. The Company has incurred a net loss of \$1,350,886 during the nine months ended March 31, 2016 and has a deficit of \$14,943,808 at March 31, 2016. The Company has a working capital deficiency of \$11,523,693 at March 31, 2016, including a deposit on sale of a royalty of \$10,000,000 from Osisko Gold Royalties Ltd. ("Osisko"), which upon the expected completion of the acquisition of the White Pine Project will be exchanged for the White Pine Royalty (Note 6). The completion of the acquisition of the White Pine Project is dependent on a number of factors, not all of which are under the Company's control, and as such, there is no assurance that the Company will complete the acquisition of the White Pine Project. If the acquisition of the White Pine Project is not completed by June 15, 2016 and if at that time Osisko does not agree to a further extension of the maturity date of the deposit, the deposit on sale of a royalty of \$10,000,000 will become refundable (see Notes 5 and 6 for detail of the extensions obtained to complete the acquisition of the White Pine Project).

The Company requires additional funds to settle its working capital deficiency, to complete the acquisition of the White Pine Project, 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. 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. 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, 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 uncertainties that casts a significant doubt about the Company's ability to continue as a going concern. If the going concern assumption was not appropriate for these unaudited condensed interim 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.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016 (unaudited - in Canadian dollars)

3. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and follow the same accounting policies as the Company's most recent annual consolidated financial statements. 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 years ended June 30, 2015 and 2014 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Significant accounting judgements and estimates

The preparation of these condensed interim 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. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain and may require accounting adjustments based on future occurrences. Revisions to accounting estimates, judgments and assumptions are recognized in the period in which the estimate is revised and future period if the revision affects both current and future 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, relate to: a) the Company completing the final acquisition of the White Pine Project; b) no indicators of impairment of exploration and evaluation assets; and c) sufficiency of the environmental liability.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016 (unaudited - in Canadian dollars)

4. CAPITAL ASSETS

Capital assets subject to depreciation and amortization are as follows:

	Intangible assets	Vehicles	Computer equipment and furniture	Exploration equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
Balance at June 30, 2015	28,254	66,890	11,980	126,491	-	233,615
Additions	-	-	33,127	-	-	33,127
Depreciation and amortization	(22,967)	(31,633)	(18,802)	(57,269)	-	(130,671)
Effect of foreign exchange	535	3,563	2,587	6,773	-	13,458
Balance at March 31, 2016	5,822	38,820	28,892	75,995	-	149,529
Balance at June 30, 2014	69,560	109,688	23,274	221,158	4,777	428,457
Additions	1,384	48,457	1,260	9,982	-	61,083
Disposals	-	(20,063)	-	-	-	(20,063)
Depreciation and amortization	(35,989)	(64,515)	(12,807)	(105,145)	(5,169)	(223,625)
Effect of foreign exchange	3,168	16,541	3,257	31,996	392	55,354
Balance at March 31, 2015	38,123	90,108	14,984	157,991	-	301,206

During the three months ended March 31, 2016, the Company sold some of its vehicles with a net book value of nil, for cash proceeds of \$70,995.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016 (unaudited - in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

Amounts invested in exploration and evaluation assets are as follows:

	Nine months ended March 31,	
	2016	2015
	\$	\$
Mineral properties		
Balance, beginning	32,782,114	26,255,698
Property payments in cash	177,731	173,848
Accretion on balance of purchase price payable	359,882	375,993
Finance expense on note payable to Orvana	-	576,979
Write-down (1)	(67,521)	-
Effect of foreign exchange	1,257,846	4,942,849
Balance, ending	34,510,052	32,325,367
Exploration and evaluation of mineral properties		
Balance, beginning	28,785,920	16,390,236
Site preparation, drilling and assaying	7,091	3,892,303
Labour	1,051,262	1,694,867
Studies	537,138	1,347,569
Other expenses	356,212	778,437
Gain on disposal of capital assets	(70,995)	(7,774)
Depreciation and amortization	103,963	204,443
Write-down (1)	(206,362)	-
Share-based remuneration	27,158	108,811
Effect of foreign exchange	1,041,134	3,615,603
Balance, ending	31,632,521	28,024,495
Total exploration and evaluation assets	66,142,573	60,349,862

(1) Resulting from the non renewal of certain leased properties located in the Upper Peninsula of the State of Michigan.

Cumulative amounts invested by project are as follows:

	March 31,	June 30,
	2016	2015
	\$	\$
White Pine	17,825,515	15,447,201
Copperwood	31,509,441	29,804,661
Keweenaw	16,366,033	15,642,832
Others	441,584	673,340
	66,142,573	61,568,034

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016 (unaudited - in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

White Pine Project

On May 6, 2016, the Company and Copper Range Company ("CRC"), a subsidiary of First Quantum Minerals Ltd., agreed to extend the period to complete the acquisition of the White Pine Project to the earlier of (i) 30 days following the receipt of a certain environmental permit, and (ii) September 6, 2016. The final closing of the acquisition of the White Pine Project will be completed once Highland has (i) released CRC of a US\$2.85 million financial assurance letter of credit associated with the remediation and closure plan of the previous White Pine operation 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 CRC's environmental liabilities related to the White Pine Project and will also be responsible for on-going environmental obligations.

Upon completion of a feasibility study and receipt of all necessary permits for the development of a mine at White Pine, the Company will pay to CRC in cash or in common shares of Highland, at the option of the CRC, an amount equal to \$0.005 (one half of one cent) per pound for the first 1 billion pounds of proven and probable reserves of copper and \$0.0025 (one quarter of one cent) for each additional pound of proven and probable reserves of copper.

In April 2015, the Company had entered into a 20-year lease agreement, with an option for an additional 5 years, for certain mineral rights located in White Pine, Michigan. In accordance with the terms of the agreement, additional cash payments of US\$425,000 and US\$150,000 were payable in April 2016 and April 2017, respectively and an annual rent was also payable on each anniversary of the lease. Given its current financial position, the Company did not make the cash payment of US\$425,000 or the initial rent payment of US\$25,000 on the due date. Discussions are currently being held with the Lessor to amend the terms of the agreement. At this time, the Company cannot predict the outcome of the discussions.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016 (unaudited - in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Copperwood Project

As part of the acquisition of the Copperwood project from Orvana Minerals Corp., a TSX-listed company ("Orvana"), the Company may be required to pay as additional consideration up to US\$5 million in cash or shares of Highland, at Orvana's option, of which US\$2.5 million has been accounted for as the "Future Consideration" described in Note 7. 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. This contingent liability of US\$2.5 million will only be recognized if and when the contingency is satisfied.

The Copperwood Project consists of a number of mineral leases, which call for annual rent payments until 2036. The mineral leases are also subject to quarterly NSR royalty payments and will range from 2% to 4% on a sliding scale based on inflation-adjusted copper prices. Under the mineral leases, Orvana US will have mineral rights until the later of the 20th anniversary of the date of the lease or the date Orvana US ceases to be actively engaged in development, mining, or related operations on the property. The mineral leases may be terminated by Orvana US, the Company's wholly owned subsidiary, on 60 days' notice.

Keweenaw 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 Project by spending US\$11,500,000 in exploration and development work and providing a feasibility study by a specified date. In November 2015, BRP and the Company agreed to amend the Venture Agreement to provide the Company more time to exercise its option. Under the amended Venture Agreement, the period to provide a feasibility study on at least one deposit covered by the Venture Agreement was extended from October 26, 2015 to December 31, 2017. As consideration for this extension, the Company agreed to secure some of the shafts located on the Keweenaw property and has submitted a budget for environmental work to be completed as part of the feasibility study. At December 31, 2015, a cumulative amount of US\$13,095,000 in eligible expenditures had been spent on the Keweenaw 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%.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016 (unaudited - in Canadian dollars)

6. DEPOSIT ON SALE OF ROYALTY

On December 15, 2014, Osisko Gold Royalties Ltd. ("Osisko") made a \$10 million refundable deposit on a 3% sliding-scale NSR royalty on all metals from the White Pine Project (the "White Pine Royalty"). The Osisko deposit is secured against all of the Company's assets. Upon completion of the acquisition of the White Pine Project, the Osisko deposit will be exchanged for the White Pine Royalty. In the event the acquisition of the White Pine Project is not completed by the maturity date of the deposit, the Osisko deposit will need to be refunded and will bear interest at the rate of Libor + 5% until it is refunded. In May 2016, Osisko agreed to extend the maturity of the deposit from the original maturity date of December 31, 2015 to June 15, 2016. The White Pine Royalty will have a base rate of 3% and will increase by 0.01% for every \$0.01 increase in the copper price above \$3.00 per pound.

In connection with the White Pine Royalty, the Company has granted to Osisko an option to purchase for US\$26 million any future silver production from the Company's projects, including White Pine, Copperwood and Keweenaw (the "Michigan Projects"). Osisko may elect to exercise the option to purchase the silver production by paying US\$26 million to the Company within 60 days following the delivery to Osisko of a feasibility study on the Michigan Projects.

7. BALANCE OF PURCHASE PRICE PAYABLE

The estimated fair value of the Future Consideration payable to Orvana (Note 5) was accounted for using a discount rate of 20%. The Future Consideration in the amount of US\$2,500,000 may be paid by Highland to Orvana in cash or shares of Highland, at Orvana's option, with US\$1.25 million payable upon the earliest of (i) commencement of commercial production of Copperwood and (ii) June 17, 2017; and an additional US\$1.25 million on the first anniversary of this payment. The balance of purchase price payable at March 31, 2016 was determined as follows:

	Nine months ended March 31,	
	2016	2015
	\$	\$
Balance, beginning of period	2,207,430	1,434,850
Accretion expense	359,882	375,993
Effect of foreign exchange	76,867	303,446
Balance, end of period	2,644,179	2,114,289

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016 (unaudited - in Canadian dollars)

8. ENVIRONMENTAL LIABILITY

Changes to the environmental liability, which consists of reclamation costs related to the White Pine Project, are as follows:

	Nine months ended March 31,	
	2016	2015
	\$	\$
Balance, beginning of period	281,749	225,022
Accretion expense	11,726	13,052
Effect of foreign exchange	10,854	43,174
Balance, end of period	304,329	281,248

9. SHARE CAPITAL AND WARRANTS

Issued and fully paid

At March 31, 2016, the Company had 153,968,626 issued and outstanding common shares (129,542,192 at June 30, 2015).

Issuance of shares

On October 6, 2015, the Company completed a non brokered private placement of 24,426,434 common shares with Osisko at a price of \$0.15 per share for gross proceeds of \$3,663,965. Following completion of the private placement, Osisko owns 29,420,434 shares, representing approximately 19.1% of the issued and outstanding shares of Highland on a non-diluted basis.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016 (unaudited - in Canadian dollars)

9. SHARE CAPITAL AND WARRANTS (continued)

Share purchase warrants

The following table reflects the number of issued and outstanding share purchase warrants at March 31, 2016 and June 30, 2015:

	Number of warrants	Price per share	Expiry date
		\$	
Private placement – March 11, 2015	12,275,020	0.50	Sep 11, 2016
Private placement – March 20, 2015	1,680,000	0.50	Sep 20, 2016
Private placement – March 27, 2015	1,250,353	0.50	Sep 27, 2016
Private placement – May 2012 (1)	41,250,000	0.75	Mar 31, 2017
	56,455,373	0.68	
Average price	0.68		

(1) In March 2016, the Company further extended the expiry date of these share purchase warrants originally issued in May 2012 as part of a non-brokered private placement of the Company's securities. The new expiry date is March 2017 and the exercise price of \$0.75 remains unchanged.

10. STOCK OPTIONS

The following table sets out the activity in stock options:

	3 rd Quarter ended March 31, 2016		Nine months ended March 31, 2016	
	Number	Weighted average exercise price (\$)	Number	Weighted average exercise price (\$)
Options, beginning of period	7,707,000	0.48	7,597,000	0.49
Granted	-	-	200,000	0.13
Expired	(135,000)	(0.41)	(225,000)	(0.41)
Options, end of period	7,572,000	0.48	7,572,000	0.48

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2016 (unaudited - in Canadian dollars)

10. STOCK OPTIONS (continued)

The following table reflects the stock options issued and outstanding at March 31, 2016:

Issue date	Number of options	Exercise price	Remaining contractual life	Number of exercisable options	Exercise price of exercisable options
		\$	(years)		\$
September 22, 2006	2,000	1.00	0.5	2,000	1.00
July 6, 2012	400,000	0.50	1.3	400,000	0.50
November 5, 2012	3,790,000	0.60	1.6	3,790,000	0.60
August 1, 2014	1,400,000	0.50	3.3	1,400,000	0.50
April 21, 2015	1,780,000	0.25	4.1	330,833	0.25
November 20, 2015	200,000	0.13	4.6	66,667	0.13
	7,572,000	0.48	2.6	5,989,500	0.55

At March 31, 2016, an amount of \$40,139 remains to be amortized in future periods (until November 2017) related to the grant of stock options.

11. CONTINGENCY

In February 2016, the Company's interim president and CEO tendered his resignation. As full and final settlement of all unpaid amounts related to his employment with the Company due at that time, the Company has agreed to pay to its former president and CEO a lump sum amount of US\$150,000 in cash on the earliest of (a) five business days following the completion by the Company of an equity or debt financing or an asset sale of at least \$10 million, and (b) five business days following the completion of a corporate transaction such as a business combination.

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12. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses:

	Three months ended March 31,		Nine months ended March 31,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Administrative and general (1)	184,178	300,440	474,416	1,051,409
Office	54,035	69,810	176,493	179,775
Professional fees	35,415	3,728	238,516	400,693
Investor relations and travel	3,183	77,916	20,966	248,660
Reporting issuer costs	11,645	11,287	16,848	25,512
	288,456	463,181	927,239	1,906,049
Share-based remuneration	12,386	-	40,710	634,008
Depreciation and amortization	13,493	4,066	26,708	19,182
	314,335	467,247	994,657	2,559,239

(1) Reflects the reversal during the nine months ended March 31, 2016 of \$263,000 in accrued salaries and benefits related to the Company's former president and CEO following his resignation in February 2016, described in Note 11.

13. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition and exploration of mineral properties in Michigan, USA. Assets are located as follows:

	March 31, 2016		
	Canada	USA	Total
	\$	\$	\$
Current assets	537,244	70,139	607,383
Capital assets	28,962	120,567	149,529
Exploration and evaluation assets	-	66,142,573	66,142,573
Total assets	566,206	66,333,279	66,899,485

	June 30, 2015		
	Canada	USA	Total
	\$	\$	\$
Current assets	1,107,655	41,623	1,149,278
Capital assets	20,725	212,890	233,615
Exploration and evaluation assets	-	61,568,034	61,568,034
Total assets	1,128,380	61,822,547	62,950,927

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14. RELATED PARTY TRANSACTIONS

During the three months and the nine months ended March 31, 2016, the Company incurred administration expenses of \$38,142 and \$224,158, respectively from Reunion Gold Corporation, a related party by virtue of common management (\$115,785 and \$373,692 during the three months and the nine months ended March 31, 2015, respectively). In December 31, 2015, the Company purchased office furniture and computer equipment for an amount of \$31,681 from Reunion Gold Corporation (nil during the comparative period in 2014).

On January 1, 2016, the Company entered into separate agreements to provide management and administration services to other TSXV-listed companies, related by virtue of common management, including Odyssey Resources Limited. The services are provided at cost. Amounts recovered for management and administration services during the three months and the nine months ended March 31, 2016 amounted to \$36,037 (nil in 2015).

During the three months and the nine months ended March 31, 2016, the Company purchased geological services for amounts of \$5,791 and \$24,092, respectively from Avala Resources Ltd., a related party by virtue of common management (nil during the comparative periods).

These transactions 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 and interim President and CEO, the Executive Vice-President and the CFO, is as follows:

	Three months ended March 31,		Nine months ended March 31,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Salaries, benefits and director fees (Note 12)	122,418	165,873	203,315	499,417
Consulting fees	72,207	126,920	282,468	310,680
Share-based remuneration	13,167	-	43,083	532,378
	207,792	292,793	528,866	1,342,475