



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the three and nine months ended March 31, 2018

In US Dollars

Unaudited

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Highland Copper Company Inc. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

Highland Copper Company Inc.

Condensed Interim Consolidated Statements of Financial Position

<i>(unaudited, in US dollars)</i>	March 31, 2018	June 30, 2017
	\$	\$
ASSETS		(Note 1 - restated)
Current		
Cash and cash equivalents (Note 4)	7,341,210	14,061,705
Sales taxes receivable	143,540	42,423
Prepaid expenses and other	214,538	64,283
	7,699,288	14,168,411
Non-current		
Capital assets	144,672	58,453
Exploration and evaluation assets (Note 5)	31,945,367	30,351,733
TOTAL ASSETS	39,789,327	44,578,597
LIABILITIES		
Current		
Accounts payable and accrued liabilities	2,005,957	1,499,435
Current portion of note payable (Note 6)	110,000	110,000
Current portion of promissory note (Note 7)	970,014	835,074
Balance of purchase price payable (Note 8)	1,227,761	1,139,767
	4,313,732	3,584,276
Non-current		
Note payable (Note 6)	192,500	275,000
Promissory note (Note 7)	8,319,861	7,170,686
Environmental liability	251,280	246,315
TOTAL LIABILITIES	13,077,373	11,276,277
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	66,137,274	64,197,630
Contributed surplus	11,250,746	11,176,081
Deficit	(51,466,759)	(42,595,951)
Cumulative translation adjustment	790,693	524,560
TOTAL EQUITY	26,711,954	33,302,320
TOTAL LIABILITIES AND EQUITY	39,789,327	44,578,597

Going concern (Note 2) and Events after the reporting date (Note 14).

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

On behalf of the Board,

/s/ Denis Miville-Deschênes
Denis Miville-Deschênes, Director

/s/ Jo Mark Zurel
Jo Mark Zurel, Director

Highland Copper Company Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss

<i>(unaudited, in US dollars)</i>	Three months ended March 31,		Nine months ended March 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
	(Note 1 – restated)		(Note 1 - restated)	
Expenses and other items				
Exploration and evaluation (Note 11)	2,468,051	1,387,052	7,048,134	1,913,551
Management and administration (Note 12)	513,728	343,375	1,235,421	747,329
Business development	36,401	119,885	159,229	119,885
Share-based compensation	81,703	5,367	404,681	18,530
Depreciation and amortization	14,339	8,224	31,580	45,021
Accretion on environmental liability	2,170	2,251	4,965	6,746
Finance expense on note payable	6,600	-	21,450	-
Finance expense on loan from a director	-	-	-	8,713
Finance income	(25,545)	(6,724)	(86,216)	(7,894)
Loss (gain) on foreign exchange	(162,610)	176,184	51,564	183,247
Net loss for the period	(2,934,837)	(2,035,614)	(8,870,808)	(3,035,128)
Other comprehensive income (loss)				
Item that will not be subsequently reclassified to income				
Foreign currency translation adjustment	(203,446)	103,578	266,133	112,885
Comprehensive loss for the period	(3,138,283)	(1,932,036)	(8,604,675)	(2,922,243)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.02)	(0.02)
Weighted average number of common shares - basic and diluted	469,432,065	228,513,488	463,491,306	182,223,242

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 US dollars)</i>	Number of issued and outstanding common shares	Share capital	Contributed surplus	Deficit	Cumulative translation adjustment	Total shareholders' equity
		\$	\$	\$	\$	\$
Balance at June 30, 2017 (Note 1 – restated)	459,148,153	64,197,630	11,176,081	(42,595,951)	524,560	33,302,320
Shares issued on exercise of warrants (Note 9)	13,785,536	1,939,644	(330,016)	-	-	1,609,628
Share-based compensation	-	-	404,681	-	-	404,681
Net loss for the period	-	-	-	(8,870,808)	-	(8,870,808)
Foreign currency translation adjustment	-	-	-	-	266,133	266,133
Balance at March 31, 2018	472,933,689	66,137,274	11,250,746	(51,466,759)	790,693	26,711,954
Balance at June 30, 2016 (Note 1 – restated)	153,968,626	47,531,970	5,756,400	(39,069,008)	1,092,806	15,312,168
Private placement	300,229,670	17,215,885	5,276,902	-	-	22,492,787
Shares issued on debt settlement	4,949,857	334,913	37,313	-	-	372,226
Share issue expenses	-	(885,138)	85,148	-	-	(799,990)
Share-based compensation	-	-	18,530	-	-	18,530
Net loss for the period	-	-	-	(3,035,128)	-	(3,035,128)
Foreign currency translation adjustment	-	-	-	-	112,885	112,885
Balance at March 31, 2017	459,148,153	64,197,630	11,174,293	(42,104,136)	1,205,691	34,473,478

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 US dollars)</i>	Three months ended March 31,		Nine months ended March 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
	(Note 1 – restated)		(Note 1 – restated)	
Operating activities				
Net loss for the period	(2,934,837)	(2,035,614)	(8,870,808)	(3,035,128)
Adjustments				
Share-based compensation	81,703	5,367	404,681	18,530
Depreciation and amortization	14,339	8,224	31,580	45,021
Unrealized loss (gain) on foreign exchange	(162,610)	176,184	51,564	183,247
Accretion on environmental liability	2,170	2,251	4,965	6,746
Finance expense on loan from a director	-	-	-	8,713
Finance income accrued	(25,545)	(6,724)	(86,216)	(7,894)
Finance income received	32,522	6,724	82,650	7,894
Changes in working capital items				
Sales taxes receivable	(19,615)	(15,702)	(102,960)	(23,115)
Receivable from related parties	2,620	79,256	-	(19,207)
Prepaid expenses and other	43,882	(4,369)	(152,135)	(10,695)
Accounts payable and accrued liabilities	(14,312)	465,963	494,364	357,047
	(2,979,683)	(1,318,440)	(8,142,315)	(2,468,841)
Investing activities				
Acquisition of capital assets	(25,009)	(737)	(118,149)	(737)
Additions to exploration and evaluation assets (Note 5)	(52,500)	-	(214,995)	(284,922)
	(77,509)	(737)	(333,144)	(285,659)
Financing activities				
Loan from a director	-	-	-	366,418
Addition to note payable	-	-	-	150,000
Reimbursement of note payable (Note 6)	(27,500)	(27,500)	(82,500)	(162,500)
Issue of shares (Note 9)	632,993	20,230,013	1,609,628	22,492,787
Share issue expenses	-	(668,861)	-	(799,990)
	605,493	19,533,652	1,527,128	22,046,715
Effect of exchange rate changes on cash held in foreign currency	(38,542)	(238,272)	227,836	143,427
Net change in cash and cash equivalents	(2,490,241)	17,976,203	(6,720,495)	19,435,642
Cash, beginning of period	9,831,451	1,615,821	14,061,705	156,382
Cash and cash equivalents, end of period	7,341,210	19,592,024	7,341,210	19,592,024
Supplemental cash flow information				
Finance expense included in exploration and evaluation assets	476,809	68,373	1,372,109	219,385
Loan from a director settled by the issue of shares and warrants	-	-	-	372,226

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

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2018 (unaudited - in US dollars)

1. GENERAL INFORMATION AND CHANGE IN PRESENTATION CURRENCY

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

The Company has assembled a number of advanced-stage copper projects located in Michigan’s Upper Peninsula region, including the 100%-owned Copperwood project (the “Copperwood Project”), the White Pine project (subject to final closing pursuant to the May 2014 agreement with Copper Range Company (“CRC”), a wholly-owned subsidiary of First Quantum Minerals Ltd.) (the “White Pine Project”), and the Keweenaw project which hosts the 543S deposit and other target areas (subject to the exercise of an option to acquire a 65% interest in the project from BRP LLC) (the “Keweenaw Project”). Also, in May 2017, the Company acquired from subsidiaries of the Rio Tinto Group (“RTX”) a mineral property covering approximately 448,000 acres in the Upper Peninsula region (the “UPX Property”). To date, the Company has not earned significant revenues and is considered to be in the exploration and development stage.

All financial results in these unaudited condensed interim consolidated financial statements are expressed in US dollars unless otherwise indicated. Highland’s common shares are listed on the TSX Venture Exchange (the “TSXV”) under the symbol HI.

The Board of Directors approved these consolidated financial statements on May 15, 2018.

Change in presentation currency

Prior to July 1, 2017, the Company reported its annual and quarterly consolidated statements of financial position, comprehensive loss, shareholder’s equity and cash flows in Canadian dollars. Effective July 1, 2017, the Company changed 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 the Company’s financial information with those of similar mining companies. In accordance with International Accounting Standard 21, *The Effects of Changes in Foreign Exchange Rates*, the Company’s consolidated financial statements for all periods presented have been translated into US dollars. The consolidated statements of comprehensive loss and the consolidated statements of cash flows for each period have been translated into the presentation currency using the average exchange rate prevailing during each period. All assets and liabilities have been translated using the exchange rate prevailing at the statements of financial position dates. Equity transactions have been translated at the exchange rate in effect on the date of the specific transaction. All resulting exchange differences arising from the translation are included in other comprehensive income or loss. All comparative financial information has been restated to reflect the Company’s results as if they had been historically reported in US dollars.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2018 (unaudited - in US dollars)

2. GOING CONCERN

To date, the Company has not earned revenues and is considered to be in the exploration and development stage. These unaudited condensed interim consolidated financial statements have been prepared on the basis of a going concern, which assumes that the Company will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

The Company is subject to a number of risks and uncertainties associated with its future exploration and development activities, including raising additional funds and completing the acquisition of the White Pine Project.

As is common with many exploration and development companies, the Company has relied on equity financing to fund its operations, including its investments in exploration and evaluation assets. The Company has incurred a net loss of \$8,870,808 during the nine-month period ended March 31, 2018 and has a deficit of \$51,466,759 at March 31, 2018. The Company has a working capital of \$3,385,556 at March 31, 2018.

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 March 31, 2019. 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 additional funds, it may be required to delay, reduce the scope of, or eliminate its current or future exploration and development activities, and / or sell some of its assets, 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 may cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption was not appropriate for these 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.

3. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and follow the same accounting policies as the Company's most recent annual consolidated financial statements, except for the change in the presentation currency to the US dollar described in Note 1. These unaudited condensed interim consolidated financial statements 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, 2017 and 2016 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2018 (unaudited - in US dollars)

4. CASH AND CASH EQUIVALENTS

	March 31, 2018	June 30, 2017
	\$	\$
Cash	1,830,755	14,061,705
Cash equivalents	5,510,455	-
	7,341,210	14,061,705

Cash equivalents are comprised of term deposits bearing a weighted-average interest rate of 1.6% and having maturity dates in April and May 2018.

5. EXPLORATION AND EVALUATION ASSETS

Amounts invested in exploration and evaluation assets are as follows:

	Copperwood Project	White Pine Project (1)	UPX Property	Other Properties (2)	Total
	\$	\$	\$	\$	\$
Balance at June 30, 2017	16,505,051	3,082,246	10,016,530	747,906	30,351,733
Property payments in cash	186,100	-	-	28,895	214,995
Finance expense	87,994	-	1,284,115	-	1,372,109
Effect of change in foreign exchange	-	-	-	6,530	6,530
	274,094	-	1,284,115	35,425	1,593,634
Balance at March 31, 2018	16,779,145	3,082,246	11,300,645	783,331	31,945,367
Balance at June 30, 2016	16,113,225	2,932,246	-	728,155	19,773,626
Property payments in cash	110,510	150,000	-	24,412	284,922
Finance expense	219,385	-	-	-	219,385
Effect of change in foreign exchange	-	-	-	(20,548)	(20,548)
	329,895	150,000	-	3,864	483,759
Balance at March 31, 2017	16,443,120	3,082,246	-	732,019	20,257,385

(1) The final closing of the acquisition of the White Pine Project, which initially was to occur by December 31, 2015, was further extended in February 2018 to April 30, 2018 (Note 14). Should the Company not be able to meet the final closing conditions, it will not be able to complete the acquisition of the White Pine Project.

(2) Other properties consist mostly of the Company's option to acquire a 65% interest in the Keweenaw Project. In December 2017, the Company and BRP agreed that the period required to provide a feasibility study on the project be extended to December 31, 2018.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2018 (unaudited - in US dollars)

6. NOTE PAYABLE

The note is payable to the Lessor of certain mineral rights located in White Pine, Michigan. It is reimbursable in twelve remaining equal quarterly principal amounts of \$27,500, plus interest accruing at the rate of 8% per annum. The balance of the Note Payable was determined as follows:

	Nine months ended
	March 31, 2018
	\$
Balance, beginning of period	385,000
Reimbursements	(82,500)
Balance, end of period	302,500
At March 31, 2018	
Current liability	110,000
Non-current liability	192,500
	302,500

7. PROMISSORY NOTE

The Company issued a US\$16 million secured non-interest bearing promissory note (the "Note") to RTX, as remaining consideration for the acquisition of the UPX Property, that provides for the payment of US\$1.0 million on the first anniversary of the acquisition (May 30, 2018) and US\$3.0 million on each of the second, third, fourth, fifth and sixth anniversary of the acquisition. The payments under the Note will be accelerated if Highland publicly releases a feasibility study covering any portion of the UPX Property. Given that the Note is non-interest bearing, the Company accounted for its estimated fair value using a discount rate of 20%. The balance of the Note was determined as follows:

	Nine months ended
	March 31, 2018
	\$
Balance, beginning of period	8,005,760
Accretion included in exploration and evaluation assets, calculated at a rate of 20%	1,284,115
Balance, end of period	9,289,875
At March 31, 2018	
Current liability	970,014
Non-current liability	8,319,861
	9,289,875

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2018 (unaudited - in US dollars)

8. BALANCE OF PURCHASE PRICE PAYABLE

The fair value of the remaining amount payable of \$1,250,000 due to Orvana Minerals Corp. on June 17, 2018 in connection with the acquisition of the Copperwood Project, was estimated using a discount rate of 20%. This amount may be paid by Highland to Orvana in cash or shares of Highland, at Orvana's option. The balance of purchase price payable is as follows:

	Nine months ended
	March 31, 2018
	\$
Balance, beginning of period	1,139,767
Accretion included in exploration and evaluation assets	87,994
Balance, end of period	1,227,761

9. SHARE CAPITAL AND WARRANTS

Issued and fully paid

At March 31, 2018, the Company had 472,933,689 issued and outstanding common shares (459,148,153 shares at June 30, 2017).

During the third quarter ended on March 31, 2018, the Company issued a total of 5,394,286 shares following the exercise of 5,394,286 share purchase warrants at a price of Can \$0.15 per share for total proceeds of \$632,993. A total of 129,580,548 unexercised share purchase warrants expired on February 22, 2018, March 17, 2018 and March 24, 2018.

On November 30, 2017, the Company issued a total of 8,391,250 shares following the exercise of 8,391,250 share purchase warrants at a price of Can \$0.15 per share for total proceeds of \$976,635. A total of 9,223,678 unexercised share purchase warrants expired on November 30, 2017 and December 12, 2017.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2018 (unaudited - in US dollars)

9. SHARE CAPITAL AND WARRANTS (continued)

Share purchase warrants

The following table sets out the activity in share purchase warrants:

Grant date	Number of warrants June 30, 2017	Exercised	Expired	Number of warrants March 31, 2018	Price per share Can \$	Expiry Date
November 30, 2016	15,140,000	(8,391,250)	(6,748,750)	-	-	-
December 12, 2016	2,474,928	-	(2,474,928)	-	-	-
February 22, 2017	9,574,545	(4,185,986)	(5,388,559)	-	-	-
March 17, 2017	76,730,714	(1,000,000)	(75,730,714)	-	-	-
March 17, 2017	1,000,000	-	-	1,000,000	0.15	Mar 17, 2020
March 24, 2017	48,669,575	(208,300)	(48,461,275)	-	-	-
	153,589,762	(13,785,536)	(138,804,226)	1,000,000	0.15	
Average price (Can \$)	0.15	0.15	0.15	0.15		

10. STOCK OPTIONS

The following table sets out the activity in stock options:

	Nine months ended March 31, 2018	
	Number	Weighted average exercise price (Can \$)
Options, beginning of period	7,455,000	0.48
Granted	11,095,000	0.12
Expired	(4,300,000)	(0.58)
Options, end of period	14,250,000	0.17

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 Can \$0.17 per share. The stock options granted will vest over two years. The options have a five-year term and are exercisable at a price of Can \$0.17 per share. On the grant date, the market price of the Company's shares was Can \$0.17. The fair value of the stock options was estimated at Can \$0.10 per option by applying the Black-Scholes option pricing model, using an expected time-period of 5 years, a semi-annual weighted-average risk-free interest rate of 1.7%, a volatility rate of 87% and a 0% dividend factor.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2018 (unaudited - in US dollars)

10. STOCK OPTIONS (continued)

On August 28, 2017, the Company granted a total of 9,025,000 stock options to its directors, officers, employees and consultants. The stock options granted will vest over 2 years. The options have a five-year term and are exercisable at a price of Can \$0.11 per share. On the grant date, the market price of the Company's shares was Can \$0.11. The fair value of the stock options was estimated at Can \$0.07 per option by applying the Black-Scholes option pricing model, using an expected time-period of 5 years, a semi-annual weighted-average risk-free interest rate of 1.5%, a volatility rate of 83% and a 0% dividend factor.

The following table reflects the stock options issued and outstanding at March 31, 2018:

Issue date	Number of options	Exercise price Can \$	Remaining contractual life (years)	Number of exercisable options	Exercise price of exercisable options Can \$
August 1, 2014	1,400,000	0.50	1.3	1,400,000	0.50
April 21, 2015	1,555,000	0.25	2.1	880,000	0.25
November 20, 2015	200,000	0.13	2.6	200,000	0.13
August 28, 2017	9,025,000	0.11	4.4	3,008,333	0.11
October 26, 2017	2,070,000	0.17	4.6	690,000	0.17
	14,250,000	0.17	3.8	6,178,333	0.23

11. EXPLORATION AND EVALUATION EXPENSES

The Company incurred the following exploration and evaluation expenses:

	Three months ended March 31,		Nine months ended March 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Drilling and assaying	508,409	885,800	1,330,336	885,800
Labour	629,002	40,380	1,773,092	314,742
Studies	1,096,303	41,577	3,235,802	50,697
Overhead	234,337	419,295	708,904	662,312
	2,468,051	1,387,052	7,048,134	1,913,551

During the nine months ended March 31, 2018, the Company entered into long-term lease agreements in Michigan, expiring up to August 2020, which calls for minimum lease payments of \$137,920 for the rental of office and warehousing spaces. Minimum lease payments are \$36,470 in 2018, \$87,980 in 2019, \$68,600 in 2020 and \$41,800 in 2021.

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2018 (unaudited - in US dollars)

12. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses:

	Three months ended March 31,		Nine months ended March 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Administrative and general	294,150	231,085	716,336	501,860
Office	34,194	31,844	86,430	83,307
Professional fees	61,059	33,277	210,395	104,133
Investor relations and travel	89,018	32,638	157,986	38,591
Reporting issuer costs	35,307	14,531	64,274	19,438
	513,728	343,375	1,235,421	747,329

13. SEGMENTED INFORMATION

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

	March 31, 2018		
	Canada	USA	Total
	\$	\$	\$
Current assets	7,496,111	203,177	7,699,288
Capital assets	18,392	126,280	144,672
Exploration and evaluation assets	-	31,945,367	31,945,367
Total assets	7,514,503	32,274,824	39,789,327

	June 30, 2017		
	Canada	USA	Total
	\$	\$	\$
Current assets	14,077,348	91,063	14,168,411
Capital assets	1,318	57,135	58,453
Exploration and evaluation assets	-	30,351,733	30,351,733
Total assets	14,078,666	30,499,931	44,578,597

Highland Copper Company Inc.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2018 *(unaudited - in US dollars)*

14. EVENTS AFTER THE REPORTING DATE

On April 30, 2018, the Company and CRC agreed to further extend the period to complete the acquisition of the White Pine project to August 31, 2018.

On May 15, 2018, the Company granted a total of 950,000 incentive stock options to employees of the Company at an exercise price of Can \$0.10 per share. These options will vest over a period of two years and if not exercised, will expire five years from the date of grant.