



**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**2<sup>nd</sup> Quarter ended December 31, 2014**

In Canadian Dollars

**Unaudited**

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**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>	December 31, 2014	June 30, 2014
	\$	\$
<b>ASSETS</b>		
Current		
Cash	537,598	3,242,710
Sales taxes receivable	65,926	159,433
Prepaid expenses and other	99,503	59,479
	<b>703,027</b>	3,461,622
Non-current		
Capital assets (Note 3)	333,913	428,457
Exploration and evaluation assets (Note 4)	50,523,876	42,645,934
<b>TOTAL ASSETS</b>	<b>51,560,816</b>	<b>46,536,013</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	2,641,815	1,987,950
Promissory note (Note 5)	-	7,473,900
Deposit on sale of royalty (Note 6)	10,000,000	-
	<b>12,641,815</b>	9,461,850
Non-current		
Balance of purchase price payable (Note 7)	1,818,510	1,434,850
Environmental liability (Note 8)	253,544	225,022
<b>TOTAL LIABILITIES</b>	<b>14,713,869</b>	<b>11,121,722</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	41,394,661	41,394,661
Contributed surplus	4,964,553	4,221,734
Deficit	(12,626,718)	(10,450,128)
Cumulative translation adjustment	3,114,451	248,024
<b>TOTAL EQUITY</b>	<b>36,846,947</b>	<b>35,414,291</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>51,560,816</b>	<b>46,536,013</b>

Going concern (Note 1)

Commitments and contingencies (Note 4)

*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)

<i>(unaudited, in Canadian dollars)</i>	2 <sup>nd</sup> Quarter ended December 31,		Six months ended December 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Expenses and other items</b>				
Management and administration (Note 11)	1,008,301	344,511	2,091,992	855,438
Pre-exploration	-	468,658	79,204	602,017
Accretion on environmental liability (Note 8)	4,528	-	8,862	-
Finance income	(582)	(1,529)	(4,674)	(4,082)
Loss (gain) on foreign exchange	(777)	(93,603)	1,206	(235)
<b>Net loss for the period</b>	<b>(1,011,470)</b>	<b>(718,037)</b>	<b>(2,176,590)</b>	<b>(1,453,138)</b>
Other comprehensive income				
Item that will not be subsequently reclassified to income				
Foreign currency translation adjustment	1,229,559	360,400	2,866,427	149,856
<b>Total comprehensive income (loss) for the period</b>	<b>218,089</b>	<b>(357,637)</b>	<b>689,837</b>	<b>(1,303,282)</b>
Basic and diluted loss per common share	(0.01)	(0.01)	(0.02)	(0.03)
Weighted average number of common shares - basic and diluted	96,966,745	52,326,230	96,966,745	52,301,922

*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	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	-	-	742,819	-	-	742,819
Loss for the period	-	-	-	(2,176,590)	-	(2,176,590)
Other comprehensive income						
Foreign currency translation adjustment	-	-	-	-	2,866,427	2,866,427
<b>Balance at December 31, 2014</b>	<b>96,966,745</b>	<b>41,394,661</b>	<b>4,964,553</b>	<b>(12,626,718)</b>	<b>3,114,451</b>	<b>36,846,947</b>
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	66,667	10,000	-	-	-	10,000
Share-based remuneration	-	-	427,862	-	-	427,862
	66,667	10,000	427,862	-	-	437,862
Loss for the period	-	-	-	(1,453,138)	-	(1,453,138)
Other comprehensive income						
Foreign currency translation adjustment	-	-	-	-	149,856	149,856
<b>Balance at December 31, 2013</b>	<b>52,344,545</b>	<b>19,811,726</b>	<b>4,037,274</b>	<b>(8,480,047)</b>	<b>610,654</b>	<b>15,979,607</b>

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>	2 <sup>nd</sup> Quarter ended December 31,		Six months ended December 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Operating activities</b>				
Net loss for the period	(1,011,470)	(718,037)	(2,176,590)	(1,453,138)
Adjustments				
Share-based remuneration	161,187	133,788	634,008	361,723
Depreciation and amortization	7,558	2,453	15,116	4,907
Unrealized gain on foreign exchange	(1,983)	(93,603)	-	(235)
Accretion on environmental liability	4,528	-	8,862	-
Finance income accrued	(582)	(1,529)	(4,674)	(4,082)
Finance income received	1,136	1,766	5,723	4,690
Changes in working capital items				
Sales taxes receivable	16,599	40,351	93,507	9,745
Prepaid expenses and other	(13,834)	3,299	(39,870)	11,702
Accounts payable and accrued liabilities	74,949	(220,375)	(281,022)	(209,879)
	(761,912)	(851,887)	(1,744,940)	(1,274,567)
<b>Investing activities</b>				
Acquisition of capital assets	(2,078)	(11,581)	(50,248)	(38,937)
Additions to exploration and evaluation assets	(1,690,388)	(788,686)	(2,851,164)	(2,228,233)
Proceeds on disposal of capital assets	1,152	-	27,837	-
Additions to deferred acquisition expenses	-	(88,449)	-	(88,449)
	(1,691,314)	(888,716)	(2,873,575)	(2,355,619)
<b>Financing activities</b>				
Deposit on sale of royalty (Note 6)	10,000,000	-	10,000,000	-
Reimbursement of promissory note (Note 5)	(8,141,000)	-	(8,141,000)	-
	1,859,000	-	1,859,000	-
Effect of exchange rate changes on cash held in foreign currency	28,703	83,859	54,403	(2,274)
Net change in cash	(565,523)	(1,656,744)	(2,705,112)	(3,632,460)
Cash, beginning of period	1,103,121	4,264,512	3,242,710	6,240,228
Cash, end of period	537,598	2,607,768	537,598	2,607,768
<b>Supplemental cash flow information</b>				
Current liabilities related to exploration and evaluation assets	442,517	(51,685)	872,189	113,898
Depreciation and amortization included in exploration and evaluation assets	66,128	69,340	140,482	137,214
Share-based remuneration included in exploration and evaluation assets	27,495	25,864	108,811	66,139
Finance expense included in exploration and evaluation assets	124,046	-	254,142	-
Gain on disposal of assets included in exploration and evaluation assets	(322)	-	(7,774)	-
Shares issued included in exploration and evaluation assets	-	10,000	-	10,000

*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

December 31, 2014 (unaudited - in Canadian dollars)

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## 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 May 2014, the Company completed the interim closing for the acquisition of the White Pine copper project (the "White Pine Project"), which includes surface and mineral rights related to the White Pine North Project (the "White Pine North 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").

The Board of Directors approved and authorized for issue these condensed interim consolidated financial statements on February 26, 2015.

### *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 \$2,176,590 during the six months ended December 31, 2014 and has an accumulated deficit of \$12,626,718 at December 31, 2014. The Company has a working capital deficit of \$11,938,788 at December 31, 2014, including a refundable deposit of \$10 million to be exchanged for a royalty on all metals from the White Pine North Project upon the completion of the acquisition of the White Pine North Project (Note 6). The Company requires additional funds to meet all of its obligations, to pursue exploration and development work on its mineral projects, to provide for management and administration expenses for at least the next 12 months and to ensure the Company's ability to continue as a going concern. Such funding requirements may be met in the future in a number of ways, including but not limited to the issuance of securities, debt financing or other arrangements. There is no assurance that such additional funds can be raised even if the Company has been successful in the past in doing so.

If the Company is not successful in raising additional funds and it is not able to complete the acquisition of the White Pine North Project, the Company may not be able to refund the \$10 million deposit described in Note 6, 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 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 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  
**December 31, 2014** (unaudited - in Canadian dollars)

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## 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

**December 31, 2014** (unaudited - in Canadian dollars)

## 3. CAPITAL ASSETS

Capital assets subject to depreciation and amortization are as follows:

	Intangible assets	Vehicles	Computer equipment and furniture	Exploration equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance at June 30, 2014	122,712	232,315	133,310	425,797	70,196	984,330
Additions	1,361	47,648	1,239	-	-	50,248
Disposals	-	(21,495)	-	-	-	(21,495)
Effect of foreign exchange	5,660	25,193	11,204	36,920	6,074	85,051
<b>Balance at December 31, 2014</b>	<b>129,733</b>	<b>283,661</b>	<b>145,753</b>	<b>462,717</b>	<b>76,270</b>	<b>1,098,134</b>
<b>Accumulated depreciation and amortization</b>						
Balance at June 30, 2014	53,152	122,627	110,036	204,639	65,419	555,873
Depreciation and amortization	27,453	43,670	9,995	69,398	5,082	155,598
Disposals	-	(1,432)	-	-	-	(1,432)
Effect of foreign exchange	3,712	16,428	9,406	18,867	5,769	54,182
<b>Balance at December 31, 2014</b>	<b>84,317</b>	<b>181,293</b>	<b>129,437</b>	<b>292,904</b>	<b>76,270</b>	<b>764,221</b>
<b>Carrying amounts</b>						
Balance at June 30, 2014	69,560	109,688	23,274	221,158	4,777	428,457
<b>Balance at December 31, 2014</b>	<b>45,416</b>	<b>102,368</b>	<b>16,316</b>	<b>169,813</b>	<b>-</b>	<b>333,913</b>



# Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements  
December 31, 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
<b>Additions:</b>					
Property payments	-	123,005	45,448	2,272	170,725
Site preparation, drilling and assaying	313,836	-	1,824	-	315,660
Labour	891,907	113,704	113,390	-	1,119,001
Studies	932,553	56,160	17,174	-	1,005,887
Other expenses	443,911	71,065	29,762	-	544,738
Gain on disposal of capital assets	-	(7,774)	-	-	(7,774)
Depreciation and amortization	105,173	3,485	31,824	-	140,482
Share-based remuneration	-	-	108,811	-	108,811
Finance expense	-	821,484	-	-	821,484
Effect of foreign exchange	489,947	2,093,179	1,031,128	44,674	3,658,928
	3,177,327	3,274,308	1,379,361	46,946	7,877,942
<b>Balance at December 31, 2014</b>	<b>8,205,421</b>	<b>27,173,053</b>	<b>14,582,775</b>	<b>562,627</b>	<b>50,523,876</b>

### White Pine Project

On May 13, 2014 (the interim closing date), the Company entered into an agreement to acquire from Copper Range Company ("CRC") all of CRC's rights, title and interest in the White Pine Project 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  
December 31, 2014 (unaudited - in Canadian dollars)

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## 4. EXPLORATION AND EVALUATION ASSETS (continued)

### *Copperwood Project*

On June 17, 2014, the Company acquired 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 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 October 26, 2015. At December 31, 2014, a cumulative amount of US\$13,106,334 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

**December 31, 2014** (unaudited - in Canadian dollars)

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## 5. PROMISSORY NOTE

In connection with the acquisition of the Copperwood Project described in Note 4, the Company had issued a promissory note in the amount of US\$7,000,000 to Orvana. On December 15, 2014, the Company reimbursed the promissory note in full and paid to Orvana an amount of \$8,761,412, including the principal amount of \$8,141,000 and accrued interest of \$620,412.

## 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 North Project (the "White Pine North Royalty"). The Osisko deposit is secured against all of the Company's assets. Upon completion of the acquisition of the White Pine North Project, the Osisko deposit will be exchanged for the White Pine North Royalty. In the event the acquisition of the White Pine North Project is not completed by December 31, 2015, the Osisko deposit will need to be refunded and will bear interest at the rate of Libor + 5% until it is refunded. The White Pine North 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 North 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 and Copperwood (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.

# Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

**December 31, 2014** (unaudited - in Canadian dollars)

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## 7. 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) June 17, 2017; and an additional US\$1.25 million on the first anniversary of this payment. The balance of purchase price payable at December 31, 2014 was determined as follows:

	Six months ended December 31, 2014
	\$
Balance, beginning of period	1,434,850
Accretion expense	254,142
Effect of foreign exchange	129,518
Balance, end of period	1,818,510

## 8. ENVIRONMENTAL LIABILITY

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

	Six months ended December 31, 2014
	\$
Balance, beginning of period	225,022
Accretion expense	8,862
Effect of foreign exchange	19,660
Balance, end of period	253,544

# Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

**December 31, 2014** (unaudited - in Canadian dollars)

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## 9. SHARE CAPITAL AND WARRANTS

### *Issued and fully paid*

At December 31, 2014, the Company had 96,966,745 issued and outstanding common shares.

### *Issuance of shares*

There was no issuance of shares during the six months ended December 31, 2014.

### *Share purchase warrants*

There was no activity in share purchase warrants during the six months ended December 31, 2014. At December 31, 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

**December 31, 2014** (unaudited - in Canadian dollars)

## 10. STOCK OPTIONS

The following table sets out the activity in stock options:

	Six months ended December 31, 2014	
	Number	Weighted average exercise price (\$)
Options, beginning of period	4,442,000	0.59
Granted	1,400,000	0.50
Expired	(70,000)	(0.85)
Options, end of period	5,772,000	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 December 31, 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	1.7	2,000	1.00
April 28, 2010	20,000	0.50	0.3	20,000	0.50
July 6, 2012	400,000	0.50	2.5	400,000	0.50
November 5, 2012	3,950,000	0.60	2.8	3,950,000	0.60
August 1, 2014	1,400,000	0.50	4.6	1,400,000	0.50
	5,772,000	0.57	3.2	5,772,000	0.57

At December 31, 2014, no amount remains to be amortized in future periods related to the grant of stock options.

# Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

**December 31, 2014** (unaudited - in Canadian dollars)

## 11. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses:

	2 <sup>nd</sup> Quarter ended December 31,		Six months ended December 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Administrative and general	442,761	95,173	750,969	206,748
Office	59,956	34,849	109,965	57,830
Professional fees	245,448	5,549	396,965	59,102
Investor relations and travel	81,164	66,658	170,744	158,462
Reporting issuer costs	10,227	6,041	14,225	6,666
	839,556	208,270	1,442,868	488,808
Share-based remuneration	161,187	133,788	634,008	361,723
Depreciation and amortization	7,558	2,453	15,116	4,907
	1,008,301	344,511	2,091,992	855,438

## 12. RELATED PARTY TRANSACTIONS

During the 2<sup>nd</sup> Quarter and the six months ended December 31, 2014, the Company incurred administration expenses of \$139,215 and \$257,907 from Reunion Gold Corporation, a related party by virtue of common management and directors (\$46,275 and \$92,550 during the 2<sup>nd</sup> Quarter and the six months ended December 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 Executive Vice-President and the CFO, is as follows:

	2 <sup>nd</sup> Quarter ended December 31,		Six months ended December 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Salaries, benefits and director fees	237,094	22,737	333,544	44,621
Consulting fees	78,858	100,087	183,760	199,038
Share-based remuneration	135,517	126,343	532,378	339,702
	451,469	249,167	1,049,682	583,361

# Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

**December 31, 2014** (unaudited - in Canadian dollars)

## 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:

	December 31, 2014		
	Canada	USA	Total
	\$	\$	\$
Current assets	528,260	174,767	703,027
Capital assets	29,846	304,067	333,913
Exploration and evaluation assets	-	50,523,876	50,523,876
Total assets	558,106	51,002,710	51,560,816

	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