Highland Copper Company Inc.

MANAGEMENT'S DISCUSSION & ANALYSIS

1st Quarter ended September 30, 2014

HIGHLAND COPPER COMPANY INC.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2014

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 24, 2014, covers the 1st quarter ended September 30, 2014 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the 1st quarter ended September 30, 2014 (the "September 30, 2014 condensed interim consolidated financial statements"). Readers should also refer to the Company's MD&A for the year ended June 30, 2014, including the description of risks and uncertainties, and the audited consolidated financial statements for the years ended June 30, 2014 and 2013. 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 in the state of Michigan, USA. Highland's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol HI. At November 24, 2014, the Company had 96,966,745 common shares issued and outstanding.

In May 2014, the Company completed the interim closing for the acquisition of the White Pine copper project (the "White Pine 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 prospect and other target areas (the "Keweenaw Project") and has entered into lease agreements entitling the Company to explore and develop certain other properties. All projects are located in the Upper Peninsula of the state of Michigan, USA.

FINANCIAL CONDITION

At September 30, 2014, the Company had a working capital deficit of $8.9 million which includes an amount of $7.8 million due on December 15, 2014 for the acquisition of the Copperwood Project (see '*Copperwood Project'* below). The Company needs to raise additional funds to meet its obligations and management and administration expenses for at least the next 12 months. On May 29, 2014, the Company signed a non-binding letter of intent ("LOI") with AMCI Holdings Inc. ("AMCI") to form a 50-50 joint venture (the "JV"). Highland would contribute all of its interests in the mineral projects located in Michigan and AMCI would contribute US$45 million by December 15, 2014. Given the non-binding nature of the LOI, there can be no assurance that the JV with AMCI will be completed as intended or at all. Negotiations with AMCI are ongoing. The Company is also evaluating several financing options, including the issuance of securities, debt financing or other arrangements to raise funds that are required whether the JV with AMCI is completed or not. There can be no assurance that the Company will be able to raise the funds required. The continuation of the Company as a going concern is dependent on its ability to obtain necessary new funding to meet its financial obligations and to continue its exploration and development activities. See *'Going Concern Assumption'* below.

WHITE PINE PROJECT

On May 13, 2014 (the interim closing date), the Company acquired from Copper Range Company ("CRC"), a subsidiary of First Quantum Minerals Ltd., all of CRC's rights, title and interest in the White Pine Project and issued to CRC 3,000,000 of its common shares. 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 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.

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 site 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 the White Pine site and will also be responsible for all on-going environmental obligations. Final closing is anticipated to occur by December 31, 2015.

About the White Pine Project

CRC acquired the original White Pine mine in 1937. Subsequent drilling revealed the widespread nature of the mineralization and underground mining by room and pillar methods followed by flotation of sulfides began in 1952. Mining ceased in 1995 due largely to depressed copper prices, although significant amounts of mineralization remained, particularly to the northeast of the mine (hereinafter referred to as the "White Pine North deposit"). Production from 1952 to 1995 was 198,070,985 short tons averaging 1.14% copper for approximately 4.5 billion pounds of copper. Although silver was consistently alloyed with the copper, silver was generally not recovered and was incorporated into the copper as "fire-refined" copper until an on-site electrolytic refinery was completed in 1982. In 1995, CRC, then a subsidiary of Inmet Mining Corporation, closed the White Pine mine. An historical estimate of the White Pine North deposit was completed in October 1995 by the then White Pine chief geologist based on 526 diamond drill holes. The Company has initiated the work required to verify the historical data with the objective of completing a resource estimate compliant with NI 43-101, which would also include the results of the anticipated winter drilling campaign.

COPPERWOOD PROJECT

On June 17, 2014, the Company acquired the Copperwood copper project (the "Copperwood Project") through the acquisition from Orvana Minerals Corp., a TSX-listed company ("Orvana"), of all of the outstanding shares of Orvana Resources US Corp. ("Orvana US"). Highland paid US$13 million in cash at closing and issued to Orvana a US$7 million secured promissory note (the "Note"). The Note matures on December 15, 2014 and bears interest at an estimated effective rate of 15.2%. Highland may have to repay the Note, partially or completely, before maturity with the raising of additional capital. The Note is secured by, among other things, a first priority security interest over all of the assets of Orvana US and a pledge of 100% of Orvana US's shares.

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$1.25 million will become due 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. 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.

About the Copperwood Project

Copperwood is a feasibility stage project. On February 25, 2011, Orvana reported an updated mineral estimate for Copperwood, including the mineralization in the adjacent Copperwood satellite areas. On June 24, 2011, Orvana reported the results of a pre-feasibility study and on February 7, 2012, it reported the results of a feasibility study for Copperwood. Additional information on the Copperwood Project, including the historical estimate of the Copperwood mineral reserves and resources, are presented in the Company's press releases dated February 11, 2014 and June 17, 2014.

KEWEENAW PROJECT

Under a Mining Venture Agreement (the "Venture Agreement") with BRP LLC ("BRP"), the Company has an option to acquire a 65 percent interest in the Keweenaw copper project ("Keweenaw Project"), by spending US$11,500,000 in exploration and development work and providing a feasibility study by October 26, 2015. The Keweenaw Project covers an area of approximately 9,000 acres. At September 30, 2014, a cumulative amount of US$13.1 million in eligible expenditures has 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 Keweenaw Project. 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%.

On August 25, 2014, the Company announced an initial resource estimate for the 543S copper deposit which is part of the Keweenaw Project , as follows:

543S Copper & Silver Project – Base Case - Underground Scenario
Mineral Resource Estimate – July 5, 2014

Resource Category	Cut-Off Grade Cu Eq. (%)	Tonnage ('000 t)	Grade Cu Eq. (%)	Grade Cu (%)	Copper ('000 lbs)	Grade Ag (g/t)	Silver ('000 oz)
Indicated	1.9	1,518	3.31	3.27	109,514	5.1	248
Inferred	1.9	193	3.12	3.08	13,116	4.8	30

Notes on Mineral Resource

(1) Cu Equivalent = Cu% + (Ag g/t * 20$/oz * 80% * 90%) / (22.0462 lbs/10kg * 3$/lb * 31.1035 g/oz * 90% * 96.5%)
(2) Mineral Resources are reported using a copper price of 3$/lb and a silver price of 20$/oz
(3) A payable rate of 96.5% for copper and 90% for silver was assumed
(4) Preliminary metallurgical testing suggests recovery of 90% for copper and 80% for silver
(5) Cut-off grade of 1.9% Cu Eq. was used
(6) Underground mining costs are estimated at 57.27$/t of ore
(7) Production costs are estimated at 37.50$/t of ore: 12.00$/t for processing, 2.50$/t for general and administrative costs, 0.50$/t for tailings and 22.50$/t for ore transportation to White Pine Complex
(8) A 5% royalty was used (4.99$/t ore)
(9) No mining dilution and mining loss were considered for the Mineral Resources
(10) Rock bulk densities are based on rock types, %Cu and proximity to specific gravity measurements
(11) Assay capping was applied to some mineralized domains
(12) Classification of Mineral Resources conforms to CIM definitions
(13) The qualified person for the estimate is Mr. Réjean Sirois, eng., Vice President Geology and Resources of G Mining.
(14) Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
(15) The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as indicated or measured mineral resources.

The mineral resource estimate was prepared by G Mining Services Inc. ("G Mining"), a Canadian mining consulting firm. After a detailed review of different options, Highland and G Mining have opted to report the mineral resources for potential underground development of the 543S deposit. This initial mineral resource estimate for the 543S copper deposit is based on 262 diamond drill holes totaling 45,608 m, of which 220 are NQ size and 42 HQ size, on a drill grid spaced 30.5 m by 15 m. Refer to the August 25, 2014 press release to further detail related to this initial resource estimate of the 543S deposit.

In February 2014 seven flotation tests were conducted on composite samples of drill core from the 543S deposit at SGS Laboratories in Lakefield, Ontario under the supervision of Ahmed Bouajila, Vice President, Metallurgy and Ore Processing for G Mining. The composite grade was 2.61% Cu and 3.9 g/t Ag. Copper recoveries reported for this work neglect the copper distribution contained in the cleaner tailings. In a continuous circuit the cleaner tailings would be re-circulated back to the rougher and cleaner flotation stages, respectively and a substantial part of it would be recovered in the final concentrate. The effect of this recirculation cannot be determined without running locked cycle tests or continuous pilot plant trials. It is concluded that reasonable expectation from an equivalent optimized and closed circuit would provide recoveries of 90% Cu and 80% Ag, concentrate grades of 44% Cu and 59 g/t Ag and a mass pull of 5.5%. Those numbers were used for the base case reported in the August 25, 2014 news release.

ACTIVITIES DURING THE 1st QUARTER ENDED SEPTEMBER 30, 2014

During the reporting period, the Company retained G Mining to initiate a number of technical studies including metallurgy, infrastructure requirements and mining methods that are intended to be used in a prefeasibility study that would combine the White Pine North, the Copperwood and the 543S deposits. In addition, Golder Associates has started baseline environmental work including hydrology and tailings disposal studies at White Pine North and COREM is carrying out mineral processing work on mineralized samples from the White Pine North deposit.

Subject to available financing, Highland plans to complete a second phase drilling program at White Pine North during the winter of 2015. These drill holes will focus on the higher-grade central portion of the deposit. Following the completion of this drilling campaign, the Company expects to be able to release a resource estimate of the White Pine North deposit.

QUALIFIED PERSON

Carlos Bertoni, P. Geo., a Qualified Person under NI 43-101, has reviewed and approved all of the technical information in this MD&A. Mr. Bertoni is the Company's project manager.

EXPLORATION EXPENSES

Amounts invested in exploration and evaluation assets and deferred in accordance with the Company's accounting policy, during the 1st Quarter ended September 30, 2014 are as follows:

	White Pine Project	Copperwood Project	Keweenaw Project	Other Properties	Total
	$	$	$	$	$
Property payments	-	117,917	-	2,178	120,095
Drilling and assaying	279,873	-	-	-	279,873
Site preparation and road building	9,063	-	1,748	-	10,811
Labour	252,874	26,368	45,035	-	324,277
Consulting	188,355	40,076	20,352	-	248,783
Studies	296,140	4,425	7,561	-	308,126
Other expenses	232,961	46,501	19,021	-	298,483
	1,259,266	235,287	93,717	2,178	1,590,448
Gain on disposal of capital assets	-	(7,452)	-	-	(7,452)
Depreciation and amortization	5,002	5,582	63,770	-	74,354
Share-based remuneration	63,411	6,612	11,293	-	81,316
Finance expense	-	387,756	-	-	387,756
Effect of foreign exchange	282,162	1,188,217	584,256	25,322	2,079,957
	1,609,841	1,816,002	753,036	27,500	4,206,379
Cumulative expenses to September 30, 2014	6,637,935	25,714,747	13,956,450	543,181	46,852,313

SELECTED CONSOLIDATED FINANCIAL INFORMATION (1)

The following selected financial information should be read in conjunction with the Company's September 30, 2014 condensed interim consolidated financial statements.

	September 30, 2014	June 30, 2014
	$	$
Financial position		
Cash	**1,103,121**	3,242,710
Total assets	**48,516,542**	46,536,013
Promissory note, due December 15, 2014	**7,840,000**	7,473,900
Balance of purchase price payable	**1,633,374**	1,434,850
Shareholders' equity	**36,440,176**	35,414,291

	1st Quarter ended September 30, 2014	1st Quarter ended September 30, 2013
	$	$
Operations		
Management and administration expenses	**1,083,691**	510,927
Pre-exploration expenses	**79,204**	133,359
Accretion on environmental liability	**4,334**	-
Finance income	**(4,092)**	(2,553)
Loss on foreign exchange	**1,983**	93,368
Net loss for the period	**(1,165,120)**	(735,101)
Basic and diluted loss per share	**(0.01)**	(0.01)
Cash flows		
Operating activities	**(983,028)**	(422,680)
Investing activities	**(1,182,261)**	(1,466,903)
Financing activities	**-**	-

Since its incorporation, the Company has not paid any cash dividend on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and any other factor that the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

Going Concern Assumption

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

If the Company is not successful in raising additional funds, the Company may not be able to reimburse the Note due to Orvana, it may be required to delay, reduce the scope of, or eliminate its current or future exploration and development activities and it may be unable to meet the earn-in requirements under the venture agreement with BRP. These conditions and uncertainties indicate the existence of a material uncertainty that casts a significant doubt about the Company's ability to continue as a going concern. If the going concern assumption was not appropriate for the Company's 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.

Management and administration expenses are summarized as follows:

	1st Quarter ended September 30, 2014	1st Quarter ended September 30, 2013
	$	$
Administrative and general	**308,208**	111,575
Office	**50,009**	22,981
Professional fees	**143,226**	53,553
Investor relations and travel	**97,871**	91,804
Reporting issuer costs	**3,998**	625
	603,312	280,538
Share-based remuneration	**472,821**	227,935
Depreciation and amortization	**7,558**	2,454
	1,083,691	510,927

Financial Review

The Company is still in the exploration phase and does not yet have revenue-generating activities. Accordingly, the Company's financial performance is largely a function of the level of exploration activities undertaken on its projects and the management and administrative expenses required to operate and carry out its exploration activities as well as other items such as foreign exchange gains or losses.

In accordance with its accounting policy, an amount of $1,590,448 in exploration and evaluation work was deferred during the 1st Quarter ended September 30, 2014, which detail is presented in the *Exploration expenses* section.

The Company incurred a net loss of $1,165,120 during the 1st Quarter ended September 30, 2014 compared to a net loss of $735,101 during 1st Quarter ended September 30, 2013. The increased loss is mainly attributable to higher administrative and general expenses as a result of the increased activities following the acquisition of the White Pine and Copperwood projects in early 2014. Higher share-based remuneration expense was also charged to income during the 1st Quarter ended September 30, 2014 compared to 2013 following the grant of 1,400,000 stock options in August 2014.

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

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, 2014	4,092	(1,165,120)	(0.01)
June 30, 2014	3,303	(846,359)	(0.01)
March 31, 2014	1,279	(2,284,041)	(0.04)
December 31, 2013	1,529	(718,037)	(0.01)
September 30, 2013	2,553	(735,101)	(0.01)
June 30, 2013	4,847	(223,999)	(0.00)
March 31, 2013	11,364	(234,412)	(0.00)
December 31, 2012	21,809	(1,483,919)	(0.03)

Liquidity and Capital Resources

The Company's working capital deficit at September 30, 2014 totaled $8,931,243 compared to a working capital deficit of $6,000,228 at June 30, 2014. The decrease in working capital during the 1st Quarter ended September 30, 2014 is mainly attributable to investments made on the Company's exploration and evaluation assets ($1,590,448), management and administration expenses ($603,312) and the acquisition of capital assets ($48,170).

The Company needs to raise additional funds to reimburse the Note and accrued interest due to Orvana by December 15, 2014, to pursue exploration and development work on its mineral projects and to provide for management and administration expenses for at least the next 12 months. 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, including completing the JV with AMCI (see 'Going Concern Assumption' section). 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 completion of the JV with AMCI, the sale of equity capital of the Company, and debt financing. The ability of the Company to arrange the required financing in the future will depend in part upon the prevailing 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 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. As at September 30, 2014, managed capital was $45,913,550 ($44,323,041 at June 30, 2014). There were no changes in the Company's approach to capital management during the 1st Quarter ended September 30, 2014. The Company is not subject to any externally imposed capital requirements as at September 30, 2014.

Off-Balance Sheet Arrangements

At September 30, 2014, the Company has no off-balance sheet arrangements.

Transactions with Related Parties

During the 1st Quarter ended September 30, 2014, the Company incurred administration expenses of $118,692 from Reunion Gold Corporation, a related party by virtue of common management and directors ($46,275 during the same period in 2013). These charges were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

Remuneration to directors and key management of the Company totaled $598,213 during the 1st Quarter ended September 30, 2014 ($334,194 during the 1st Quarter ended September 30, 2013).

Other Commitments

In addition to commitments related to the exploration and evaluation assets and the Note due to Orvana on December 15, 2014, the Company has entered into lease agreements expiring at various dates until February 2015 which calls for minimum lease payments of $20,600 in 2015 for the rental of office and warehousing space.

Outstanding Share Data

At November 24, 2014, the Company has 96,966,745, common shares issued and outstanding, 41,250,000 share purchase warrants exercisable at $0.75 per share until March 31, 2015, and 5,822,000 stock options outstanding with an average exercise price of $0.57, expiring at various dates until August 2019.

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 '*Going Concern* Assumption' section).

The following table summarizes the contractual maturities of the Company's financial liabilities at September 30, 2014:

	Carrying amount	Settlement amount	Within 1 year	2-3 years	Over 3 years
	$	$	$	$	$
Accounts payable and accrued liabilities	2,362,491	2,362,491	2,362,491	-	-
Promissory note	7,840,000	7,840,000	7,840,000	-	-
Balance of purchase price payable	1,633,374	2,800,000	-	1,400,000	1,400,000
	11,835,865	13,002,491	10,202,491	1,400,000	1,400,000

Currency Risk

In the normal course of operations, the Company is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of each of the entities within the consolidated group. The currencies in which these transactions are denominated are primarily the US dollar. The consolidated entity seeks to minimize its exposure to currency risk by monitoring exchange rates and entering into foreign currency transactions that maximize the consolidated entity's position. The consolidated entity does not presently enter into hedging arrangements to hedge its currency risk. All foreign currency transactions 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, 2014, assets and liabilities denominated in a foreign currency consisted of cash of $324,748 and accounts payable and accrued liabilities of $149,087. The impact on profit or loss of a 10% increase or decrease in foreign currencies against the Canadian dollar would be approximately $18,000.

Credit Risk

At September 30, 2014, 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 $11,000. Given that the promissory note bears interest at a fixed rate, future cash flows related to the promissory note will not fluctuate due to changes in interest rate. However, changes to market interest rates expose the Company to variations in fair value.

OTHER RISKS AND UNCERTAINTIES

The Company is subject to a number of significant risks and uncertainties which include but are not limited to the nature of its business and the present stage of exploration and development of its mineral projects, the requirement for additional funds to settle its current obligations, to complete its acquisitions and to pursue its exploration and development activities on all its projects. 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. Therefore, 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.

Company Specific Risks

- The Company may be unable to complete a JV with AMCI or find alternative financing.

- The Company may be unable to reimburse the US$7 million Note due to Orvana by December 15, 2014 and may have to forfeit its rights and interest in the Copperwood Project under the terms of the secured Note.
- The Company may be unable to continue funding the exploration and development of its projects.
- The Company may be unable to complete the acquisition of the White Pine Project if it cannot meet the final closing conditions.
- 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 may have to assume certain environmental responsibilities related to the closure of the former White Pine Mine.
- The Company may be unable to complete a feasibility study by October 26, 2015 and acquire a 65% interest in the Keweenaw Project. Extensive technical, economic, legal, social and environmental studies as well as substantial expenditures will be required to complete a feasibility study for the Keweenaw Project.
- The Company is taking steps to verify title to the mineral properties in which it has an interest but at this time it cannot confirm ownership of all its mineral interests. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.
- Future issuance of common shares into the public market may result in dilution to the existing shareholders.
- There is no assurance that minerals will be discovered in sufficient quantities to justify commercial operations and the projects may not be economically viable.
- The Company's exploration activities are subject to certain environmental liabilities.
- The Company may not obtain all necessary permits to conduct its activities and operate a mine.
- The Company faces substantial competition within the mining industry from other mineral companies with much greater financial and technical resources.
- The Company has no experience in mine production.
- The Company has no history of earnings and does not expect to receive revenues from operations in the foreseeable future; the Company may never achieve profitability, which may cause the market price of the Company's common shares to decline.
- 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.

Industry Risks

- Mineral exploration and development is a high risk, speculative business. Few properties that are explored are ultimately developed into producing mines.
- Mineral exploration is subject to geological uncertainties and interpretation.
- Mineral exploration is subject to numerous industry operating hazards and risks, many of which are beyond the Company's control.
- Substantial expenditures are required to explore mineral projects, define mineral resources, and complete all metallurgical, engineering, environmental, financial and other studies required to complete a feasibility study.
- Changes in mining and environmental laws.
- Necessary permits to operate may not be granted or may be granted later than anticipated.

- Current economic uncertainties globally have created market volatility and risk aversion among investors, limiting capital raising options.
- Commodity prices including the price of copper have fluctuated widely in the past and are expected to continue to do so in the future.
- Mining operations including exploration and development activities are subject to numerous laws and regulations.
- Title to mineral rights and surface rights may be disputed.
- Social and environmental groups may be opposed to the development of mining projects.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws. 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 form a JV with AMCI or complete other form of financing to fund the Company's activities and the repayment of the Note, plans to complete the acquisition of the White Pine Project and of a 65% interest in the Keweenaw Project, and plans to complete technical studies, a second phase drilling program and a resource estimate at White Pine North. 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, 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.

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 24, 2014. 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).