

HIGHLAND COPPER COMPANY INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
– QUARTERLY HIGHLIGHTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

The following interim management's discussion and analysis – quarterly highlights (“**Interim MD&A**”) of Highland Copper Company Inc. (“**Highland**” or the “**Company**”) for the three months ended September 30, 2017 provides material information about the Company's business activities during the interim period and updates disclosure previously provided in the Company's management's discussion and analysis for the year ended June 30, 2017 (“**Annual MD&A**”).

This Interim MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three months ended September 30, 2017 (the “**Interim Financial Statements**”), the Company's audited consolidated financial statements for the years ended June 30, 2017 and 2016 (the “**Annual Financial Statements**”), and the Company's Annual MD&A, including the section describing risks and uncertainties.

The effective date of this Interim MD&A is November 22, 2017.

All financial results presented in this Interim MD&A are expressed in US dollars unless otherwise indicated. Effective July 1, 2017, the Company decided to change its reporting currency to the United States dollar as all of the Company's exploration and evaluation assets are located in the United States. This change will also facilitate the comparability of financial information with similar mining companies. All comparative financial information included in this Interim MD&A have been restated as if they had been historically reported in US dollars.

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 western 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 central Upper Peninsula region (referred to as the “**UPX Property**”). The acquisition of the UPX Property establishes Highland as a dominant mining exploration and development company in the Upper Peninsula of Michigan.

The Company's primary objective is the completion of the Copperwood feasibility study update, which it expects to complete by the end of June 2018. The Company also aims to finalize the acquisition of the White Pine Project as soon as is practicable and to continue the exploration program at the UPX Property, which includes the compilation of all available data to better understand the potential of the property and identify targets.

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 November 22, 2017, the Company has 459,148,153 common shares and 152,989,762 share purchase warrants issued and outstanding.

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.

G Mining Services Inc. ("G Mining") is 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 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 Gogebic 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 other sources of water.

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.

Updated Resource Estimate

On October 19, 2017, the Company reported an updated mineral resource estimate for the Copperwood Project prepared by G Mining. The updated mineral resource is estimated at 42.5 million tonnes grading an average of 1.59%

copper and 3.9 g/t silver containing 1.5 billion pounds of copper and 5.4 million ounces of silver in the measured and indicated resource category, using a cut-off grade of 1.0% Cu. An additional 1.2 billion pounds of copper and 3.7 million ounces of silver has also been estimated in the inferred resource category, with most of these located in satellite deposits. This updated resource estimate provides a solid base for the FS Update described above. More detail on the updated mineral resource estimate was provided by the Company in a press release dated October 19, 2017.

G Mining used the results of the drilling program completed by the Company in August 2017 (35 holes for a total of 6,784 meters of core were drilled in 2017 including 2,300 meters drilled in the three months ended September 30, 2017) to update the resource estimate that had been reported in May 2015. The updated resource estimate is based on a total of 2,738 assay results from 359 diamond drill holes totaling 66,577 meters, drilled by four companies between 1956 and 2017.

The 2017 drill program conducted by the Company was designed to upgrade the 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.

UPX PROPERTY

The UPX Property covers several Precambrian geological domains with known potential for nickel-copper massive sulphide deposits, gold deposits, and sediment-hosted base metal deposits. For each of these geological domains, the Company's exploration team is carrying out a systematic compilation of historical data and is developing exploration targets with ongoing geological mapping, rock and soil sampling programs, and interpretation of high-resolution magnetic data covering the full extent of the UPX Property. More detail on these activities has been provided by the Company in a press release dated November 21, 2017.

BOARD APPOINTMENT

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.

GRANT OF STOCK OPTIONS

On October 26, 2017, the Company granted a total of 2,070,000 incentive stock options to a director, an officer 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

At June 30, 2017, the Company had 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.

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

	Copperwood Project	White Pine Project	UPX Property	Other properties	Total
	\$	\$	\$	\$	\$
Balance, June 30, 2017	16,505,051	2,706,122	10,016,530	1,124,030	30,351,733
Property payments in cash	86,250	-	-	2,000	88,250
Finance expense	31,078	-	406,998	-	438,076
Effect of foreign exchange	-	-	-	40,411	40,411
	117,328	-	406,998	42,411	566,737
Balance, September 30, 2017	16,622,379	2,706,122	10,423,528	1,166,441	30,918,470
Balance, June 30, 2016	16,113,171	2,556,122	-	1,104,333	19,773,626
Property payments in cash	110,510	-	-	2,000	112,510
Finance expense	77,723	-	-	-	77,723
Effect of foreign exchange	-	-	-	(15,546)	(15,546)
	188,233	-	-	(13,546)	174,687
Balance, September 30, 2016	16,301,404	2,556,122	-	1,090,787	19,948,313

The amounts capitalized during the three months ended September 30, 2017 included lease payments of \$86,250 related to the Copperwood Project and \$2,000 related to other properties, a total accretion amount of \$438,076 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 loss on foreign of exchange of \$40,411.

In 2016, the capitalized amounts included lease payments of \$110,510 related to the Copperwood Project and \$2,000 related to other properties, an accretion amount of \$77,723 related to the non-interest bearing balance of purchase price payable in favor of Orvana and an unrealized gain on foreign exchange of \$15,546.

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

	Copperwood	White Pine	UPX	Other	Three months ended Sept 30, 2017	Three months ended Sept 30, 2016
	Project	Project	Property	projects	Total	Total
	\$	\$	\$	\$	\$	\$
Site preparation, drilling and assaying	544,023	-	15,568	-	559,591	-
Labour	132,544	48,353	305,538	1,992	488,427	136,232
Studies and consultants	427,819	108,511	-	-	536,330	2,500
Office, overhead and other administrative costs	58,348	66,708	92,252	7,215	224,523	146,733
	1,162,734	223,572	413,358	9,207	1,808,871	285,465

OPERATING ACTIVITIES

During the three months ended September 30, 2017, the Company incurred a net loss of \$2,699,366 (\$0.01 per share) compared to a net loss of \$542,613 (nil per share) during the comparative period in 2016. Significant items during the period included exploration and evaluation expenses of \$1,808,871 as detailed above (\$285,465 in 2016), management and administration expenses of \$364,594 (\$224,945 in 2016), business development expenses of \$59,912 (nil in 2016), share-based compensation of \$188,704 following the grant of 9,025,000 stock options on August 28, 2017 (\$6,967 in 2016) and an unrealized loss on foreign exchange of \$288,830 on the conversion of the Company's cash position held in Canadian dollars at September 30, 2017 (an unrealized foreign exchange loss of \$349 in 2016).

Management and administration expenses increased during the three months ended September 30, 2017 due mostly to higher wages and fees to consultants following the hiring of senior corporate staff in early 2017 (wages and fees of \$203,206 during the current period compared to \$140,621 in 2016) and higher investor relations and travel expenses for various investor relations events (\$25,945 during the current period compared to \$1,388 in 2016). Other management and administration expenses consisted of professional fees of \$91,495 (\$36,501 in 2016), office expenses of \$35,575 (\$45,443 in 2016) and reporting issuer costs of \$8,373 (\$992 in 2016).

LIQUIDITIES AND CAPITAL RESOURCES

At September 30, 2017, the Company had a working capital of \$8,344,493 compared to \$10,584,135 at June 30, 2017. The decrease in the working capital during the three months ended September 30, 2017 is mainly attributable to the acquisition of capital assets of \$56,461 (consisting mostly of leasehold improvements and the acquisition of computer-related equipment), lease payments of \$88,250 related to the Copperwood Project and other mineral leases held, the reimbursement of an amount of \$27,500 under a 4-year note payable related to certain mineral rights located in White Pine, Michigan, exploration and evaluation expenses of \$1,808,871 and management and administration expenses of \$364,594.

The Company will require additional funds to carry-out its planned exploration and development work and to provide for management and administration expenses for the next 12 months and to meet all existing commitments which are due after September 30, 2018. 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 such 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.

OTHER RELATED PARTY TRANSACTIONS

During the three months ended September 30, 2017, the Company incurred administration expenses of \$23,554 (\$35,613 during the comparative period in 2016), mainly for the use of office space and telecommunication services provided by Reunion Gold Corporation, a related party by virtue of common management. During the three months ended September 30, 2017, the Company recovered an amount of \$42,351 for the provision of management services to other TSXV-listed companies, related by virtue of common management, including Odyssey Resources Limited and Reunion Gold Corporation (\$16,111 during the three months ended September 30, 2016).

The remuneration awarded to key management personnel, including directors, the president and CEO, the Vice President, Exploration and the CFO, during the three months ended September 30, 2017 totaled \$336,812 (\$140,053 in 2016).

RISKS AND UNCERTAINTIES

The Company is subject to a number of significant risks and uncertainties due to the nature of its business, its present stage of development and the nature of mineral exploration and development generally. Risks specific to the Company include but are not limited to: risks of obtaining all necessary permits and regulatory approvals required to conduct its planned activities; risks relating to the availability of additional funds to conduct exploration and development activities on its projects; risks of being unable to meet the final closing conditions of the acquisition of the White Pine Project on terms acceptable to the Company; risks related to environmental liabilities (pre-existing and those that may be caused by the Company's activities); risks caused by unusual or severe weather conditions which may negatively impact the Company's planned activities; uncertainties involved in the interpretation of drilling results and geological tests and the estimation of reserves and resources; unexpected cost increases; risks that even if an economic deposit of minerals is located, it may not be commercially mined; and risks that metal price fluctuation and market volatility may have a negative impact on the Company's common shares, on its financial results and on its development activities. For additional risk factors, refer to the risks and uncertainties described in the Annual MD&A. Investment in the Company's securities should be considered as highly speculative.

CAUTIONARY NOTE

This press release contains certain forward-looking statements within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, including, without limitation, statements relating to the

mineral resource estimate, the potential timing and result of the feasibility update on the Copperwood deposit, the timing of the acquisition of the White Pine Project, and the timing and potential results of the exploration program at the UPX Property are forward-looking statements. Forward-looking statements involve various risks and uncertainties some of which are described above. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

All forward-looking statements in this press release are based on information available to the Company as of the date hereof, and the Company undertakes no obligation to update forward-looking statements except as required by law.

Highland advises U.S. investors that this press release contains the terms "inferred", "indicated" and "measured" resources. All resource estimates have been prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy, and Petroleum Definition Standards on Mineral Resources and Mineral Reserves. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Canadian standards differ significantly from the requirements of the United States Securities and Exchange Commission, and resource information contained therein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". "Inferred resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred resource" will ever be upgraded to a higher category. U.S. investors are cautioned not to assume that all or part of an inferred resource exists, or is economically or legally mineable. U.S. Investors are also cautioned not to assume that all or any part of mineral deposits in the "measured" or "indicated" resource categories will ever be converted into reserves.

QUALIFIED PERSON

The technical information in this MD&A has been reviewed and approved by Carlos Bertoni, P. Geo, Vice President, Exploration of Highland, and a qualified person under Canadian National Instrument 43-101.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com) and on the Company's website (www.highlandcopper.com).