

Highland Copper announces the sale of non-core assets to Sweetwater Royalties and a C\$26 Million Private Placement

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LONGUEUIL, Aug. 03, 2021 - [Highland Copper Company Inc.](#) (TSXV: HI, OTCQB: HDRSF) (the "Company" or "Highland") is pleased to announce that it has entered today into a share purchase agreement with Sweetwater Royalties ("Sweetwater"), a privately held company owned by Orion Mine Finance ("Orion"), pursuant to which the Company has agreed to sell to Sweetwater its UPX properties located in the Upper Peninsula of the State of Michigan, U.S.A. for cash consideration of US\$3 million, the assumption by Sweetwater of the US\$15 million principal amount owing under a promissory note, and other terms and conditions described below (the "Transaction").

The Company also announces that it intends to complete a non-brokered private placement of approximately 260,000,000 units (the "Units") at C\$0.10 per Unit, to raise up to C\$26 million (the "Offering"). Orion, a 30% shareholder of the Company, has agreed to subscribe for approximately 62,310,000 Units under the Offering for an aggregate cash consideration of US\$5 million (the "Orion Subscription").

Denis Miville-Deschênes, the Company's CEO stated: "We are extremely pleased with the announcement of the proposed Transaction and Offering. Their completion should result in the elimination of all cash indebtedness from the Company's balance sheet and will allow the Company to focus its efforts on plans required to develop both the fully-permitted Copperwood Project and the White Pine North Project."

Sale of UPX Minerals Inc.

The Company and its 100%-owned subsidiary Upper Peninsula Copper Holdings Inc. ("UPCH") have entered into a share purchase agreement with Sweetwater dated August 3, 2021, pursuant to which Sweetwater has agreed to purchase from UPCH all of the issued and outstanding shares of UPX Minerals Inc. ("UPX Minerals"), for US\$3 million in cash and the assumption of amounts owing under the Note (as defined below).

UPX Minerals holds a land package comprised of mineral rights and real properties (the "UPX Properties") acquired from Rio Tinto Nickel Company and Kennecott Exploration Company (collectively, "RTX") in 2017. The Transaction will result in Sweetwater controlling approximately 447,842 mineral acres in the Upper Michigan area near the Eagle Mine. As part of the consideration for the acquisition of the UPX Properties in 2017, UPX Minerals had issued a secured promissory note (the "Note") in favor of RTX in the amount of US\$16 million of which US\$15 million remains unpaid. Sweetwater will assume the remaining payments and interest due by UPX Minerals under the Note and Highland will be released from the guaranty it provided to RTX as security for the repayment of the Note.

Sweetwater, being a wholly-owned subsidiary of Orion, is considered to be a "related party" of the Company under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") and the proposed Transaction is considered to be a "related party transaction" under the MI 61-101. However, the Transaction will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101.

C\$26 Million Private Placement of Units

The Company intends to complete a non-brokered private placement of approximately 260,000,000 Units at C\$0.10 per Unit, to raise up to C\$26 million. Each Unit will consist of one common share of the Company and one half of one common share purchase warrant (each whole warrant, a "Warrant"), with each Warrant

exercisable to acquire one common share at C\$0.18 for a period of 24 months from the closing date of the Offering.

Certain insiders of the Company intend to acquire Units in the Offering, including Orion. Orion's participation in the Offering is conditional on the completion of the Transaction. The Company anticipates that, assuming the Offering is fully subscribed, Orion's shareholding in Highland will be approximately 28%. Any participation by insiders in the Offering constitutes a "related party transaction" as defined under MI 61-101. However, such participation, including by Orion, will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101.

Restructuring of Board of Directors and Management

The Company has agreed with Orion that the Company will take steps to add qualified independent directors to its Board of Directors. The Company anticipates ultimately increasing its Board to seven members, of whom a majority are expected to be "independent", as defined by National Instrument 52-110 - *Audit Committees*. In addition, the Company anticipates expanding its management team to address increased activity levels at the Copperwood and White Pine North Projects. The Company anticipates announcing management hires and new Board members, before its annual general meeting, currently anticipated to be held before the end of December, 2021.

Closings

The closing of the Transaction with Sweetwater and the closing of the Offering are subject to various customary conditions and receipt of all necessary corporate and regulatory approvals, including but not limited to the approval of the TSX Venture Exchange. The closing of the Transaction is also conditional on the Company having raised not less than US\$12.5 million in the Offering, inclusive of the Orion Subscription in the amount of US\$5 million. Both closings are expected to occur during the third quarter of 2021.

The Company intends to use the proceeds of the Transaction and the Offering to settle all of the Company's liabilities including the loan due to Osisko Gold Royalties Ltd and Greenstone Resources LP, to advance the development of the Copperwood and White Pine North projects and for general working capital purposes.

Cautionary Statement

The Offering will be conducted in reliance upon certain prospectus and private placement exemptions. The securities issuable under the private placement will be subject to a hold period expiring four months and one day after the closing date. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Certain statements contained in this news release constitute forward looking information under the provisions of Canadian securities laws, including statements about plans to complete and timing of the Transaction and the Offering, anticipated changes to the board of directors and management of the Company, regulatory approvals, the use of funds, the settling of all of the Company's liabilities and the anticipated effect on the Company's ability to advance its Copperwood and White Pine projects. The information contained herein reflects Highland's views as of the date of this news release. Forward looking information is based on assumptions, and by its nature is subject to risks and uncertainties that may cause actual future events to differ materially from those anticipated in it. There can be no assurance that the Transaction and the Offering will be completed on the terms announced or at all, and that the use of proceeds will be as contemplated. The Company does not intend, and does not assume any obligation, to update forward-looking information, except as required by law. Accordingly, readers are advised not to place undue reliance on forward-looking information.

About Highland

[Highland Copper Company Inc.](#) is a Canadian company focused on exploring and developing copper

projects in the Upper Peninsula of Michigan, U.S.A. Information about the Company is available on SEDAR at www.sedar.com and on the Company's website at www.highlandcopper.com.

About Sweetwater

Sweetwater is a base metals and industrial minerals royalty company holding significant surface and mineral acreage in Wyoming, Utah and Colorado with multiple avenues for organic growth. Sweetwater provides its partners with opportunities to develop natural resources as well as access to grazing and the renewable energy sector. In addition to its cornerstone Trona royalties and internal growth opportunities, Sweetwater is focused on capturing new base metal, industrial mineral and renewable energy royalties in stable mining jurisdictions.

Further information about Sweetwater is available at www.sweetwaterroyalties.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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