

**HAPPY CREEK MINERALS LTD.**  
**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION and ANALYSIS**  
**For the Nine Months Ended October 31, 2018 and 2017**

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***Overview***

This Management's Discussion and Analysis ("MD&A") provides relevant information on the operations and financial condition of Happy Creek Minerals Ltd. ("Happy Creek" or the "Company") for periods ended October 31, 2018 and 2017. This MD&A has been prepared by management as of December 11, 2018 and includes information up to that date.

The MD&A supplements, but does not form part of, the interim financial statements of the Company for the period ended October 31, 2018 and 2017. The following MD&A should be read in conjunction with the interim financial statements and related notes of the Company for the nine months ended October 31, 2018 and the Company's audited financial statements for the years ended January 31, 2018 and 2017. The financial statements and the notes therein have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All monetary amounts in this MD&A and in the financial statements are expressed in Canadian dollars unless otherwise stated. Additional information may be found on SEDAR at [www.sedar.com](http://www.sedar.com), and [www.happycreekminerals.com](http://www.happycreekminerals.com).

The MD&A may contain "forward-looking information" within the meaning of applicable securities laws, including statements that address capital costs, recovery, grade, and timing of work or plans at the Company's mineral projects. Forward-looking information may be, but not always, identified by the use of words such as "seek", "anticipate", "plan", "planned", "continue", "expect", "thought to", "project", "predict", "potential", "targeting", "intends", "believe", "opportunity", "further" and others, or which describes a goal or action, event or result such as "may", "should", "could", "would", "might" or "will" be undertaken, occur or achieved. Statements also include those that address mineral production, reserve potential, potential size or scale of a mineralized zone, potential expansion of mineralization, potential type(s) of mining, potential grades as well as to Happy creek's ability to fund ongoing expenditure, or assumptions about future metal or mineral prices, currency exchange rates, metallurgical recoveries and grades, favourable operating conditions, access, political stability, obtaining or renewal of existing or required mineral titles, licenses and permits, labour stability, market conditions, availability of equipment, accuracy of any mineral resources, anticipated costs and expenditures. Assumptions may be based on factors and events that are not within the control of Happy creek and there is no assurance they will prove to be correct. Such forward-looking information involves known and unknown risks, which may cause the actual results to materially differ, and/or any future results expressed or implied by such forward-looking information. Additional information on risks and uncertainties can be found within Financial Statements, Prospectus and other materials found on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. The Company withholds any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by law.

Under NI43-101 (2001), the reader is cautioned that results or information from an adjacent property does not infer or indicate similar results or information will or does occur on the subject property. Historical information from the subject or adjacent property cannot not be relied upon as the Company's Qualified Person ("QP"), a term which was created and defined under NI-43-101 has not prepared nor verified the historical information.

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**Overall Performance**

Happy Creek Minerals Ltd. (the "Company") is engaged in the business of acquisition and exploration of mineral properties in British Columbia, Canada. The Company's objective is to make new mineral deposit discoveries in proximity to mines and infrastructure, and partner or sell such deposits to a larger mining company for development and production. Under certain conditions the Company may carry a project to production. The Company owns a 100% interest in 7 properties totalling approximately 617square kilometres of mineral tenure located in British Columbia, Canada. It also holds a 1% NSR on the Silver Dollar property in the Cambourne mining district of southeast B.C. The Rateria-West Valley copper and Fox tungsten properties are now at more advanced stages of exploration, including resource definition and expansion as well as preliminary engineering and economic evaluation stage for the Fox. Although the Company's other properties are thought to warrant additional exploration, the current focus is on advancing the Fox and Rateria-West Valley properties.

**Fox property:** Ownership 100%. The Fox is a new discovery with tungsten occurring in a mineral system that is overall 10 km by 3 km in dimensions and located northeast of 100 Mile House, south-central B.C. The Company discovered the Ridley Creek, BN and BK zones and approximately 12,500 metres of drilling has delineated 582,400 tonnes grading 0.826% WO<sub>3</sub>(Indicated) and 565,000 tonnes grading 1.231% WO<sub>3</sub>(Inferred). These resources are open and contain among the highest grade in the western world. A portion of the indicated resource is within a low-strip ratio open pit. New prospects continue to be found on the property and at the Nightcrawler and South Grid prospects, drilling returned intercepts that are above cut-off grade that remain open and provide further potential to expand the project resources. The Fox project is a new large-scale tungsten discovery, with high grades in a near-surface setting. These qualities along with proximity to infrastructure are thought to make the Fox a rare and exceptional tungsten find. Plans include increasing the resource base and performing a preliminary economic assessment.

**Rateria and West Valley property:** Ownership 100%. The Company's Rateria and West Valley property (approximately 250 square km) adjoin and surround the southern end of Teck Resource's Highland Valley copper mine property, Canada's largest copper producer. It also adjoins the north side of the past-producing Craigmont copper mine property. At the Rateria property, the Company has discovered two new copper zones located approximately 6.5 km from a currently producing open pit and contain geology and drill results with similar copper grade to other highland valley deposits. Drilling at both zones have identified continuous and positive grade approximately one km in length and 50 to 150 metres in width and over 350 metres in depth. These zones occur within a larger envelope of lower-grade material and remain open. Drill highlights include 95.0 metres of 0.67% copper and 250.0 metres of 0.25% copper from Zone 1, and 152.5 metres of 0.35% copper, 0.06 g/t Au, and 105.5m of 0.37% copper, 0.14 g/t gold, 0.005% molybdenum and 0.63 g/t rhenium in Zone 2. Approximately 200 metres east of Zone 2, F17-02 returned positive copper values over a significant interval with a particularly higher-grade section of 5.0 metres containing 4.4% copper, 0.21 g/t gold, 20.0 g/t silver, 0.03% molybdenum and 6.86 g/t rhenium. There is thought to be clear resource potential in both Zone

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1 and Zone 2 and due to the low pyrite and dominantly bornite-chalcocite copper minerals, preliminary metallurgy tests indicate excellent recoveries and clean concentrates containing around 39% copper. It is the first time that the current 250 square km of contiguous mineral tenure is owned by one company and provides a quality exploration opportunity to discover new deposits in this world class mining district.

In addition to the above more advanced staged projects, the Company has several other 100% owned properties with well-defined, quality targets that are thought to be ready for drill testing:

**Silverboss property:** Ownership 100%. With approximately 91 square kilometres of mineral tenure surrounding the past-producing Boss Mountain molybdenum mine, the Company has conducted systematic surface rock and soil sampling, geology and geophysics. This work has identified several new bulk-tonnage copper-molybdenum-gold-silver targets that are untested by drilling. Highlights include 53.01 g/t gold, 343.0 g/t silver in grab samples and 9.29 g/t gold, 27.3 g/t silver over 1.17 metres at the Dogtooth zone and 9.25 g/t gold, 514.8 g/t silver over 0.25 metres and 2.52 percent copper, 6.21 g/t gold, 295 g/t silver and 6.76 g/t indium in grab samples at the Silverboss shaft. To the north, the Gus prospect is underlain by positive copper values in soil approximately 2 kilometres by 1 kilometre in dimension. In addition to the potential for molybdenum deposits adjacent to the former molybdenum mine, the underlying geology and presence of copper and gold in rocks provide opportunity to discover typical Quesnel Trough style porphyry copper-gold deposits beneath glacial till covered areas.

**Silver Dollar property:** This property was optioned to and recently purchased by Explorex Resources Inc. Happy Creek holds a 1% net smelter return royalty on the property.

**Hawk property:** The property is underlain by geology of the Quesnel Terrane, which hosts numerous copper, copper-gold deposits and mines in B.C. The Company has conducted systematic geochemistry, geology, geophysics, trenching with limited drilling. Property results include chip sampling at the Main zone with 0.88% copper and 1.07 g/t gold across 5.0 metres and boulders nearby contain up to 4.5% copper and 18.0 g/t gold. Historical drilling approximately 100 metres north of the Main zone returned 3.0 metres grading 0.79% copper, 1.73 g/t gold, 9.43g/t silver and 1.83 metres containing 0.93% copper, 3.1 g/t gold and 12.34 g/t silver. The Company's exploration work has confirmed the property holds good potential for bulk tonnage copper-gold-silver (alkalic porphyry) and is ready for drill testing.

**Hen & Art-DL property:** Prospecting, rock and soil sampling, trenching and reconnaissance drilling has identified several new gold skarn prospects at the Hen property. Trenching returned 2.1 meters of 3.98 g/t gold and 2.0 metres of 4.20 g/t gold and up to 35.06 g/t gold in grab samples at the Hen and Dyke zones, respectively. The DL property contains sediment-hosted gold-silver prospects sharing geological similarities with the Spanish Mountain or Eureka Peak deposits to the north. Up to 42 g/t gold over 1.0 metre in a quartz vein occur at the DL adit, and to the southwest, drill hole GL10-3 returned 72.5 metres of 4.03 g/t silver including 20.0 metres of 8.5 g/t silver and is thought to warrant further exploration.

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**Exploration updates**

The following is an overview of the Company's properties with a summary of results from the most recent year. Please refer to the Company's website, news releases and filings on SEDAR for additional details, maps, photos and other information.

**Fox Tungsten Property**

On July 12, 2017, the Company announced that drilling has started at the Fox tungsten property. Drilling was focused on expanding the BN and Ridley Creek deposits, as well as further exploring the South Grid and Nightcrawler zones.

On October 24, 2017, the Company announced results from the BN zone. Results include F17-29 with 5.05 metres of 2.980% WO<sub>3</sub>, F17-36 with 7.81 metres of 1.36% WO<sub>3</sub>, and F17-23 with 4.0 metres of 0.963% WO<sub>3</sub>.

On November 21, 2017, the Company announced results from the Ridley Creek, South Grid and Nightcrawler zones. Results from Ridley Creek include 2.59 metres of 5.824% WO<sub>3</sub> in F17-44 and 0.72 metres of 4.653% WO<sub>3</sub> in F17-48, and 0.85 metres of 4.16% WO<sub>3</sub> in F17-56. At South Grid, drill hole F17-61 returned 3.07 metres of 0.496% WO<sub>3</sub> starting at 12.6 metres below surface and is thought to indicate the potential for near-surface resources in this 1.5km by 500m geochemical target area.

An updated resource estimate was announced on February 27, 2018. The total Indicated Resources for the Ridley Creek zone amount to 582,400 tonnes grading 0.826% WO<sub>3</sub> and the total Inferred Resource is now 565,000 tonnes grading 1.231% WO<sub>3</sub> for the Ridley Creek, BN and BK Zones combined. Hand-trenching returned positive tungsten values.

On September 25 2018, the Company announced that the mapping at higher elevations above the Ridley Creek deposit has traced three calc silicate-skarn layers continuously for 500 metres which connect with layers previously mapped. These layers are confirmed to be continuous for 2 km and contain tungsten and locally zinc and molybdenum values. The findings also suggest the resource-bearing layer of the Ridley Creek deposit is likely to extend over 500 metres to the west, beneath Deception Mountain and remains untested by drilling.

On November 21, 2018 the Company announced that surface sampling located to the south of the Ridley Creek deposit on the Fox property returned up to 0.35m of 7.43% W03, and improves the potential to expand current resources between the Ridley Creek and BN deposits, one km in distance.

**Highland Valley Property**

On June 6,2017, the Company announced that drilling was underway at the Rateria property. On August 29, 2017, the Company announced that it completed five holes at the Zone 2 prospect and returned positive results including R17-05 containing 255.5 metres of 0.21% copper including 105.5 metres of 0.37% copper, 0.14 g/t gold and 0.63 g/t rhenium. This result is located approximately 100 metres south of drill hole R12-02 (152.5metres of 0.35% copper). In addition, drill hole R17-02 returned

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5.0 metres of 4.4% copper, 0.21 g/t gold, 20.0 g/t silver 0.03% molybdenum and 6.86 g/t rhenium. This result is located approximately 200 metres east of the main area of Zone 2 and together with R17-05, have expanded the area of mineralization in Zone 2 and it remains open.

On February 8, 2018, the Company announced new results from Zone 2 including R17-07 which returned 208.5 metres of 0.24% copper to the end of the hole at 263.5 metres. This interval includes 82.5 metres of 0.29% copper and 66 metres of 0.35% copper.

On May 29<sup>th</sup>, 2018 the Company announced that it has begun geological fieldwork on the Rateria-West Valley property. On July 20<sup>th</sup>, the Company announced that the more felsic, younger phases of the Guichon batholith are more frequent and extend further east onto the Rateria property than historical regional maps indicate. Further, favorable geology and copper showings occur in several large-scale corridors that extend through the property. Tourmaline and sericite hydrothermal breccia containing bornite in the cement occurs in at least one of the areas that remains untested by drilling. Having the favorable geology and identifying batholith-scale structures containing copper showings is thought to increase the potential for the development of large-scale porphyry systems. On September 25, 2018 the Company announced that an historical access trail was opened-up and revealed five areas of copper mineralization in an area 20-40 metres in width and 200 metres in length. The average of 19 selected mineralized samples collected from veins in this area returned 1.68% copper. The results contribute to the targeting for new, large scale porphyry copper deposits.

#### **Hen and Art-DL property**

During July until early September 2018, the Company began prospecting along newly constructed logging roads that revealed rock outcrops within areas that have never seen any form of exploration. On September 25 2018 the Company announced that a new prospect was located where the only sample collected returned 7.6 g/t gold, 2.08% lead, 4.02% zinc and 0.16% copper.

#### ***Mineral property Transactions***

The Company is active in its exploration and prospecting business, which requires from time to time, the acquisition or disposition of mineral claims depending on relative opportunity cost, market conditions and financial resources available. The Company is registered as a Free Miner in British Columbia that allows it to stake its own mineral claims. The Company may see an appropriate opportunity to increase its existing mineral properties by staking claims directly itself, or may acquire from arm's length individuals, mineral claims for cash-only payments of less than \$10,000. These transactions are conducted in the normal course of its business activity. Property acquisitions involving larger payments or an option with payments, work commitments and share issuance are described below.

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**Highland Valley District**

***Rateria***

In 2004 the Company acquired an option to earn a 100% interest in the Rateria Property located approximately 10 kilometres southeast of Teck's Highland Valley copper-molybdenum mine concentrator near Logan Lake, British Columbia. To earn its interest, the Company paid \$155,000 to the Optionor, issued 950,000 shares and spent \$500,000 on exploration. The Company's interest in the Property is also subject to a 2.5% net smelter royalty ("NSR"). The Company at its own option may buy down the NSR by 1% for a payment of \$2,000,000 or purchase 100% of the NSR for \$3,000,000. On June 24, 2008 the Company paid the final \$50,000 and issued 250,000 shares to acquire a 100% interest in the Rateria property.

During the year ended January 31, 2009 the Company purchased a 100% interest from an arm's length individual, mineral claims totalling approximately 1340 hectares (13.4 square kilometres) that adjoin the Rateria property to the south. The Company paid \$25,000 in cash and granted a NSR of 2% with the Company having the right to purchase the NSR for a lump sum of \$3,000,000.

On June 5<sup>th</sup>, 2012 the Company announced it had acquired by staking or paying less than \$5,000 cash to arm's length vendors for a 100% interest in 309 hectares of mineral claims on the south side of the Rateria property.

On October 8<sup>th</sup>, 2013 and pursuant to the terms of an Option agreement with an arm's length vendor, the company acquired the right to a 100-per-cent interest in certain minerals claims known as the Tyner Lake property. The Tyner Lake property consists of 18 mineral claims that total approximately 22.5 square kilometres in area. By way of consideration, the company will make cash payments totalling \$30,000 (\$10,000 paid) and will issue 500,000 shares (250,000 issued) at a deemed price of 15 cents per share by September 15<sup>th</sup>, 2014. The property is subject to a 2-per-cent net smelter return (NSR) in favour of the Optionor, which may be repurchased by the company for \$2-million. On February 8<sup>th</sup>, 2014 the Company announced the completion of the Tyner Lake option under an amendment. Under the amended agreement, the company paid a total of \$25,000 cash and issued 250,000 shares, and the vendor retains the NSRR as above, while all other terms and conditions remain the same.

Between 2013 and April 2016, the Company staked claims for its own account that joined the Rateria and West Valley property. On April 6, 2016, the Company acquired by staking, a 454.15 Ha claim that adjoins the south end of the Rateria (Tyner) property.

On September 8, 2017, The Company announced that it has expanded the Rateria property by 14.52 square kilometres, through purchasing from two arm's length vendors a 100% interest for a combined total of \$30,000 in cash and issuing 50,000 shares of the Company, and by staking 11.95 square kilometres for the Company's account. The new mineral tenure covers a large part of an area historically known as the Chataway property which contains a number of known mineral prospects.

On April 3, 2018, the Company announced that it acquired a 100% interest in 330 hectares of mineral claims located within the existing Rateria property. In total, the Company paid \$10,000 in cash to the

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arms-length vendor. In total, the West Valley and Rateria property now consists of 237.8 square km of mineral tenure within the Highland Valley copper district.

***West Valley***

In October 2008 the Company purchased a 100% interest for \$25,000 in 49 mineral claims totaling approximately 9,175 hectares (91.75 square kilometres) that are located approximately four kilometres west of the Rateria property. Several additional claims were also acquired for less than \$5,000 in cash.

On June 5<sup>th</sup> 2012, the Company announced it has acquired the Abbot property, consisting of 2,911 hectares (29.1 square kilometres) adjoining the south side of the company's West Valley property. To earn a 100-per-cent interest in the Abbot property, the company must pay to an arm's-length vendor a total of \$15,000 in cash and issue 350,000 shares by May 30, 2013. The vendor retains a 0.5-per-cent net smelter return (NSR), with the company having the right to purchase the NSR for \$1-million.

On May 27<sup>th</sup>, 2013 the Company announced it has completed the payments and obtained title for a 100% interest into the Abbot property which will be a part of the West Valley property going forward.

***BX***

On June 6<sup>th</sup>, 2011, the Company announced it has negotiated an Option agreement with an arm's length party to earn a 100% interest in the BX property located in Highland Valley, BC. The BX property is approximately 11.5 square kilometres in area and adjoins Teck's Highland Valley Copper mine property, approximately six kilometres from the former Bethlehem deposits, the first copper mine in the camp. The Company has been granted the exclusive right to acquire an undivided 100% interest in the BX property over a three year period, by paying a total of \$130,000 in cash, issuing a total of 500,000 in shares and incurring a total of \$400,000 in exploration expenditures on the BX property. Upon vesting of the Company's interest, the Optionor will hold a 2% NSR (Net Smelter Royalty), and the Company has the right to purchase 1% of the NSR by paying \$1,000,000 in cash to the Optionor.

On February 9, 2012 the Company was notified that the vendor of the BX property had lost title to the property. On April 2, 2012, the Company announced a settlement whereby the Company received from the BX property vendor, \$35,000 in cash, return of 50,000 shares of the company, and a 100% interest in the Silver Dollar and Windflower properties located approximately 45 kilometres southeast of Revelstoke, B.C. These properties are described hereafter as the "Revelstoke Property".

***Cariboo Property***

In 2005 the Company acquired from three individuals, including one current director of the Company, a 100% interest in five mineral properties located in the South Central Cariboo Region, approximately 80 kilometers northeast of 100 Mile House, British Columbia. To acquire its interest, the Company issued 5,000,000 common shares and paid \$25,000 to the Optionors and spent \$160,000 on exploration. The Company's interest in the Property is subject to a 2.5% NSR, of which 1% can be purchased by the Company for \$2,000,000. The Property is comprised of 5 groups of claims known as the Silverboss, Fox, Hen, Art-DL and Hawk claim groups.

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*Grey*

During the year ended January 31, 2008 the Company entered into an option agreement to earn a 100% interest in the Grey property ("Grey Option"), approximately 6.0 square kilometres in area that adjoin to the south of the Company's Hawk property. Under the terms of the Grey Option, the Company has the right to earn a 100% interest in the Grey property by making staged cash and share payments over 5 years that total \$100,000 cash and 300,000 common shares of the Company. During the period ended July 31, 2010, the Company completed its final payment of \$60,000 and issued 150,000 shares and now owns a 100% interest in the Grey property, subject to a 2.0% NSR. Under the terms of the Grey Option with the Vendor, the Company may purchase half of the NSR from the vendor for \$1,000,000. The Grey property is combined with the Hawk property and together is now referred to as the Hawk property.

*Gus*

During the year ended January 31, 2008 the company entered into an option agreement to earn a 100% interest in the Gus Property that is approximately 25 square kilometres in area and adjoins the Company's Silverboss property. The property also includes the single Eye claim, located by itself and 4 kilometres to the northwest of the Gus property. To acquire its interest the Company must issue to the vendor 300,000 common shares and pay \$50,000 over a three-year period. The Property is subject to a 1.5% NSR, which the Company can buy back at any time for \$1,500,000.

As of April 30, 2010, the Company had completed its earn-in and now owns a 100% interest in the Gus and Eye Property, subject only to the NSR disclosed above. In the future, results from the property will be included as part of the Silverboss property.

On December 15, 2008 the Company purchased from an arm's length party a 100% interest in five mineral claims totaling approximately 1,867 hectares (18.67 square kilometres) that adjoin the Company's Silverboss property and in part the former Boss mountain molybdenum mine. These mineral claims were purchased for a total of \$15,000 cash and the issuance of 50,000 shares from treasury. The Company also acquired from arm's length individuals a 100% interest in several mineral claims adjoining the Silverboss, Hen and Fox properties for less than a total of \$5,000.

*Golden Ledge*

During the year ended January 31, 2010, the Company entered into an option agreement with an unrelated third party to acquire one additional mineral claim (Golden Ledge) adjacent to the south side of the Art-DL property, and adjoins to the north, Spanish Mountain Gold's Thunder Ridge property. Under the terms of this new option agreement, the Company must make aggregate cash payments of \$150,000 (\$25,000 paid) issue an aggregate 850,000 common shares (150,000 issued) of the Company to the vendor, and incur \$700,000 in exploration expenditures over four years in order to earn a 100% interest in this additional claim, subject to a 2% NSR. The NSR may be purchased by the Company for \$1,000,000 for the first 1% NSR and \$1,500,000 for the second 1% NSR. During the period ending October 31, 2010, the company completed detailed soil sampling, prospecting, rock

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sampling and six drill holes on the property. As the drill results from the Golden Ledge property were not satisfactory, the Option has been dropped and the property returned to the vendor.

Hawk and Grey property Joint Venture

During the year ended January 31, 2010, the Company signed an Option Agreement with Jiulian Resources Inc. (TSX-V:JLR) whereby Jiulian can earn up to a 65% interest into the Hawk and Grey property by paying the Company \$150,000 in cash, issuing 700,000 shares and conducting \$1.2 million in exploration expenditures on the property over four years. Jiulian relinquished its option and returned the property to the Company in March 2011. The Company has received data collected by Jiulian for work conducted during 2009 and 2010.

Eye Property Option

On July 20<sup>th</sup>, 2011 the Company announced it has an Option agreement with Newmont Mining Corporation (Newmont) for the Company's Eye mineral claim (1.2 square kilometres) in south central British Columbia (B.C.) Canada. To earn a 100% interest in the Eye property, Newmont must pay the Company a total of \$368,000 in cash and perform \$280,000 in exploration, in annual stages over a five-year period. If Newmont elects to purchase the property it will grant to the Company an NSR (Net Smelter Royalty) of 0.5%, with payments up to a collective maximum of \$1.5 million. In addition, Newmont will cover the underlying Royalty obligations to the previous owner. On June 18<sup>th</sup>, 2012 the Company announced that Newmont has made its first anniversary (second) payment to continue its Option on the Eye property. On June 17<sup>th</sup>, 2013, the Company announced that Newmont has dropped the Eye property Option and returned the property in good standing until August 22, 2022.

Silver Dollar Property Option

On May 12<sup>th</sup>, 2016, the Company announced that it has optioned the Silver Dollar property to Explorex Resources Inc. ("Explorex"). Under the Terms of the Option Agreement, Explorex can earn a 100% interest in the Property, subject to a 1% Net Smelter Royalty retained by the Company, by making the following payments, share issuance and exploration work commitment: \$20,000 cash within the earlier date of 5 days of TSX Exchange approval of closing a proposed Explorex financing, or by June 30<sup>th</sup> 2016 (completed) a minimum \$100,000 work commitment within 6 months of signing (the "Due Diligence Period"), 300,000 shares within 20 days after the Due Diligence Period, 300,000 shares within 12 months after the Due Diligence Period, and 1,000,000 shares within 18 months after the Due Diligence Period. After the Period ending October 31 2016, the Company and Explorex amended terms of the agreement to extend the due diligence period by six months, and reduce the final share issuance to 500,000 shares (from 1,000,000), for a total share issuance of 1,100,000 should the option be completed. On April 21, 2017, a further amendment to the Silver Dollar Option was announced by Explorex that extends the due diligence period from May 11, 2017 to July 31, 2017 to allow more field time during snow-free conditions but will still issue 300,000 shares of Explorex to Happy Creek on or before May 11, 2017. These shares have been received by the Company. On August 21, 2017, Explorex announced that it has spent \$100,000 on due diligence and exploration on the Silver Dollar property by July 31, 2017 (due diligence period), fulfilling that part of the agreement, and that it must

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issue to Happy Creek a further 800,000 shares by January 31 2019 to earn a 100% interest in the Silver dollar property. On July 11, 2018, the Company announced that Explorex had accelerated its earn-in for the Silver Dollar property. Explorex has spent a minimum \$100,000 on the property, paid \$20,000 in cash and issued a total of 1.1 million Explorex shares to the Company. Explorex has now earned a 100% interest in the Silver Dollar property, subject to Happy Creek retaining a 1% NSR.

**Financial Results of Operations**

The following is a summary of selected financial data for the Company for the three most recently completed years, accompanied by a discussion of those factors affecting the comparability of the data, including, where applicable, discontinued operations, changes in accounting policies, significant acquisitions or disposals and major changes in the direction of the Company's business.

As at and for the year ended	Prepared in accordance with IFRS		
	Jan. 31, 2018	Jan. 31, 2017	Jan. 31, 2016
Interest revenue	\$ 7,681	\$ 4,032	\$ 14,018
Net loss	\$ 755,854	\$ 567,344	\$ 321,645
Basic net loss per share	\$ 0.01	\$ 0.01	\$ 0.00
Total assets	\$ 17,376,999	\$ 14,950,547	\$ 14,232,785
Basic weighted average number of shares outstanding	83,208,151	75,228,110	65,888,342

The following is a summary of selected financial data for the Company for the eight most recently completed quarters.

For the quarter ended	Prepared in accordance with IFRS for interim reporting							
	Oct 31 2018 \$	Jul 31 2018 \$	Apr 30 2018 \$	Jan 31 2018 \$	Oct 31 2017 \$	Jul 31 2017 \$	Apr 30 2017 \$	Jan 31 2017 \$
Interest revenue	762	1,376	1,624	2,128	4,006	715	832	876
Administrative expenses	(139,730)	(164,096)	( 159,504)	(220,377)	(455,867)	(153,726)	(103,810)	(252,061)
Net loss	(138,968)	(8,377)	( 148,245)	(130,504)	(451,861)	(153,011)	(102,978)	(161,685)
Basic net loss per share	(0.00)	(0.00)	( 0.00)	(0.01)	(0.0 0)	(0.00)	(0.00)	(0.01)

The Company has no dividend policy and has no intention of developing a dividend policy in the foreseeable future. The Company has paid no dividends and has no retained earnings from which it might pay dividends.

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**Results of Operations**

*Nine months ended October 31, 2018*

The Company incurred a net loss of \$295,590 for the nine months ended October 31, 2018 compared to a loss of \$707,850 for the same period in 2017. The following accounts for the reduction in the loss between 2018 and 2017;

- Management fees and salaries increased by \$73,534 due to certain geological services not being capitalized to property accounts and an increase in staff.
- Advertising and promotion increased by \$23,653 due to managements efforts to bring awareness to our projects.
- Office and administrative costs declined by \$15,230 compared to the same period in 2017 due to managements efforts to cut costs.
- The Company recorded a flow-through recovery of \$9,635 compared to \$Nil for the three months ended April 30, 2017.
- The Company recorded a gain of \$154,343 on the fulfillment of the Explorex Resources Inc. option agreement to acquire the Silver Dollar property.
- The Company did not have any share-based payments in 2018 as compared to \$332,502 being recorded in 2017 for the granting of options.

**Normal Course issuer Bid**

On May 7, 2018, the Company received approval to conduct a normal course issuer bid (the "Bid") through facilities of the TSX Venture Exchange to purchase up to 4,615,948 of the 92,318,976 issued and outstanding common shares of the Company, representing 5% of the Company's issued and outstanding common shares. The Company will pay the market price at the time of acquisition for any Common Shares acquired under the Bid. The Bid will take place beginning May 7, 2018 and will terminate on May 7, 2019. At October 31, 2018 the Company had repurchased 159,500 shares at a cost of \$24,696.

**Deferred Income Taxes**

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

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Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

The Company has financed a portion of its exploration activities through the issue of flow-through shares. Canadian tax legislation permits a company to issue flow-through instruments whereby the deduction for tax purposes relating to qualified resource expenditures could be claimed by the investors rather than the company.

A flow-through instrument comprises transfer of income tax deductions and common shares. Proceeds from an issuance of a flow-through instrument are allocated to liability and equity components in proportion, according to their respective fair values at the date of issuance. Upon renunciation of the flow-through expenditures for Canadian income tax purposes, the related flow through liability recognized in previous periods in the statement of financial position will be reversed and the related deferred tax liability will be recognized. Any difference between the liability settled and the deferred tax liability recognized is accounted for as other income or expense in profit and loss.

### **Liquidity and Capital Resources**

The ability of the Company to continue to operate as a going concern is dependent upon its ability to obtain necessary financing to meet the Company's obligations and liabilities as they become due. As of October 31, 2018 the Company had cash and cash equivalents of \$407,631 (January 31, 2018 - \$913,482). The Company's working capital surplus as of October 31, 2018 was \$849,625 (January 31, 2018 – surplus of \$1,112,768). During the nine months ended October 31, 2018 the Company received from the Canadian government \$146,317 for its METC claim for fiscal 2017. During the year ended January 31, 2018 the Company completed a private placement raising \$3,013,709 by issuing 6,791,152 flow-through shares at a price of \$0.26 per share and 6,240,035 non-flow-through shares at a price of \$0.20 per share.

The Company is a mining exploration and development company with no producing resource properties, and consequently, does not generate operating income or cash flow of a significant nature at this time. To date the Company has relied primarily upon the sale of Common Shares to provide working capital for exploration activities and to fund the administration of the Company. Since the Company does not expect to generate any revenues in the near future, it will continue to rely primarily upon the sale of Common Shares to raise capital. There can be no assurance that financing will be

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available to the Company when required. The Company has no debt instruments. The Company has no externally imposed capital requirements.

**Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements.

**RELATED PARTY TRANSACTIONS AND BALANCES**

<b>Relationships</b>	<b>Nature of the relationship</b>
Standard Metals Exploration Ltd. ("Standard")	Standard is a private company controlled by an officer and director of the Company. Standard provides geological exploration and management consulting services to the Company.
Key management	Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President and Chief Executive Officer, Chief Financial Officer, and Senior Geologist.

	<b>Geological exploration services</b>	<b>Management services</b>
<hr/>		
Services provided for the nine months ended		
October 31, 2018:		
Chief operating officer	\$ -	\$ 85,000
Chief financial officer	-	51,000
Standard	-	-
	<hr/>	<hr/>
	\$ -	\$ 136,000
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	<b>Geological exploration services</b>	<b>Management services</b>
Services provided for the nine months ended		
October 31, 2017:		
Chief operating officer	\$ -	\$ 45,000
Chief financial officer	-	48,000
Director	-	
Standard	31,546	-
	<b>\$ 31,546</b>	<b>\$ 93,000</b>

Key management compensation includes:

	<b>Nine months ended October 31,</b>	
	<b>2018</b>	<b>2017</b>
Management fees and salaries	\$ 136,000	\$ 93,000
Share-based payments	-	69,025
	<b>\$ 136,000</b>	<b>\$ 162,025</b>

These transactions were in the normal course of operations and measured at their exchange amounts, being the amounts agreed to by the parties to the transactions.

**Subsequent Events**

Subsequent to the period end \$74,829 was received for the Company's fiscal 2018 METC claim.

In addition the Company announced that it intends to carry out a non-brokered private placement to raise up to \$800,000 through the sale of up to 2,500,000 flow-through shares at a price of \$0.20 and up to 2,000,000 non flow-through shares at a price of \$0.15.

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**Risk Factors**

Happy Creek's success depends upon a number of factors, many of which are beyond the Company's control. Typical risk factors and uncertainties include the ability to raise financing, mineral title matters, exploration permitting or weather delays, skilled labour shortage, operating cost inflation, metal price and currency rate fluctuations, and changing legislation, regulations or the administration thereof. There is uncertainty in judging future potential value of a mineral property or claims that are deemed unnecessary and allowed to lapse or returned to a vendor. Risk factors could materially affect the

Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

**Financial Instruments**

***Non-derivative financial assets and financial liabilities***

The Company classifies financial assets as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. Available-for-sale financial assets are those financial assets that are not classified as any of the above. Financial liabilities are either classified as financial liabilities at fair value through profit or loss or as other financial liabilities.

Financial assets and financial liabilities are recognized initially at fair value.

Financial assets and financial liabilities at fair value through profit or loss are subsequently measured at fair value with changes in fair values recognized in profit or loss.

Financial assets classified as available for sale are subsequently measured at fair value with changes in fair value recognized in other comprehensive income.

Loans and receivables, held-to-maturity investments and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company's financial instruments consist of cash and cash equivalents, receivables, reclamation bonds, marketable securities, trade and other accounts payable.

Cash and cash equivalents and reclamation deposits are classified as fair value through profit or loss and amounts receivable are classified as loans and receivables. Marketable securities are classified as available for sale. Trade and other accounts payable are classified as other financial liabilities.

Transaction costs, other than those related to financial instruments classified as financial assets and financial liabilities at fair value through profit or loss, are added to the fair value of the financial asset and financial liability on initial recognition.

**Significant judgements, estimates and assumptions**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and

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liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

**(i) Going concern**

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures require significant judgment.

**(ii) Exploration and evaluation properties and impairment**

The Company is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation properties. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely and exploration and evaluation properties should be impaired. Management has assessed impairment indicators on the Company's exploration and evaluation properties and has concluded that no impairment indicators existed as of October 31, 2018.

**(iii) Deferred taxes**

The Company recognizes the deferred tax benefit related to deferred losses and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred income and resource tax assets.

The Company recognizes deferred tax liabilities when there are taxable temporary differences that will reverse and result in a future outflow of funds to a taxation authority. The Company records a provision for the amount that is expected to be settled, which requires the application of judgement as to the ultimate outcome. Deferred tax liabilities could be impacted by changes in the Company's estimate of the likelihood of a future outflow, the expected settlement amount, and future changes in tax laws.

**(iv) Share-based payments**

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to the statement of loss and comprehensive income (loss) over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

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**Share Capital**

Common shares, stock options, warrants, and agent's warrants as at December 11, 2018 are as follows:

	<b>December 11, 2018</b>
<b>Common shares</b>	<b>92,109,476</b>
<b>Stock Options</b>	<b>5,700,000</b>
<b>Warrants</b>	<b>524,171</b>
<b>Agents options</b>	<b>Nil</b>

**Future Outlook**

Management monitors the currently uncertain global financial market conditions, especially pertaining to commodities and resources. It evaluates and adjusts budgets and work performed as results are received, market conditions, financial resources, or government exploration permit requirements change. It may adjust property expenditure allocation, acquire, hold or dispose of mineral tenure on an on-going basis.

*David Blann, P.Eng. is a Qualified Person as defined by National Instrument 43-101 and is responsible for the preparation and approval of the geological and technical information disclosed above. All monetary amounts are in Canadian currency unless otherwise indicated.*