

HAPPY CREEK MINERALS LTD.

Financial Statements

For the nine months ended October 31, 2023 and 2022

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report in accordance with securities legislation and the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

HAPPY CREEK MINERALS LTD.
Statements of Financial Position
October 31, 2023 and January 31, 2023

	Note	October 31, 2023	January 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		\$ 53,627	\$ 33,019
Amounts receivable		11,476	5,691
Prepaid expenses		3,408	901
Marketable securities	7	554	554
Total current assets		69,065	40,165
Non-current assets			
Equipment	5	-	2,900
Reclamation deposits	6	125,000	100,000
Exploration and evaluation properties	7	18,616,921	18,508,255
Total non-current assets		18,741,921	18,611,155
Total assets		\$ 18,810,986	\$ 18,651,320
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other accounts payable	8,11	\$ 219,364	\$ 278,692
Flow-through premium liability	9	1,322	1,322
Total current liabilities		220,686	280,014
Non-current liabilities			
Deferred tax liability		1,109,084	1,109,084
Total liabilities		1,329,770	1,389,098
Equity			
Share capital	10	23,963,926	23,581,326
Subscriptions received in advance	10	30,000	25,000
Share option reserve	10	3,387,160	3,260,110
Deficit		(10,016,375)	(9,720,719)
Accumulated other comprehensive income		116,505	116,505
Total equity		17,481,216	17,262,222
Total equity and liabilities		\$ 18,810,986	\$ 18,651,320
Going concern	2		
Commitments	14		
Subsequent events	15		

These financial statements are authorized for issue by the Board of Directors on December 18, 2023.

Approved by the Board of Directors:

“Michael Cathro” Director “Rodger Gray” Director

The accompanying notes are an integral part of these financial statements

HAPPY CREEK MINERALS LTD.
Statements of Loss and Comprehensive Loss
October 31, 2023 and 2022

	Three months ended October		Nine months ended	
	31,		October 31,	
	2023	2022	2023	2022
Revenue				
Interest income	\$ -	\$ -	\$ -	\$ -
Other expenses				
Advertising and promotion	6,640	3,005	8,207	6,054
Conferences and travel	3,248	5,452	5,408	14,743
Management fees and salaries	20,784	55,397	100,547	217,875
Share-based payments	-	-	127,050	-
Office and administration	13,224	16,155	32,914	55,889
Professional fees	9,633	7,435	29,220	25,776
	53,529	87,444	303,346	320,337
Loss before other items	(53,529)	(87,444)	(303,346)	(320,337)
Gain on sale of assets	-	-	7,690	-
Flow-through recovery	-	-	-	16,253
Comprehensive income (loss) for the period	\$ (53,529)	\$ (87,444)	\$ (295,656)	\$ (304,084)
Basic and Diluted Earnings (Loss)				
Per Share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted Average Number of Shares Outstanding				
	127,835,880	122,502,455	127,835,880	122,502,455

The accompanying notes are an integral part of these financial statements

HAPPY CREEK MINERALS LTD.**Statements of Cash Flows****October 31, 2023 and 2022**

	Nine Months Ended October 31,	
	2023	2022
CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES		
Net loss for the period	\$ (295,656)	\$ (304,084)
Items not involving cash:		
Depreciation - equipment	589	1,767
Depreciation – right-of-use asset	-	11,575
Share-based payments	127,050	-
Gain on sale of assets	(7,690)	-
Flow-through recovery	-	(16,253)
	<u>(175,707)</u>	<u>(306,995)</u>
Changes in non-cash working capital items:		
Amounts receivable	(5,785)	38,260
Prepaid expenses	(2,507)	7,812
Trade and other accounts payable	(59,327)	167,551
	<u>(243,326)</u>	<u>(93,372)</u>
FINANCING ACTIVITIES		
Issuance of shares	382,600	15,000
Subscriptions received in advance	5,000	-
Repayment of lease liability	-	(12,681)
	<u>387,600</u>	<u>2,319</u>
INVESTING ACTIVITIES		
Proceeds on sale of assets	10,000	-
Expenditures on exploration and evaluation properties	(108,666)	(175,987)
Increase in reclamation deposits	(25,000)	-
	<u>(123,666)</u>	<u>(175,987)</u>
Increase in cash and cash equivalents	20,608	(267,040)
Cash and cash equivalents, beginning of year	33,019	282,029
Cash and cash equivalents, end of period	<u>\$ 53,627</u>	<u>\$ 14,989</u>
Supplemental Cash Flow Information:		
Accounts payable related to exploration and evaluation expenditures	<u>\$ 110,944</u>	<u>\$ 92,501</u>
	<u>\$ 110,944</u>	<u>\$ 92,501</u>
Cash and Cash Equivalents Consist of:		
Cash	\$ 53,627	\$ 14,989
Money market fund	-	-
	<u>\$ 53,627</u>	<u>\$ 14,989</u>

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HAPPY CREEK MINERALS LTD.
Statements of Changes in Equity
For the nine months ended October 31, 2023 and 2022

	<u>Common Shares</u>						
	Note	Number	Amount	Share Option Reserve	Accumulated other comprehensive income (loss)	Deficit	Total equity
			\$	\$	\$	\$	\$
February 1, 2022		124,182,455	23,566,326	3,243,445	119,162	(9,374,418)	17,554,515
Shares issued for mineral property		300,000	15,000	-	-	-	15,000
Net loss for the period		-	-	-	-	(304,084)	(304,084)
October 31, 2022		<u>124,482,455</u>	<u>23,581,326</u>	<u>3,243,445</u>	<u>119,162</u>	<u>(9,678,502)</u>	<u>17,265,431</u>
February 1, 2023		124,482,455	23,581,326	3,260,110	116,505	(9,720,719)	17,262,222
Private placement	10	8,000,000	382,600	-	-	-	382,600
Share-based payments		-	-	127,050	-	-	127,050
Net loss for the period		-	-	-	-	(295,656)	(295,656)
October 31, 2023		<u>132,482,455</u>	<u>23,963,926</u>	<u>3,387,160</u>	<u>116,505</u>	<u>(10,016,375)</u>	<u>17,481,216</u>

The number of shares issued at October 31, 2023 and 2022 is comprised as follows:

	<u>2023</u>	<u>2022</u>
Shares considered previously issued (Note 10.2)	132,641,955	124,641,955
Issued and held by the Company (Note 10.5)	(159,500)	(159,500)
<u>Issued and outstanding with other shareholders</u>	<u>132,482,455</u>	<u>124,482,455</u>

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HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

1. NATURE OF OPERATIONS

Happy Creek Minerals Ltd. (“Happy Creek” or the “Company”) was incorporated under the laws of British Columbia on November 17, 2004 and is in the exploration stage of the development of its mineral property interests. The Company’s registered office is Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8.

The Company’s principal business activity is the exploration and development of mineral properties. At the date of these financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its properties and the ability of the Company to recover the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the property. The Company is in the development stage with no source of operating revenue and is dependent upon equity financing on terms that are acceptable to the Company, to maintain its current operations. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “HPY.V”.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties (as described in Note 1) related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

The Company’s ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

3. BASIS OF PRESENTATION

These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and follow the same accounting policies and methods of application as the Company’s most recent annual financial statements. These interim financial do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at the year ended January 31, 2023, prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The accompanying notes are an integral part of these financial statements

HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

These interim financial statements were authorized by the Company's Board of Directors on December 18, 2023.

3.1. Basis of measurement

These financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense. Certain items are stated at fair value.

3.2. Significant judgments, 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, 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 requires 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, 2023.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within ninety days of purchase.

HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

4.2 Equipment

Equipment is recorded at cost and carried net of accumulated depreciation and accumulated impairment losses. Costs of additions and improvements are capitalized. An item of equipment is derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss on disposal of the asset, determined as the difference between the proceeds and the carrying amount of the asset is recognized in profit or loss.

	Depreciation Rate
Off-road vehicle	12%

The Company provides for depreciation using the straight-line method at rates designed to depreciate the cost of individual items over their estimated useful lives. Depreciation on operating assets is included in the statements of loss and comprehensive loss as a component of office and administration expenses. Depreciation on assets utilized in mineral exploration activities is capitalized as a cost of exploration and evaluation properties.

See Note 4.15

4.3 Exploration and Evaluation Properties

(i) Pre-license costs

Costs incurred before the Company has obtained the legal right to explore are expensed as incurred.

(ii) Exploration and evaluation costs

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred, unless future economic benefit is not expected to be realized. The Company capitalizes, on a property-by-property basis, the costs of acquiring, maintaining its interest in, and exploring and evaluating mineral properties until such time as the lease expires, it is abandoned, sold or considered impaired in value. Indirect administrative costs are expensed as incurred. Exploration and evaluation properties are not depreciated during the exploration and evaluation stage.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

4.4 Decommissioning and Restoration

The Company is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive.

Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

The fair value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is depreciated on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of its provision for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at October 31, 2023, the Company has determined that it does not have any decommissioning and restoration obligations related to current or former operations in excess of the reclamation bonds held by the B.C. Ministry of Energy and Mines.

4.5 Impairment of Non-Financial Assets

For the purposes of assessing impairment, the recoverable amount of an asset, which is the higher of its fair value less costs to sell and its value in use, is estimated.

4.6 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

4.7 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

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HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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 is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures are not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

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 are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

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 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.

4.8 Flow-through Shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures can be claimed by the investors rather than the company.

A flow-through common share comprises both the transfer of income tax deductions equal to the proceeds received on issue, and a common share with a deemed cost for tax purposes of nil. The issuer of these shares allocates the proceeds to their liability and equity components according to the respective fair values of each at the date of issuance, with the tax attribute considered a liability to the

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HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

extent that a premium to market is obtained for the shares. Upon satisfaction of the spending requirements associated with the flow-through share agreements, a proportionate amount of 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 income tax expense.

4.9 Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss or exploration and evaluation properties, with the offsetting credit to share option reserve. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in share option reserve are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in share option reserve.

4.10 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.11 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing

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HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

During the periods ended October 31, 2023 and 2022, all the outstanding share options and warrants were anti-dilutive.

4.12 Share Issuance Costs

Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital. Share issue costs incurred from the issuance of flow-through shares are charged directly to share capital and expense in proportion to the value of the Company's shares at time of issue and any flow-through share premium.

4.13 Comprehensive Income (Loss)

Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income includes gains and losses on re-measuring marketable securities.

4.14 Financial Instruments

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

1) Financial assets

Cash and cash equivalents are classified as subsequently measured at amortized cost.

Amounts receivable, exclusive of GST, are non-interest bearing and are recognized at the face amount, except when fair value is materially different, and are subsequently measured at amortized cost. Amounts receivable recorded are net of lifetime expected credit losses. The Company applies the simplified approach to determining expected credit losses, which requires expected credit losses to be recognized upon initial recognition of the receivables.

Investments in marketable equity securities are classified, at the Company's election, as subsequently measured at fair value through other comprehensive income. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. Fair values are determined by reference to quoted market prices at the statement of financial position date.

Reclamation deposits are classified as subsequently measured at amortized cost.

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HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

2) Financial liabilities

Trade and other accounts payable are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Trade payables and lease liability are subsequently measured at amortized cost.

5. EQUIPMENT

	Off-road vehicle
Cost	
Balance, February 1, 2023	\$ 38,078
Balance, October 31, 2023	38,078
Accumulated depreciation	
Balance, February 1, 2023	35,178
Adjustment for sale of equipment	2,311
Depreciation for the period	589
Balance, October 31, 2023	38,078
Net book value	\$ -
	Off-road vehicle
Cost	
Balance, February 1, 2022	\$ 38,078
Balance, January 31, 2023	38,078
Accumulated depreciation	
Balance, February 1, 2022	32,822
Depreciation for the year	2,356
Balance, January 31, 2023	35,178
Net book value	\$ 2,900

During the period the Company sold equipment for proceeds of \$10,000 and recorded a gain of \$7,690.

6. RECLAMATION DEPOSITS

As at October 31, 2023, the Company had reclamation deposits held in trust by the Province of British Columbia totalling \$125,000 (January 31, 2023 - \$100,000) with regards to its exploration of properties in British Columbia.

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HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

7. EXPLORATION AND EVALUATION PROPERTIES

The following table summarizes the capitalized costs associated with the Company's exploration and evaluation properties:

	Cariboo properties British Columbia	Highland Valley properties British Columbia	Total
February 1, 2022	\$ 9,593,744	\$ 8,733,214	\$ 18,326,958
Acquisition Costs			
Option and acquisition costs	6,989	25,000	31,989
Exploration Costs			
Assaying and petrographic	3,719	9,238	12,957
Communications	23	-	23
Field supplies	130	5,590	5,720
Geological and consulting	58,743	60,233	118,976
Mineral tenure costs	175	-	175
Field support and drilling	330	-	330
Travel and accommodation	3,398	7,729	11,127
January 31, 2023	9,667,251	8,841,004	18,508,255
Acquisition Costs			
Option and acquisition costs	3,077	-	3,077
Exploration Costs			
Assaying	1,033	-	1,033
Geological and consulting	41,582	44,007	85,589
Permitting	8,161	-	8,161
Field supplies	3,407	1,918	5,325
Travel and accommodation	1,000	3,423	4,423
Mineral tenure costs	1,058	-	1,058
October 31, 2023	\$ 9,726,569	\$ 8,890,352	\$ 18,616,921

As at October 31, 2023, cumulative METC rebates offset against deferred exploration and evaluation property costs totalled \$1,284,147 (January 31, 2023 - \$1,284,147).

The Company is required by the Government of British Columbia to incur a minimum amount of expenditures to maintain concessions. The minimum expenditure amount is based on the number of tenures and the length of time that the right to each concession has been held. Expenditures in excess of the required annual minimum may be carried over to future years and, subject to certain conditions, to other mineral tenures located in B.C.

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HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

7.1 Highland Valley Mineral Property

The Highland Valley property is located northwest of Merritt and southwest of Logan Lake in south central B.C. In prior years, the Highland Valley Properties were presented as Rateria, West Valley, Abbott Lake Property and Tyner Lake Property. In 2018, Abbott Lake Property was grouped with West Valley and Tyner Lake Property was grouped with Rateria. Together Rateria and West Valley surround the south east, south and southwest sides of Teck Resources' Highland Valley copper mine property.

7.1.1 Rateria

During the year ended January 31, 2019, the Company acquired by staking for its own account, additional mineral claim tenures. The Rateria property is comprised of 34 mineral tenures totaling approximately 10,906 hectares.

During the year ended January 31, 2023, the Company entered into a claim purchase agreement with Masco Capital Inc. to acquire 535 hectare Mystery Property for \$10,000 cash (paid) and 300,000 common shares (issued).

Net Smelter Returns ("NSR") royalties on the Rateria property are as follows:

Rateria claims – 7 claims are subject to a 2.5% NSR royalty, payable to a maximum of \$3,000,000. The Company has the exclusive right to purchase 1% of the NSR for \$2,000,000.

Masco Claims – 2 claims are subject to a 2% NSR royalty, with the Company having the exclusive right to purchase 1% NSR royalty at any time for \$1,000,000.

Sho claims – 1 claim is subject to a 2% NSR royalty, with the Company having the exclusive right to purchase the NSR royalty at any time for \$3,000,000.

Tyner claims – 18 mineral claims are subject to a 2% NSR royalty, with the Company having the exclusive right to purchase the NSR royalty for \$2,000,000.

7.1.2 West Valley

The West Valley property consists of 32 mineral tenures totaling approximately 14,957 hectares.

The NSR royalty on the West Valley property is as follows:

Abbott claims - 8 claims are subject to a 0.5% NSR royalty, with the Company having the exclusive right to purchase the NSR royalty for \$1,000,000.

7.2 Cariboo Mineral Property

The Company has a 100% interest in a group of mineral properties located northeast of 100 Mile House, in south central B.C. The Silverboss property surrounds the former past-producing Boss Mountain molybdenum mine property.

7.2.1 Silver Boss, Hen-Art-DL, Fox and Black Riders Property

The Silver Boss property consists of 38 mineral tenures totalling approximately 12,082 hectares. The Hen-Art-DL property consists of 19 mineral tenures totalling approximately 8,989 hectares and the

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HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

Fox property consists of 36 mineral tenures totalling approximately 17,245 hectares. The Black Riders property consists of 6 mineral tenures totaling approximately 2,564 hectares and adjoins to the east and is considered part of the Fox property. See 7.2.4.

The Silver Boss, Hen-Art-DL, Fox and Black Riders property mineral tenures all adjoin and are contiguous and together total 40,880 hectares.

Three of the Silver Boss mineral claims (previously the Gus Property) are subject to a 1.5% NSR royalty which the Company can buy back for \$1,500,000.

7.2.2 Hawk Property

The Hawk property consists of 23 mineral tenures totaling approximately 1,337 hectares. See 7.2.4.

Three of the Hawk Property mineral claims (previously the Grey Property) are subject to a 2% NSR royalty of which the Company can buy back 1% for \$1,000,000.

7.2.3 NSR Royalties

In 2005, the Company acquired a property comprised of five groups of mineral claims – Silver Boss (38 claims), Fox (36 claims), Hen and Art-DL (19 claims) and Hawk (23 claims). These mineral claims are subject to a 2.5% NSR royalty of which the Company can buy back 1% for \$2,000,000. See 7.2.1 and 7.2.2.

7.3 Revelstoke District Properties

7.3.1 Silver Dollar Property

In 2013, the Company acquired a 100% interest in 17 claims known as the Silver Dollar Property, located in the Revelstoke Mining District, British Columbia.

On May 11, 2016, the Company entered into the Silver Dollar Property Option Agreement (the “Option Agreement”) with Raffles Financial Group Limited (“RFG”). Pursuant to the Option Agreement the Company granted to RFG the sole and exclusive right and option to acquire an undivided 100% interest in and to the Silver Dollar Property subject to a 1% NSR royalty. RFG exercised the option by paying \$20,000 in cash, issuing 42,405 common shares of RFG to the Company and incurring \$100,000 in exploration expenditures.

Pursuant to the Option Agreement:

- RFG granted a right of first refusal to the Company for any future financings that RFG carries out to finance the mining work to be carried out on the property; and
- If the Company stakes any claim that is located, in whole or in part, within two kilometers of the perimeter of the property it shall be offered to RFG at the staking cost.

See 7.4.

7.4 Marketable Securities

In January 2020, RFG (see 7.3.1) completed a transaction with an unrelated entity pursuant to which the Company received, in consideration for its shares of RFG, 442,000 common shares of Origen Resources Inc. (‘Origen’), a Canadian public company, and 34,069 newly-issued shares of RFG (sold *The accompanying notes are an integral part of these financial statements*

HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

in fiscal 2021). In May 2021, Origen completed a transaction with an unrelated entity pursuant to which the Company received, in consideration for its shares of Origen, 2,520 (post-consolidated) common shares of Forty Pillars Mining Corp. ('Forty Pillars'), a Canadian public company, and 42,000 newly-issued shares of Origen (sold in fiscal 2023 for total proceeds of \$7,003).

At October 31, 2023, the Company owned nil shares of Origen (January 31, 2023 – Nil shares of Origen), and 2,520 shares of Forty Pillars (January 31, 2023 – 2,520 shares of Forty Pillars), the shares of which are traded on the CSE.

	October 31, 2023	January 31, 2023
Marketable securities – fair value	\$ 554	\$ 554
Marketable securities – cost	-	-

8. TRADE AND OTHER ACCOUNTS PAYABLE

	October 31, 2023	January 31, 2023
Financial Liabilities		
Trade payables	\$ 151,645	\$ 128,658
Payroll accruals	2,719	1,998
Accrued liabilities	65,000	148,036
	<u>\$ 219,364</u>	<u>\$ 278,692</u>

All amounts are short term. The carrying value of trade payables, payroll accruals and accrued liabilities is considered a reasonable approximation of fair value. Included in accrued liabilities are short term loans, totalling \$50,000, from related parties.

9. FLOW THROUGH SHARE PREMIUM LIABILITY

The Company periodically issues flow through shares, to fund Canadian exploration programs, with any resulting flow through premium recorded as a flow through share premium liability. The liability is subsequently reduced when the required exploration expenditures are made, and accordingly, a recovery of flow through premium is recorded as income. Based on Canadian tax law, the Company is required to spend the amounts raised on eligible exploration expenditures by the end of the year subsequent to the date the expenditures were renounced.

HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

The following is a continuity schedule of the liability portion of the flow-through share issuances:

	Issued on November 19, 2020
Balance February 1, 2022	\$ 16,253
Reduction of flow-through share liability on incurring qualifying expenditures	(14,931)
Balance January 31, 2023	<u>\$ 1,322</u>
	Issued on November 19, 2020
Balance February 1, 2023	\$ 1,322
Balance October 31, 2023	<u>\$ 1,322</u>

10. EQUITY

10.1 Authorized Share Capital

Unlimited number of common shares with no par value.

10.2 Shares Issued

Shares issued and outstanding as at October 31, 2023 are 132,482,455 (January 31, 2023 – 124,482,455).

During the nine months ended October 31, 2023, the following share transactions occurred:

- i. On February 28, 2023, the Company completed a non-brokered private placement, issuing 8,000,000 units at a price of \$0.05 per share for gross proceeds of \$400,000. Each unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.10 per share up to the close of business on February 28, 2025. Cash finders' fees of \$17,400 were paid, and 348,000 finders' warrants were issued as part of the financing. Each warrant entitles the holder to purchase a unit of the Company comprising of one common share and one-half of a secondary warrant at an exercise price of \$0.05 per unit up to the close of business on February 28, 2025. Each whole secondary warrant is exercisable into one additional common share of the Company at an exercise price of \$0.10 per share up to the close of business on February 28, 2025.
- ii. On April 25, 2023, the Company granted 3,850,000 stock options to certain directors, officers and employees exercisable at a price of \$0.05 per share until April 25, 2028. The options vest immediately.
- iii. On October 16, 2023, the Company announced a private placement to raise \$550,000 through the placement of ten million non flow-through common shares at \$0.05 per share and \$850,000 through the placement of ten million flow-through shares at \$0.085 per share. At October 31, 2023 the Company had received \$30,000. This placement is expected to close not later than November 30, 2023. See Note 15.

The accompanying notes are an integral part of these financial statements

HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

During the year ended January 31, 2023, the following share transactions occurred:

- i. On March 24, 2022, the Company issued 300,000 common shares at a price of \$0.05 for gross proceeds of \$15,000 as a part of the claim purchase agreement with Masco Capital Inc. (Note 7.1.1)
- ii. On January 9, 2023, the Company granted 250,000 stock options each to Messrs. Finley Bakker and Kent Pearson, strategic advisors and consultants to the Company. The stock options are exercisable at a price of \$0.05 per share for 5 years.

10.3 Warrants

The following warrants were outstanding:

	<u>Warrants</u>	<u>Exercise Price</u>
February 1, 2022	18,369,136	\$ 0.12
January 31, 2023	18,369,136	0.12
Issued	4,000,000	0.10
Issued – finder’s	348,000	0.05
Expired	-	-
October 31, 2023	<u>22,717,136</u>	<u>\$ 0.11</u>

<u>Expiry date</u>	<u>Warrants</u>	<u>Exercise Price</u>
November 19, 2023	16,972,743	\$ 0.12
November 19, 2023	1,384,393	0.12
October 20, 2024	12,000	0.06
February 28, 2025	348,000	0.05
February 28, 2025	4,000,000	0.10
	<u>22,717,136</u>	<u>\$ 0.11</u>

At October 31, 2023, the weighted-average remaining life of the outstanding warrants was 0.10 years (2023–0.80 years).

10.4 Share-based Compensation

The Company has adopted an incentive share option plan for the benefit of directors, officers and employees, which options, to acquire up to 10% of the issued share capital at the award date, may be granted to eligible optionees from time to time. Additional shares have also been issued to consultants of the Company, as part of their compensation arrangement. Share options granted have a term of between one and five years, vest immediately or over time and have an exercise price determined by the directors. The Company’s policy is that the exercise price may not be less than the closing quoted price of the Company’s common shares traded through the facilities of the exchange on which the Company’s common shares are listed.

Total share options granted during the nine months ended October 31, 2023 were 3,850,000 (year ended January 31, 2023 – 500,000). Total share-based payments recognized for the fair value of share

The accompanying notes are an integral part of these financial statements

HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

options granted, vested and approved by the shareholders during the nine months ended October 31, 2023 was \$127,050 (year ended January 31, 2023 - \$16,665).

The fair value of the share options granted during the nine months ended October 31, 2023 and January 31, 2023 was estimated on the date of grant using the Black-Scholes Pricing Model with the following weighted average assumptions:

	Nine months Ended October 31, 2023	Year Ended January 31, 2023
Strike price	\$0.04	\$0.04
Risk free interest rate	3.29%	3.29%
Expected option life (years)	5.00 years	5.00 years
Expected stock price volatility	125.12%	125.12
Dividend payments during life of option	Nil	Nil
Expected forfeiture rate	Nil	Nil

Option pricing models require the input of highly speculative assumptions, including the expected future price volatility of a company's shares. Expected volatility has been estimated based on historical volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options.

The following stock options issued under the employee stock option plan were outstanding:

	Options	Exercise price
January 31, 2022 (Exercisable – 10,650,000)	10,650,000	\$ 0.14
Cancelled/Expired	(2,150,000)	0.24
Issued	500,000	0.05
January 31, 2023 (Exercisable – 9,000,000)	9,000,000	\$ 0.12
Cancelled/ expired	(2,000,000)	0.09
Issued	3,850,000	0.05
October 31, 2023 (Exercisable – 10,850,000)	10,850,000	\$ 0.10

At October 31, 2023, the weighted average remaining life of the outstanding options was 2.5 years (2023 – 2.88 years).

10.5 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-V 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 paid the market price at the time of acquisition for the common shares acquired under the Bid. The Bid took place beginning May 7, 2018 and terminated on May 7, 2019. At January 31, 2019 and May 7, 2019, the Company had repurchased 159,500 shares at a cost of \$24,696. These shares have not been cancelled and returned to treasury and are being held in a brokerage account.

The accompanying notes are an integral part of these financial statements

HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

11. 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, Corporate Secretary and Directors.

	Geological, Permitting and Consulting services	Other Exploration expenditures	Management services
Services provided for the nine months ended October 31, 2022:			
Chief executive officer	\$ -	\$ -	\$ 75,000
Chief financial officer	-	-	27,000
Corporate Secretary	-	-	27,000
Directors	1,850	-	20,050
Standard	44,546	-	-
	\$ 46,396	\$ -	\$ 149,050

	Geological, Permitting and Consulting services	Other Exploration expenditures	Management services
Services provided for the nine months ended October 31, 2023:			
Chief executive officer	\$ -	\$ -	\$ 20,000
Chief financial officer	-	-	27,000
Corporate Secretary	-	-	27,000
Directors	9,293	-	-
Standard	77,270	-	-
	\$ 86,563	\$ -	\$ 74,000

Key management compensation includes:

	Nine months ended October 31,	
	2023	2022
Management fees and salaries	\$ 74,000	\$ 149,050
Share-based payments	127,050	-
	\$ 201,050	\$ 149,050

The accompanying notes are an integral part of these financial statements

HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

At October 31, 2023, there was \$62,541 (2023 - \$90,983) payable to directors of the Company, \$12,768 (2023-\$Nil) payable to officers of the Company and \$79,851 (2023 - \$30,930) payable to Standard Metals Exploration Ltd.

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.

12. MANAGEMENT OF CAPITAL

The Company defines capital that it manages as its cash and cash equivalents and share capital. The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no bank credit facility. The Company is not subject to any externally imposed capital requirements.

There have not been any changes to the Company's capital management policy during the year.

13. RISK MANAGEMENT

13.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain title to and explore its mineral properties. The capital structure of the Company consists of cash and cash equivalents and share capital.

b. Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk is low.

c. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at October 31, 2023, the Company's working capital deficiency of \$150,299 (excluding flow-through premium liability). The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms

The accompanying notes are an integral part of these financial statements

HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2023, the Company had cash and cash equivalents of \$53,627 to settle trade and other accounts payable of \$220,686 and current lease liability of \$nil.

d. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals such as copper, molybdenum, tungsten, gold and silver.

13.2 Fair Values

The carrying values of cash and cash equivalents, amounts receivable (excluding GST), reclamation deposits, and trade and other accounts payable approximate fair values due to their short-term to maturity nature or the ability to readily convert to cash. Marketable securities are carried at fair value.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. All financial instruments (excluding lease liability) are classified as Level 1 items. Lease liability is classified as a Level 3 item.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

14. COMMITMENTS

14.1 Termination of Service Agreements

On October 1, 2021 the Company entered into a consulting agreement with Mr. Peter Hughes to act as President and CEO of the Company whereby the Company will pay a monthly fee of \$10,000 for an initial term of twelve months and the agreement will automatically and perpetually renew for consecutive period of twelve months. In the event that the Company terminates this agreement without cause, it must make a one-time payment equal to six months consulting fees. The consultant may terminate the agreement by providing 30 days prior written notice to the Company. On May 26, 2023, the Company terminated Mr. Hughes as President and Chief executive Officer of the Company. In addition, Mr. Hughes resigned as a Director of the Company effective June 3, 2023. The Company is in negotiations with Mr. Hughes to settle his severance.

Mr. Michael Cathro has been appointed to serve as President and Chief Executive Officer.

The accompanying notes are an integral part of these financial statements

HAPPY CREEK MINERALS LTD.
Notes to the Financial Statements
For the nine months ended October 31, 2023 and 2022

The Company has a professional services agreement with its CFO. In the event that the Company terminates this agreement, it must make a final payment of \$5,000 to the CFO. On February 1, 2022, the Company amended the existing agreement such that the Company will now pay a base salary of \$3,000 per month for a term of three years until January 31, 2025. In the event that the Company terminates this agreement, it must make a payment equal to the six months base salary at that time.

15. SUBSEQUENT EVENTS

Subsequent to October 31, 2023:

- The Company completed a private placement on November 30, 2023 by issuing 5,034,545 common shares at \$0.055 for gross proceeds of \$276,900. A cash finder's fee of \$5,989.50 was paid and 108,900 share purchase warrants were issued.
- The Company repaid \$50,000 to Directors to settle prior advances.

The accompanying notes are an integral part of these financial statements