MANAGEMENT'S DISCUSSION & ANALYSIS

1st Quarter ended September 30, 2015

HIGHLAND COPPER COMPANY INC.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2015

The following management's discussion and analysis ("MD&A") of the operations, results, and financial position of Highland Copper Company Inc. ("Highland" or the "Company"), dated November 20, 2015, covers the 1st Quarter ended September 30, 2015 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes at September 30, 2015 (the "September 30, 2015 condensed interim consolidated financial statements"). Readers should also refer to the Company's MD&A for the year ended June 30, 2015, including the description of risks and uncertainties, and the audited consolidated financial statements for the years ended June 30, 2015 and 2014. All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

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 Michigan, USA. Highland's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol HI. At November 20, 2015, the Company had 153,968,626 common shares issued and outstanding.

The Company has assembled a number of advanced-stage copper projects located in Michigan's Upper Peninsula region, including **Copperwood**, a feasibility stage project, acquired in June 2014 from Orvana Minerals Corp. ("Orvana"), **White Pine North**, part of the White Pine project acquired in May 2014 from Copper Range Company ("CRC"), a wholly-owned subsidiary of First Quantum Minerals Ltd. (subject to final closing expected to occur by December 31, 2015) and **Keweenaw**, which includes the 543S and G-2 deposits (subject to the exercise of an option to acquire a 65% interest in the project from BRP LLC). The Company has also entered into lease agreements entitling the Company to explore and develop certain other projects located in the same area.

FINANCIAL CONDITION

At September 30, 2015, the Company had a working capital deficit of $13.3 million. This amount includes a $10.0 million refundable deposit (made by Osisko Gold Royalties Ltd, a TSX-listed company ("Osisko") in December 2014), secured against all of the Company's assets, to be exchanged for a royalty on all metals from the White Pine North Project on completion of the acquisition of the White Pine project, to occur no later than December 31, 2015.

On October 6, 2015, the Company completed a private placement with Osisko for a total consideration of $3,663,965. However, the Company will require additional funds to meet its exploration and development objectives 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. There can be no assurance that the Company will be able to raise the funds required. If the Company is not successful in raising additional funds and it is not able to complete the acquisition of the White Pine project, the Company may not be able to refund the $10.0 million deposit described above and it may be required to delay, reduce the scope of, or eliminate its current or future exploration and development activities. The Company continues to assess different options to finance the Company's exploration and development plans.

HIGHLIGHTS

- Sustained efforts have continued during the quarter to complete the final acquisition of the White Pine project and to that end, a number of technical and legally-focused meetings have been held which have included representatives from CRC, the Michigan Department of Environmental Quality ("MDEQ") and Highland. Based on the progress made to date, the Company strongly feels that CRC should be in a position to transfer to Highland all surface and mining rights associated with the White Pine project and complete the final closing of the transaction prior to December 31, 2015;
- 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;
- In November 2015, BRP LLC and the Company have agreed to amend the Venture Agreement to provide the Company more time to exercise its option to acquire a 65% interest in the Keweenaw project from BRP. 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 has 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;
- Given the Company's limited financial resources and the current copper price environment, the Company has over the last few months considerably reduced its exploration and development activities, including pre-feasibility and environmental baseline studies, to conserve cash. Required additional drilling of the Company's projects, studies and metallurgical tests required for the completion of a pre-feasibility study will recommence as soon as the Company has raised the required funds.

EXPLORATION EXPENSES

Amounts invested in exploration and evaluation assets and capitalized in accordance with the Company's accounting policy, during the 1st Quarter ended September 30, 2015 are as follows:

	1st Quarter ended September 30,	
	2015	2014
	$	$
Property payments	**85,321**	120,095
Site preparation, drilling and assaying	**7,122**	290,684
Labour	**484,265**	573,060
Studies	**43,027**	308,126
Finance expense on promissory note	**-**	263,042
Other expenses	**138,735**	298,483
	758,470	1,853,490
Non-cash items		
Depreciation and amortization	**46,814**	74,355
Gain on disposal of capital assets	**-**	(7,452)
Share-based remuneration	**9,119**	81,316
Accretion on purchase price payable	**123,848**	124,714
Effect of foreign exchange	**4,096,426**	2,079,956
	4,276,207	2,352,889
	5,034,677	4,206,379

Cumulative amounts invested by projects are as follows:

	September 30, 2015	June 30, 2015
	$	$
Copperwood	**32,109,051**	29,804,661
White Pine	**17,067,675**	15,447,201
Keweenaw	**16,722,726**	15,642,832
Others	**703,059**	673,340
	66,602,711	61,568,034

SELECTED CONSOLIDATED FINANCIAL INFORMATION (1)(2)

The following selected financial information should be read in conjunction with the Company's September 30, 2015 condensed interim consolidated financial statements.

	September 30, 2015	June 30, 2015
	$	$
Financial position		
Cash	**108,313**	1,042,341
Working capital deficit (a)	**(13,358,822)**	(12,004,841)
Exploration and evaluation assets	**66,602,711**	61,568,034
Total assets	**66,964,397**	62,950,927
Balance of purchase price payable	**2,484,762**	2,207,430

(a) Including a $10,000,000 deposit on sale of royalty to Osisko

	1st Quarter ended September 30, **2015**	2014
	$	$
Net loss for the period	**(483,452)**	(1,165,120)
Basic and diluted loss per share	**(0.00)**	(0.01)

1) *The Selected Consolidated Financial Information was derived from the Company's September 30, 2015 condensed interim consolidated financial statements, prepared in accordance with IFRS.*
2) *The Company's September 30, 2015 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. If the acquisition of the White Pine project is not completed by December 31, 2015, the deposit on sale of a royalty will become refundable. 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 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 the Company's September 30, 2015 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.*

Financial Review

In accordance with its accounting policy, an amount of $5,034,677 in exploration and evaluation expenses was capitalized during the 1st Quarter ended September 30, 2015. These include cash expenses of $758,470 (consisting mostly of labor and property payments) and non-cash expenses of $4,276,207 including an unrealized foreign exchange loss of $4,096,426 due to the weakening of the Canadian dollar during the reporting period. During the comparative period in 2014, the Company capitalized an amount of $4,206,379 as exploration and evaluation assets, including cash expenses of $1,853,490 (consisting mostly of labor, studies, property payments and finance expense on the Orvana promissory note which was fully reimbursed in December 2014) and non-cash expenses of $2,352,889 including an unrealized foreign exchange loss of $2,079,956 due to the weakening of the Canadian dollar during the 2014 reporting period. The detail of the capitalized exploration and evaluation expenses and the exploration and evaluation assets by project is presented in the *Exploration expenses* section.

The Company incurred a net loss of $483,452 during the 1st Quarter ended September 30, 2015 compared to a net loss of $1,165,120 during the 1st Quarter ended September 30, 2014.

Management and administration expenses totaled $480,982 during the 1st Quarter ended September 30, 2015 compared to $1,083,691 in 2014. Lower expenses in 2015 resulted from lower professional fees (2014 professional fees included legal, audit and tax fees related to the acquisition of the Copperwood project) and to lower share-based remuneration expense (an amount of $9,915 in 2015 compared to $472,821 in 2014, mostly due to the grant in August 2014 of 1,400,000 stock options compared to nil during the current period). Other items for the 1st Quarter ended September 30, 2105 consisted of: accretion on environmental liability of $3,908 ($4,334 in 2014), finance income of $588 ($4,092 in 2014) and gain on foreign exchange of $850 (loss of $1,983 in 2014).

Selected Quarterly Financial Information

The following is a summary of the Company's financial results for the past eight quarters:

	Revenues	**Net loss**	**Basic and diluted loss per share**
Period ended	$	$	$
September 30, 2015	588	(483,452)	(0.00)
June 30, 2015	3,359	(529,381)	(0.01)
March 31, 2015	2,325	(436,823)	(0.00)
December 31, 2014	582	(1,011,470)	(0.01)
September 30, 2014	4,092	(1,165,120)	(0.01)
June 30, 2014	3,303	(846,359)	(0.01)
March 31, 2014	1,279	(1,123,722)	(0.02)
December 31, 2013	1,529	(718,037)	(0.01)

Liquidity and Capital Resources

The Company's working capital deficiency at September 30, 2015 totaled $13,358,822 compared to a working capital deficiency of $12,004,841 at June 30, 2015. The increase in the working capital deficiency during the 1st Quarter ended September 30, 2015 is mainly attributable to investments made on the Company's exploration and evaluation assets ($758,470) and to management and administration expenses ($480,982).

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.

However, the Company will require additional funds to meet its exploration and development objectives and to provide for management and administration expenses for at least the next 12 months. The Company's properties are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The potential sources of future funds presently available to the Company are through the sale of equity capital of the Company, debt financing, joint venture or other arrangements. The ability of the Company to arrange the required financing depends in part upon the global economic and capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company.

Capital Management

The Company defines capital that it manages as loans (including deposit on sale of royalty, promissory note and balance of purchase price payable) and shareholders' equity. When managing capital, the Company's objectives are a) to ensure the entity continues as a going concern; b) to increase the value of the entity's assets; and c) to achieve optimal returns to shareholders. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them to production or obtaining sufficient proceeds from their disposal. At September 30, 2015, managed capital was $63,135,622 ($59,515,059 at June 30, 2015). There were no changes in the Company's approach to capital management during the 1st Quarter ended September 30, 2015. The Company is not subject to any externally imposed capital requirements as at September 30, 2015.

Off-Balance Sheet Arrangements

At September 30, 2015, the Company has no off-balance sheet arrangements.

Transactions with Related Parties

During the 1st Quarter ended September 30, 2015, the Company incurred administration expenses of $113,977 from Reunion Gold Corporation ("Reunion"), a related party by virtue of common management and directors ($118,692 during the 1st Quarter ended September 30, 2014) and purchased geological database services for an amount of $10,770 from Avala Resources Ltd., a related party by virtue of common management and directors (nil during the 1st Quarter ended September 30, 2014). These transactions were measured at the exchange amount, which is the amount agreed upon by the transacting parties. The services provided by Reunion under the service agreement include administrative support, corporate and regulatory services, office space, and office equipment and supplies.

Remuneration to directors and key management of the Company totaled $302,345 during the 1st Quarter ended September 30, 2015 ($598,213 during the 1st Quarter ended September 30, 2014).

Outstanding Share Data

At November 20, 2015, the Company has 153,968,626 common shares issued and outstanding, 56,455,373 share purchase warrants exercisable at an average price of $0.68 per share until September 27, 2016, and 7,582,000 stock options outstanding with an average exercise price of $0.49, expiring at various dates until April 2020.

FINANCIAL RISK FACTORS

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include liquidity risk, currency risk, credit risk and interest rate risk. Where material, these risks are reviewed by the board of directors.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required for continued operations through future financings (see '*Financial Condition*' section).

The following table summarizes the contractual maturities of the Company's financial liabilities at September 30, 2015:

	Carrying Amount	Settlement amount	Within 1 year	2-3 years	Over 3 years
	$	$	$	$	$
Accounts payable and accrued liabilities	3,523,756	3,523,756	3,523,756	-	-
Deposit on sale of royalty	10,000,000	10,000,000	10,000,000	-	-
Balance of purchase price payable	2,484,762	3,336,250	-	3,336,250	-
	16,008,518	16,860,006	13,523,756	3,336,250	-

As part of the acquisition of the White Pine project, Highland 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 one 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.

As part of acquisition of the Copperwood project from Orvana, the Company agreed to pay an amount of US$1.25 million if the average copper price for any 60 calendar day period following the first anniversary and preceding the second anniversary of commencement of commercial production is greater than US$4.25/lb; and an additional 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.

Currency Risk

Highland seeks to minimise its exposure to currency risk by monitoring exchange rates and entering into foreign currency transactions that maximize the consolidated entity's position. Highland does not presently enter into hedging arrangements to hedge its currency risk. All foreign currency transactions, denominated primarily in Canadian and US dollars, are entered into at spot rates. The board of directors considers this policy appropriate, taking into account the consolidated entity's size, current stage of operations, financial position and the board's approach to risk management. At September 30, 2015, assets and liabilities denominated in a foreign currency consisted of cash of $18,588 and accounts payable and accrued liabilities of $932,118. The impact on profit or loss of a 10% increase or decrease in foreign currencies against the Canadian dollar would be approximately $91,350.

Credit Risk

At September 30, 2015, the Company's financial assets exposed to credit risk are primarily composed of cash. To mitigate exposure to credit risk, the Company has established a policy to ensure counterparties demonstrate minimum acceptable credit worthiness, and to ensure liquidity of available funds. The Company's cash is held with large financial institutions, with most of the Company's cash held with a Canadian-based financial institution.

Interest Rate Risk

The Company's interest rate risk relates to cash. The Company's current policy on its cash balances is to invest excess cash in guaranteed investment certificates or interest bearing accounts with major Canadian-based chartered banks. The Company regularly monitors compliance to its cash management policy. Cash is subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would affect profit or loss by approximately $1,000.

OTHER RISKS AND UNCERTAINTIES

The Company is subject to a number of significant risks and uncertainties which are presented below. Failure to successfully address such risks and uncertainties could have a significant negative impact on the Company's overall operations and financial condition and could materially affect the value of the Company's assets and future operating results. An investment in the securities of the Company involves significant risks and should be considered speculative. The risks and uncertainties described herein are not necessarily the only ones that the Company could be facing. The Company cannot give assurance that it will successfully address these risks or other unknown risks that may affect its business. Readers should carefully consider the risks and uncertainties described below.

- The Company's activities do no generate cash flow and the Company may be unable to continue funding the exploration and development of its projects and achieve its business objectives and milestones.
- Current economic uncertainties globally have created market volatility and risk aversion among investors limiting the Company's capital raising options.

- The Company may be unable to complete the acquisition of the White Pine project if it cannot meet the final closing conditions. This would force the Company to refund the $10 million deposit on sale of a royalty to Osisko and would negatively impact the Company's business; there is no assurance that the Company would be able to obtain an extension or raise the funds necessary to reimburse the deposit.
- The Company's plans and objectives as well as its ability to raise funds may be affected by the continued decline of copper prices and the strengthening US dollar.
- The Company is subject to environmental risks related to the fact that the White Pine project is subject to a consent decree and, as part of the acquisition of White Pine, the Company will have to assume certain environmental responsibilities related to the closure of the former White Pine Mine.
- The Company is taking steps to verify title with respect to its most material mineral properties. Although the Company believes that title to its mineral properties are in good standing there is no guarantee that title to such properties will not be challenged or impugned.
- The Company's mineral resource estimates are not mineral reserves. There is no assurance that minerals will be discovered in sufficient quantities to justify commercial operations and that the Company will be able to demonstrate the economic viability of its deposits.
- The Company may not obtain all necessary permits to conduct its activities and operate a mine.
- Future issuance of common shares into the public market may result in dilution to the existing shareholders.
- The Company has no history of earnings and does not expect to receive revenues from operations in the foreseeable future.
- Mining operations including exploration and development activities are subject to numerous laws and regulations, which are subject to continuous changes.
- Certain directors and senior officers of the Company also serve as officers and/or directors of other mineral resource companies, which may give rise to conflicts.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by the forward-looking information.

Specifically, this MD&A contains forward-looking information regarding the Company's plans going forward including plans to raise additional funds to pursue the Company's activities and to meet its current obligations, plans to complete the acquisition of the White Pine project and plans to complete technical studies, additional drilling programs and resource estimates. Other forward looking information in this MD&A includes, but is not limited to, forward-looking information with respect to the requirement for additional capital and other statements relating to the financial and business prospects of the Company.

There can be no assurance that the Company will be successful in its efforts to complete its plans and achieve its objectives and that such forward-looking information will prove to be accurate. Actual results could differ materially from those currently anticipated due to any number of factors, including the inability of the Company to secure the funds necessary to meet its plans and obligations, the inability to complete a resource estimate and technical studies, the conclusions of such studies, and other variables such as lower than expected grades and quantities of resources, changes in demand for and prices of copper, mining rates and recovery rates, legislative, environmental and other regulatory approval or political changes, delays in obtaining or failures to obtain required governmental, environmental or other approvals and sufficient financing, changes in exchange rates, and other factors.

Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, except as may be required by law.

Additional Information and Continuous Disclosure

This MD&A has been prepared as at November 20, 2015. Additional information on the Company is available through regular filings of press releases, financial statements and MD&A on SEDAR (www.sedar.com) and on the Company's website (www.highlandcopper.com).