

President's message to shareholders

May 30, 2018

Dear Fellow Shareholders,

As we approach our Annual General Meeting, I am pleased to write to you about the progress we have made over the past year. Our mission since 2005 has been to discover new, 100% owned mineral deposits in British Columbia that are close to mines and infrastructure. Our objective is to increase shareholder value by monetizing our exploration success by either partnering or selling our discoveries or develop the projects to production.

Today with the Fox property, we have a new discovery with what might be the highest-grade published tungsten resource in the western world. In addition, we have discovered and partially outlined two new copper deposits that are adjacent to Teck's Highland Valley Copper mine property, Canada's largest base metal mine. We have accomplished this while maintaining a 100% interest in the properties and persevered through difficult markets. Our technical success has carried us to where we are, and I firmly believe that further exploration can continue improving the value of these two projects. We can also begin to view the Fox as a mature project, with the next steps to include collecting data for engineering, metallurgical, permitting and development studies. Both the Fox tungsten and Highland Valley copper properties are today, first-tier exploration projects by every measure and capable of delivering a solid return to shareholders. They will remain our focus in 2018.

The Fox tungsten property

During the past year, exploration and drilling continued to build upon the Fox tungsten resource and identified new areas from which further resources could potentially be added. Using what is now the highest cut-off grade in the industry, the Fox project contains 582,400 tonnes grading 0.826% WO₃ (indicated) and 565,000 tonnes grading 1.231% WO₃ (inferred). We know quite a few of the drill holes contain width and grade of mineralization that is just under the cut-off which excluded them from the resource, and there is potential that further drilling and engineering work could move some if not many of these into a resource category. We also located several new areas with positive tungsten that occurs between the two main deposits and with further drilling, substantial resource expansion is very possible. We returned our first drilling hit above cut-off grade near-surface at the South Grid, and this large target area is wide-open to find more resources. Drilling at Fox in 2017 returned more extreme high-grade tungsten results including 5.0 metres of 2.98% WO₃ (tungsten trioxide) and 2.59 metres of 5.98% WO₃ for example. These kind of drill results, and the average grade of the resource is very rare globally. In fact, the resource grade is comparable to the Cantung mine in the Yukon/ NWT which was regarded as the highest grade and largest producer in the western world. Tungsten prices have risen recently and are now about US\$30/Kg for WO₃ in concentrate. This tungsten price is about 5X the price of copper, so the potential value of our tungsten grade is very attractive. We have moved the Fox project closer to a positive economic outcome and aim to continue advancing it towards an official PEA (preliminary economic assessment).

The Rateria-West Valley property

In 2017, we drilled in and around the Zone 2 deposit, located 6.5 km southeast of Teck's Highmont copper mine. Results include drill hole R17-02 with 5.0 metres of 4.4% copper that is approximately 200 metres east of the main trend of Zone 2. This was one of the highest-grade intervals we have drilled, and the mineralized interval is open. Drill hole R17-05 returned 105.5 metres of 0.37% copper, 0.14 g/t gold, 1.9 g/t silver and 0.63 g/t rhenium that expands Zone 2 approximately 100 metres to the south. A 46.0 metre interval returned 0.64% copper, 0.30 g/t gold, 0.009% molybdenum and 1.16 g/t rhenium that continues to demonstrate the copper-gold style and high rhenium levels of Zone 2. Rhenium is a rare metal used in alloys for high-tech applications such as jet engine or gas turbine blades and is on the US governments list of critical metals. Drill hole R17-08 returned 82.5 metres of 0.29% copper and 66 metres of 0.35% copper and the hole bottomed in copper mineralization. Zone 2 contains drill grades that are similar or higher than that being processed next door, and while the ultimate size of Zone 2 is unknown, it looks as though it could be much larger than currently defined.

Also in 2017, we were able to purchase and stake claims adjoining to the east of the Rateria property that were previously held for about 12 years by another company. Likely for the first time ever, the Company has assembled its' current 100% owned mineral tenure position that totals approximately 244 square kilometres in this district where 5 copper deposits achieved commercial production. This is the perfect opportunity to view the property as a major copper company would -with proven geology, location and property size to find new and large copper deposits.

Looking from where we started, what we have achieved to date and where we can go with this Company is a very exciting and unique position to be in, with one project containing among the western world's best undeveloped tungsten resource and another being a quality copper exploration asset within a globally important copper district.

On behalf of the management and the board of directors, I appreciate and look forward to your continued support as we move into the next stages of creating value for shareholders, stakeholders and the communities within which we operate.

Sincerely,

David Blann, P.Eng.
President, CEO
Happy Creek Minerals Ltd.

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 technical information disclosed herein. Readers are cautioned that results or information from an adjoining property do not infer that similar results will occur on the subject property.