

HAPPY CREEK MINERALS LTD.
FORM 51-102F1
MANAGEMENT'S DISCUSSION and ANALYSIS
For the year ended January 31 2018 and 2017

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 years ended January 31, 2018 and 2017. This MD&A has been prepared by management as of May 30, 2018 and includes information up to that date.

The MD&A supplements, but does not form part of, the audited financial statements of the Company for the years ended January 31, 2018 and 2017. The following MD&A should be read in conjunction with the audited financial statements for the years January 31, 2018 and 2017. The financial statements and the notes therein have been prepared in accordance with International Financial Reporting Standards ("IFRS") for annual reporting. 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, and 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 future 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. 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 partner or sell such deposits to a larger mining company for development and production, or under certain conditions may carry the project to production. The Company owns a 100% interest in 8 properties totalling approximately 581.7 square kilometres of mineral tenure located in British Columbia, Canada. The Company acquired these early-stage properties mainly between 2005 and 2009, based on their interpreted potential to host economic deposits. The Company performed systematic surface exploration to identify quality targets worthy of drilling at five properties, four properties were drill tested and significant new drill discoveries were made at two. 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 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.

1. Fox property: Ownership 100%. The Fox is a new discovery of tungsten in a mineral system overall 10 km by 3 km in dimension and located northeast of 100 Mile House, south-central B.C. The total Indicated Resource for the Ridley Creek zone is currently 582,400 tonnes grading 0.826% WO₃ and the total Inferred Resource is 565,000 tonnes grading 1.231% WO₃ for the Ridley Creek, BN and BK Zones combined. A portion of the indicated resources are within an open pit. These resource grades are comparable with the Cantung mine (now closed) that when in operation at around 1,250 tonnes per day, it was regarded as the largest and highest-grade tungsten producer in the western world. Exploration in 2017 also located new mineralized areas at surface and the South Grid returned a drill intercept above cut-off grade near surface. All mineralized zones are open to further expansion. The large-scale mineral system, near-surface setting, high grade and proximity to infrastructure are positive qualities of this project, and it is thought to be a rare and exceptional tungsten find. Plans include increasing the resource base and performing a preliminary economic assessment.
2. Rateria property: West Valley property: Ownership 100%. The Company's Rateria and West Valley property adjoins and surrounds the southern end of Teck'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 contains 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 up to 150 metres in width and to 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

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Zone 2. Approximately 200 metres east of Zone 2, F17-02 returned a higher-grade interval of 5.0 metres containing 4.4% copper. There is thought to be clear resource potential in both Zone 1 and Zone 2. Additional mineral claims were acquired in 2017 that expands the property to 240 square kilometres thought to have excellent potential to discover other copper deposits, and within a mining district having a history of 5 deposits achieving commercial production.

In addition to the two 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:

3. 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 share similarities to the Woodjam deposit (227m tonnes at 0.31% copper: SeeWoodjam Copper website) to the northwest.
4. Silver Dollar property: Ownership 100%. This property is part of the historical Camborne mining camp and covers several high-grade prospects which were developed and mined on a small scale in the early 1900's. At the Gillman prospect, between one and 14 tonnes of ore grading 62 grams per tonne gold, 62 grams per tonne silver was shipped in 1933. In 1947, the Silver Pass Development Syndicate processed six tonnes of ore and recovered 9,860 grams silver, 1,378 kilograms lead and 1,009 kilograms zinc. Gold, silver, lead and zinc prospects occur along a well-defined nine kilometre structural trend. The Company has confirmed high gold and silver values occur at the known prospects and the property is generally underexplored. On May 12th, 2016, the Company announced that it has optioned the property to Explorex Resources Inc. and can earn a 100% interest in the property by making cash payments (completed) work commitment (completed), and share issuance (300,000 received) and a further share issuance of 800,000 by January 31, 2019.
5. 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

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silver. Exploration work has confirmed the presence of bulk tonnage copper-gold-silver (alkalic porphyry) targets and exploration drilling is recommended as the next step.

6. 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. Values of 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.

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.

The Company acquires claims and conducts property evaluation work and may drop, or acquire by staking, claims as a normal course of its business. Exploration work is necessary to maintain mineral claims in good standing with the provincial government. Mineral claims will revert to the Crown (lapse) if deemed less important or insufficient work is conducted on them. The Company may acquire or allow to lapse mineral claims from time to time.

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% WO₃, F17-36 with 7.81 metres of 1.36% WO₃, and F17-23 with 4.0 metres of 0.963% WO₃.

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% WO₃ in F17-44 and 0.72 metres of 4.653% WO₃ in F17-48, and 0.85 metres of 4.16% WO₃ in F17-56. At South Grid, drill hole F17-61 returned 3.07 metres of 0.496% WO₃ starting at 12.6 metres below surface, and F17-64 contains 0.997% WO₃ over 0.7 metres at the top of the hole in the Creek zone. Drill hole F17-61 at South Grid is thought to be an important milestone of returning an intercept above cut-off grade with 3.0 metres grading 0.5% WO₃ within 10 metres from surface and is open.

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During 2017, the Company drilled 6,983 metres in 66 holes on the Fox property. In addition, geological mapping, scientific studies on the origins of the tungsten, prospecting and hand trenching were also conducted. 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% WO₃ and the total Inferred Resource is now 565,000 tonnes grading 1.231% WO₃ for the Ridley Creek, BN and BK Zones combined. The work performed in 2017 improved definition of the favorable geological layers containing tungsten and sampling identified several new tungsten showings in areas with no drilling to date. Hand-trenching returned positive tungsten values and indicates the gaps between the known mineralized zones are thought to be highly favorable for expanding the current project resources in future drilling programs.

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 (152.5 metres of 0.35% copper). In addition, drill hole R17-02 returned 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.

On February 8, 2018, the Company announced phase 2 drilling was completed, and in total, during 2017, Happy Creek completed 2,682.7 metres in ten holes with nine performed in and around the Zone 2 deposit in Zone 2. New results include R17-07 that starting at 55 metres, 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. The drill hole ended in 2.5 metres of 0.14% copper.

Silver Dollar Property

On August 21, 2017, Explorex announced that it has spent a minimum \$100,000 on due diligence and exploration on the Silver Dollar property. Results include grab samples at the Gilman prospect that returned up to 57.1 g/t gold, 108 g/t silver. As presented in the MD&A for Explorex dated December 31, 2017, "A field crew completed a 19-line-kilometre soil geochemistry survey in October 2017, within the southern portion of the Silver Dollar property, referred to as the Gilman area. The purpose of the survey was to extend the base and precious metal signature in soil from the Silver Dollar occurrence southward through the Beatrice mine site and Rainy Day occurrence, a distance of 2.3 km. The soil survey revealed a well-defined silver, lead, zinc and antimony anomaly measuring 1.4 km in length with widths up to 350 metres wide extending from the Beatrice mine to the south of the Rainy Day occurrence. The multielement soil anomaly extended the known anomalous zone by 450 m and remains open to the southeast."

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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. For mineral claims that are disposed, abandoned, or otherwise relinquished there can be no assurance that such property does not contain economic resources. 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. Larger property acquisitions involving option payments, work commitments and share issuance are described below.

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 5th 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 8th 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 15th 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 8th 2014, the Company announced the completion of the Tyner Lake option under an amendment. Under

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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 is 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.

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 5th 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 27th 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 6th, 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

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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.

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

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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 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 20th, 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 18th, 2012 the Company announced that Newmont has made its first anniversary (second) payment to continue its Option on the Eye property. On June 17th, 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 12th, 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%

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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 30th 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 issue to Happy Creek a further 800,000 shares by January 31 2019 to earn a 100% interest in the Silver dollar property.

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.

	Prepared in accordance with IFRS		
As at and for the year ended	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

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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							
	Jan 31 2018 \$	Oct 31 2017 \$	Jul 31 2017 \$	Apr 30 2017 \$	Jan 31 2017 \$	Oct 31 2016 \$	Jul 31 2016 \$	Apr 30 2016 \$
Interest revenue	2,128	4,006	715	832	876	1,360	788	1,008
Administrative expenses	(220,377)	(455,867)	(153,726)	(103,810)	(252,061)	(212,398)	(98,958)	(97,459)
Net loss	(130,504)	(451,861)	(153,011)	(102,978)	(161,685)	(211,038)	(98,170)	(96,451)
Basic net loss per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)

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.

Results of Operations

Year ended January 31, 2018

The Company incurred a net loss of \$838,354 for the year ended January 31, 2018 compared with a loss of \$567,344 for the same period in 2017. General, administrative and other expenses rose with the following accounts accounting for the increase in the overall loss;

- Management fees and salaries increased by \$70,901 due to certain geological services not being capitalized to property accounts and an increase to management remuneration.
- Office and administrative costs rose by \$36,710 in part due to an increase in exchange and transfer agent fees associated with our private placement as well as general office and administration costs.
- Share-based payments rose by \$167,335 due to a large grant of share purchase options in the period.
- The Company recorded a flow-through recovery of \$397,835 compared to \$63,534 for the year ended January 31, 2017.
- A deferred income tax loss of \$310,090 was recorded for 2018. For 2017 the Company recorded a deferred recovery of \$25,966. The change in the deferred tax amounts represents the difference between the carrying amounts of assets and liabilities and their tax base.

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- The Company recorded an unrealized gain on available for sale financial assets of \$82,500. This is due to \$76,500 of increased value of the Explorex shares that were received as part of the Silver Dollar Property option agreement and \$6,000 of increased value of the Julian shares that were received as part of the Hawk and Grey Joint Venture.

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.

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.

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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 January 31, 2018 the Company had cash and cash equivalents of \$913,482 (January 31, 2017 - \$636,391). The Company's working capital surplus as of January 31, 2018 was \$1,112,768 (January 31, 2017 – surplus of \$670,547). 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 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

Relationships

Nature of the relationship

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.

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	Geological exploration services	Management services
Services provided for the year ended		
January 31, 2017:		
Chief operating officer	\$ -	\$ 63,864
Chief financial officer	-	44,500
Standard	39,648	-
	\$ 39,648	\$ 108,364

	Geological exploration services	Management services
Services provided for the year ended		
January 31, 2018:		
Chief operating officer	\$ -	\$ 69,096
Chief financial officer	-	68,888
Director	6,000	
Standard	40,127	-
	\$ 46,127	\$ 137,984

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Key management compensation includes:

	Year ended January 31,	
	2018	2017
Management fees and salaries	\$ 137,984	\$ 108,364
Share-based payments	368,720	69,395
	\$ 506,704	\$ 177,759

At January 31, 2018, \$nil (2017 - \$3,469) was payable to Standard, included in trade and other accounts payable.

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

On February 8, 2018, the Company announced phase 2 drilling was completed, and in total, during 2017 Happy Creek completed 2,682.7 metres in ten holes with nine performed in and around the Zone 2 deposit in Zone 2.

On February 27, 2018 an updated resource for the Fox property was announced.

On March 14, 2018, the Company acquired a 100% interest in an additional 330 hectares of mineral claims for \$10,000 in cash. The claims are located within the existing Rateria property.

On April 3, 2018 the Company acquired a 100% interest in an additional 186 hectares of mineral claims for \$4,000 in cash. The claims are adjoining the existing Rateria property.

On April 13, 2018 the Company announced that the Fox tungsten NI43-101 resource report was filed on SEDAR.

On May 7, 2018, the Company announced that a Normal Course Issuer Bid is being undertaken.

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

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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 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,

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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 January 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 May 30, 2018 are as follows:

	May 30, 2018
Common shares	92,268,976
Stock Options	5,700,000
Warrants	5,791,546
Agents options	Nil

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.