



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

1st Quarter ended September 30, 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)

	September 30, 2014	June 30, 2014
	\$	\$
ASSETS		
Current		
Cash	1,103,121	3,242,710
Sales taxes receivable	82,525	159,433
Prepaid expenses and other	85,602	59,479
	1,271,248	3,461,622
Non-current		
Capital assets (Note 3)	392,981	428,457
Exploration and evaluation assets (Note 4)	46,852,313	42,645,934
TOTAL ASSETS	48,516,542	46,536,013
LIABILITIES		
Current		
Accounts payable and accrued liabilities	2,362,491	1,987,950
Promissory note (Note 5)	7,840,000	7,473,900
	10,202,491	9,461,850
Non-current		
Balance of purchase price payable (Note 6)	1,633,374	1,434,850
Environmental liability (Note 7)	240,501	225,022
TOTAL LIABILITIES	12,076,366	11,121,722
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	41,394,661	41,394,661
Contributed surplus	4,775,871	4,221,734
Deficit	(11,615,248)	(10,450,128)
Cumulative translation adjustment	1,884,892	248,024
TOTAL EQUITY	36,440,176	35,414,291
TOTAL LIABILITIES AND EQUITY	48,516,542	46,536,013

Going concern (Note 1)

Commitments and contingencies (Notes 4 and 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 Income (Loss)
(Unaudited - in Canadian dollars)

	1 st Quarter ended September 30, 2014 \$	1 st Quarter ended September 30, 2013 \$
Expenses and other items		
Management and administration (Note 10)	1,083,691	510,927
Pre-exploration	79,204	133,359
Accretion on environmental liability (Note 7)	4,334	-
Finance income	(4,092)	(2,553)
Loss on foreign exchange	1,983	93,368
Net loss for the period	(1,165,120)	(735,101)
Other comprehensive income		
Item that will not be subsequently reclassified to income		
Foreign currency translation adjustment	1,636,868	(210,544)
Total comprehensive income (loss) for the period	471,748	(945,645)
Basic and diluted loss per common share	(0.01)	(0.01)
Weighted average number of common shares - basic and diluted	96,966,745	52,277,878

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, 2014	96,966,745	41,394,661	4,221,734	(10,450,128)	248,024	35,414,291
Share-based remuneration	-	-	554,137	-	-	554,137
Loss for the period	-	-	-	(1,165,120)	-	(1,165,120)
Other comprehensive income						
Foreign currency translation adjustment	-	-	-	-	1,636,868	1,636,868
Balance at September 30, 2014	96,966,745	41,394,661	4,775,871	(11,615,248)	1,884,892	36,440,176
Balance at June 30, 2013	52,277,878	19,801,726	3,609,412	(7,026,909)	460,798	16,845,027
Share-based remuneration	-	-	268,210	-	-	268,210
Loss for the period	-	-	-	(735,101)	-	(735,101)
Other comprehensive income						
Foreign currency translation adjustment	-	-	-	-	(210,544)	(210,544)
Balance at September 30, 2013	52,277,878	19,801,726	3,877,622	(7,762,010)	250,254	16,167,592

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)

	1 st Quarter ended September 30, 2014	1 st Quarter ended, September 30, 2013
	\$	\$
Operating activities		
Net loss for the period	(1,165,120)	(735,101)
Adjustments		
Share-based remuneration	472,821	227,935
Depreciation and amortization	7,558	2,454
Unrealized loss on foreign exchange	1,983	93,368
Accretion on environmental liability	4,334	-
Finance income accrued	(4,092)	(2,553)
Finance income received	4,587	2,924
Changes in working capital items		
Sales taxes receivable	76,908	(30,606)
Prepaid expenses and other	(26,036)	8,403
Accounts payable and accrued liabilities	(355,971)	10,496
	(983,028)	(422,680)
Investing activities		
Acquisition of capital assets	(48,170)	(27,356)
Disposal of capital assets	26,685	-
Additions to exploration and evaluation assets	(1,160,776)	(1,439,547)
	(1,182,261)	(1,466,903)
Effect of exchange rate changes on cash held in foreign currency	25,700	(86,133)
Net change in cash	(2,139,589)	(1,975,716)
Cash, beginning of period	3,242,710	6,240,228
Cash, end of period	1,103,121	4,264,512
Supplemental cash flow information		
Current liabilities related to exploration and evaluation assets	429,672	165,583
Depreciation and amortization included in exploration and evaluation assets	74,354	67,874
Share-based remuneration included in exploration and evaluation assets	81,316	40,275
Finance expense included in exploration and evaluation assets	387,756	-
Gain on disposal of capital assets included in exploration and evaluation assets	(7,452)	-

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
September 30, 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.

The Board of Directors approved and authorized for issue these condensed interim consolidated financial statements on November 24, 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 net loss of \$1,165,120 during the first quarter ended September 30, 2014 and has an accumulated deficit of \$11,615,248 at September 30, 2014. The Company has a working capital deficit of \$8,931,243 at September 30, 2014, including the promissory note of \$7,840,000 due by December 15, 2014 related to the June 2014 acquisition of the Copperwood project. The Company requires additional funds to reimburse the Note due to Orvana, 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. On May 29, 2014, the Company signed a non-binding letter of intent ("LOI") with AMCI Holdings Inc. ("AMCI") to form a 50-50 joint venture (the "JV"). Highland would contribute all of its interests in the mineral projects located in Michigan and AMCI would contribute US\$45 million by December 15, 2014. Given the non-binding nature of the LOI, there can be no assurance that the JV with AMCI will be completed as intended or at all. Should the JV with AMCI not be completed, the Company will have to conclude other financing arrangements, including the issuance of securities, debt financing or other arrangements. In addition, even if the JV with AMCI is completed, the Company will need to raise funds through equity financing or other arrangements to cover its management and administration expenses for at least the next 12 months.

If the Company is not successful in raising additional funds, the Company may not be able to reimburse the Note due to Orvana and may have to forfeit its rights and interest in the Copperwood Project, 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 conditions and uncertainties indicate the existence of a material uncertainty 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 condensed interim consolidated financial statements, adjustments to the carrying value of assets and liabilities, in particular an impairment of exploration and evaluation assets, and reported expenses would be necessary.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2014 (Unaudited - in Canadian dollars)

2. 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, 2014 and 2013 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 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, environmental liability 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
September 30, 2014 (Unaudited - in Canadian dollars)

3. 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, 2014	122,712	232,315	133,310	425,797	70,196	984,330
Additions	1,305	45,677	1,188	-	-	48,170
Disposals	-	(20,662)	-	-	-	(20,662)
Effect of foreign exchange	3,224	16,863	6,360	20,927	3,437	50,811
Balance at September 30, 2014	127,241	274,193	140,858	446,724	73,633	1,062,649
Accumulated depreciation and amortization						
Balance at June 30, 2014	53,152	122,627	110,036	204,639	65,419	555,873
Depreciation and amortization	13,705	20,887	9,141	33,307	4,872	81,912
Disposals	-	(1,429)	-	-	-	(1,429)
Effect of foreign exchange	2,129	11,283	5,471	11,087	3,342	33,312
Balance at September 30, 2014	68,986	153,368	124,648	249,033	73,633	669,668
Carrying amounts						
Balance at June 30, 2014	69,560	109,688	23,274	221,158	4,777	428,457
Balance at September 30, 2014	58,255	120,825	16,210	197,691	-	392,981

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2014 (Unaudited - in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

Amounts invested in exploration and evaluation assets are as follows:

	White Pine Project	Copperwood Project	Keweenaw Project	Other Properties	Total
	\$	\$	\$	\$	\$
Balance at June 30, 2014	5,028,094	23,898,745	13,203,414	515,681	42,645,934
Property payments in cash	-	117,917	-	2,178	120,095
Drilling and assaying	279,873	-	-	-	279,873
Site preparation and road building	9,063	-	-	-	9,063
Labour	252,874	26,368	45,035	-	324,277
Consulting	188,355	40,076	20,352	-	248,783
Studies	296,140	4,425	7,561	-	308,126
Other expenses	232,961	46,501	20,769	-	300,231
Gain on disposal of capital assets	-	(7,452)	-	-	(7,452)
Depreciation and amortization	5,002	5,582	63,770	-	74,354
Share-based remuneration	63,411	6,612	11,293	-	81,316
Finance expense	-	387,756	-	-	387,756
Effect of foreign exchange	282,162	1,188,217	584,256	25,322	2,079,957
	1,609,841	1,816,002	753,036	27,500	4,206,379
Balance at September 30, 2014	6,637,935	25,714,747	13,956,450	543,181	46,852,313

White Pine Project

On May 13, 2014 (the interim closing date), the Company acquired from Copper Range Company ("CRC") all of CRC's rights, title and interest in the White Pine copper project (the "White Pine Project") located in the state of Michigan, USA, and issued to CRC 3,000,000 of its common shares valued at \$1,500,000. 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) 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 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 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.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2014 (Unaudited - in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Copperwood Project

On June 17, 2014, the Company acquired the Copperwood copper project (the "Copperwood Project") through the acquisition from Orvana Minerals Corp., a TSX-listed company ("Orvana"), of all of the outstanding shares of Orvana Resources US Corp. ("Orvana US"). Highland paid US\$13 million in cash at closing and issued a US\$7 million secured promissory note (the "Note"), described in Note 5. An additional consideration of up to US\$5,000,000 may be paid by Highland in cash or shares of Highland, at Orvana's option, of which US\$2.5 million was accounted for as the "Future Consideration" described in Note 6. 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 copper project (the "Keweenaw Project") by spending US\$11,500,000 in exploration and development work and providing a feasibility study by October 26, 2015. At September 30, 2014, a cumulative amount of US\$13,080,000 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
September 30, 2014 (Unaudited - in Canadian dollars)

5. PROMISSORY NOTE

In connection with the acquisition of the Copperwood Project described in Note 4, the Company issued a Note in the amount of US\$7,000,000 to Orvana. The Note matures on December 15, 2014 and bears interest at an estimated effective rate of 15.2%. The Company may have to repay the Note, partially or completely, before the maturity date following the raising of additional capital. The Note is secured by a first priority security interest over all of the assets of Orvana US and a pledge of 100% of the shares of Orvana US. The amount of the Note at September 30, 2014 was established as follows:

	1 st Quarter ended September 30, 2014
	\$
Balance, beginning of period	7,473,900
Effect of foreign exchange	366,100
Balance, end of period	7,840,000

6. BALANCE OF PURCHASE PRICE PAYABLE

In connection with the acquisition of the Copperwood Project described in Note 4, the Company has accounted for the estimated fair value of the Future Consideration 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) 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. The balance of purchase price payable at September 30, 2014 was determined as follows:

	1 st Quarter ended September 30, 2014
	\$
Balance, beginning of period	1,434,850
Accretion expense	124,714
Effect of foreign exchange	73,810
Balance, end of period	1,633,374

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2014 (Unaudited - in Canadian dollars)

7. ENVIRONMENTAL LIABILITY

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

	1 st Quarter ended September 30, 2014
	\$
Balance, beginning of period	225,022
Accretion expense	4,334
Effect of foreign exchange	11,145
Balance, end of period	240,501

8. SHARE CAPITAL AND WARRANTS

Issued and fully paid

At September 30, 2014, the Company had 96,966,745 issued and outstanding common shares.

Issuance of shares

There was no issuance of shares during the 1st Quarter ended September 30, 2014.

Share purchase warrants

There was no activity in share purchase warrants during the 1st Quarter ended September 30, 2014. At September 30, 2014 and June 30, 2014, the Company had 41,250,000 issued and outstanding share purchase warrants exercisable at a price of \$0.75 per share until March 31, 2015.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2014 (Unaudited - in Canadian dollars)

9. STOCK OPTIONS

The following table sets out the activity in stock options:

		1 st Quarter ended September 30, 2014
	Number	Weighted average exercise price (\$)
Options, beginning of period	4,442,000	0.59
Granted	1,400,000	0.50
Expired	(20,000)	(0.78)
Options, end of period	5,822,000	0.57

On August 1, 2014, the Company granted 1,400,000 stock options to officers of the Company and a consultant. The stock options have a five year term and are exercisable at a price of \$0.50 per share. A total of 700,000 of the stock options granted vested on the date of grant and 700,000 will vest on December 1, 2014. The fair value of the stock options was estimated as \$0.44 using the Black-Sholes option pricing model, using an expected time-period of 5 years, a semi-annual weighted-average risk-free interest rate of 1.46%, a volatility rate of 145% and a 0% dividend factor.

The following table reflects the stock options issued and outstanding at September 30, 2014:

Issue date	Number of options	Exercise price \$	Remaining contractual life (years)	Number of options exercisable	Exercise price of exercisable options \$
September 22, 2006	2,000	1.00	2.0	2,000	1.00
October 8, 2009	20,000	0.93	0.1	20,000	0.93
April 28, 2010	20,000	0.50	0.6	20,000	0.50
July 6, 2012	400,000	0.50	2.8	400,000	0.50
November 5, 2012	3,980,000	0.60	3.1	2,653,333	0.60
August 1, 2014	1,400,000	0.50	4.8	700,000	0.50
	5,822,000	0.57	3.5	3,795,333	0.57

At September 30, 2014, an amount of \$188,682 remains to be amortized in future periods (until December 2014) related to the grant of stock options.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2014 (Unaudited - in Canadian dollars)

10. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses:

	1 st Quarter ended September 30, 2014	1 st Quarter ended September 30, 2013
	\$	\$
Administrative and general	308,208	111,575
Office	50,009	22,981
Professional fees	151,517	53,553
Investor relations and travel	89,580	91,804
Reporting issuer costs	3,998	625
	603,312	280,538
Share-based remuneration	472,821	227,935
Depreciation and amortization	7,558	2,454
	1,083,691	510,927

11. RELATED PARTY TRANSACTIONS

During the 1st quarter ended September 30, 2014, the Company incurred administration expenses of \$118,692 from Reunion Gold Corporation, a related party by virtue of common management and directors (\$46,275 during the 1st quarter ended September 30, 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:

	1 st Quarter ended September 30, 2014	1 st Quarter ended September 30, 2013
	\$	\$
Salaries, benefits and director fees	96,450	21,884
Consulting fees	104,902	98,951
Share-based remuneration	396,861	213,359
	598,213	334,194

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements
September 30, 2014 (Unaudited - in Canadian dollars)

12. COMMITMENTS

In addition to the commitments related to the exploration and evaluation assets (Note 4), the Company has entered into lease agreements expiring at various dates until November 2014 which calls for minimum lease payments of \$20,600 in 2015 for the rental of office and warehousing space.

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:

	September 30, 2014		
	Canada	USA	Total
	\$	\$	\$
Current assets	1,188,126	83,122	1,271,248
Capital assets	37,404	355,577	392,981
Exploration and evaluation assets	-	46,852,313	46,852,313
Total assets	1,225,530	47,291,012	48,516,542

	June 30, 2014		
	Canada	USA	Total
	\$	\$	\$
Current assets	3,403,109	58,513	3,461,622
Capital assets	44,962	383,495	428,457
Exploration and evaluation assets	-	42,645,934	42,645,934
Total assets	3,448,071	43,087,942	46,536,013