

# Strategic Metals & Rare Earths Letter

## INTERNATIONAL

*the independent information and advisory publication on investing in Strategic Metals & Rare Earths*

**Investment Alert – March 26, 2019**

[www.happycreekminerals.com](http://www.happycreekminerals.com)



### Happy Creek Minerals (C\$ 0.165)

TSX.V : HPY

H + L prices (12 months) : C\$ 0.20 – 0.13

Net shares issued : 93.7 million

Fully diluted shares : 99.9 million

Market Capitalization : C\$ 15.5 million

**2019 price target: C\$ 0.30**

## INVESTMENT ALERT

### Results of further work completed on 100% owned Fox Tungsten Property in south central B.C., Canada

On March 25, 2019, **Happy Creek Minerals (“Happy Creek”)** provided results of further work completed in the late fall of 2018 on its 100% owned **Fox Tungsten Property** in south central B.C., Canada.

Having advanced the Property from an early stage, the Company announced on February 27, 2018 that the Project hosts a calc-silicate/skarn resource of **582,400 tonnes of 0.826% WO<sub>3</sub> (Indicated)** and **565,400 tonnes of 1,231% WO<sub>3</sub> (Inferred)**, that is among the highest grade in the western world with a portion hosted within an open pit.

Numerous other tungsten showings with high grade tungsten at surface or above cut-off grade in drill holes occur and all zones are open at surface or above cut-off grade in drill holes occur and all zones are open.

During the fall of 2018, **Happy Creek** conducted reconnaissance prospecting on the west and south side of the **Fox Property** where recently constructed logging roads provide access to areas not previously explored. Rock grab samples from the southern side of the Property returned positive silver values in quartz veins, and from the west side of the Property stream sediment samples returned positive tungsten values.



## 2018 Fox South Rock Sample Summary Table

Sample	Ag g/t	Pb %
F18-DR-3	186	4.47
F18-DR-6	519	7.33
F18-DR-8	202	2.95

Located approximately 4 kilometres southeast of the South Grid tungsten prospect, these samples are from the first look at new area where quartz veins with galena (lead sulphite) cut monzogranite, alaskite intrusion and Snowshoe Formation metasediment. **Trace elements include geochemical values of up to 81 ppm tellurium and greater than 2,000 ppm bismuth.**

Calc silicate, the host to tungsten skarn on the Property was found nearby before snow made roads impassible.

Further to the news release dated November 21, 2018, stream sediment sampling at low elevators on the west side of Deception mountain has returned positive tungsten. Three samples returned 15 ppm W, and one sample contains 14 ppm that together covers four drainages over approximately 2 kilometres along the base of the mountain.

### ► Preparing 2019 plan

Exploration conducted during 2018 has expanded the **Fox** mineral system to 12 kilometres by 5 kilometres dimension, which has increased the potential for further tungsten resource expansion.

**Happy Creek** is preparing to conduct surface exploration, drilling, engineering and environmental studies and has received estimates for conducting a **Preliminary Economic Assessment** (“PEA”).

HAPPY CREEK MINERALS LTD.		TSX-V:HPY DIVERSIFIED METALS EXPLORATION		FOX RESOURCE DETAIL		
ZONE	CLASSIFICATION	Cut-off WO <sub>3</sub> (%)	Tonnes (t)	WO <sub>3</sub> (%)	WO <sub>3</sub> MTU	WO <sub>3</sub> (kg) Contained
Ridley Creek	Indicated in-pit	>0.175	397,400	0.713	283,400	2,834,000
Ridley Creek	Indicated - underground	>0.45	185,000	1.067	197,100	1,971,000
Ridley Creek zone	<b>Indicated total</b>		<b>582,400</b>	<b>0.826</b>	<b>480,500</b>	<b>4,805,000</b>
Ridley Creek	Inferred in-pit	>0.175	14,700	0.662	9,700	97,000
Ridley Creek	Inferred - underground	>0.45	76,800	0.961	73,800	738,000
BN	Inferred - underground	>0.45	453,000	1.321	598,300	5,983,000
BK	Inferred in-pit	>0.175	20,900	0.672	14,000	140,000
Ridley Creek, BN, BK	<b>Inferred total</b>		<b>565,400</b>	<b>1.231</b>	<b>695,800</b>	<b>6,958,000</b>

**Among the highest grade tungsten resource in the western world.**

ZONE	CLASSIFICATION	Tonnes (t)	WO <sub>3</sub> (%)	WO <sub>3</sub> MTU	Contained WO <sub>3</sub> (kg)
RC	Indicated	582,400	0.826	480,500	4,805,000
BN,RC, BK	Inferred	565,400	1.231	695,800	6,958,000

**Fox open pit indicated resource: 397,400 tonnes of 0.713% WO<sub>3</sub>**  
**Strip ratio: 3.3 : 1**

## Finance

On January 25, 2019, **Happy Creek** announced the completion of a non-brokered private placement in to traches for aggregate proceeds of C\$ 245,290 through the sale of 483,000 common shares at a price of \$ 0.15 per share and 864,000 flow-through shares at a price of C\$ 0.30 per flow-through share.

### Investment comments:

**Happy Creek's Rateria - West Valley Copper** and **Fox Tungsten** properties located in B.C. are at a more advanced stage of exploration, including resource definition and expansion, as well as engineering and economic evaluation stage for **Fox**, a new discovery for tungsten.

The total Indicated Resource of the Ridley Creek Zone on the **Fox Property** contains **582,400 tonnes of 0.826% WO3** and a total Inferred Resource of 565,400 tonnes of 1,231% **WO3** for the Ridley Creek, BN and BK Zones combined. All mineralized zones are open to further expansion.

**Plans include increasing the resource base and performing a Preliminary Assessment ("PEA") to advance **Fox** as a new high-grade tungsten project in the western world.**

**Happy Creek's Rateria - West Valley Property** adjoins and surrounds the southern end of Teck's Highland Valley Copper Mine Property, Canada's largest copper producer.

Drill highlights on the discovered two new copper zones have identified continuous and positive grades and include 95.0 metres of 0.67% copper, 250.0 metres of 0.25% copper from **Zone 1** and 152.5 metres of 0.35% copper, 0.06 g/t gold and 105.5 metres of 0.37% copper, 0.14 g/t gold, 0.005% molybdenum and 0.63 g/t rhenium in **Zone 2**. High grades such as 5.0 metres of 4.4% copper also occur. There is thought to be clear resource potential in both Zone 1 and 2.

Based on its **Fox** tungsten discovery, having the potential to emerge into a quality high-grade tungsten development project among the best in the western world and the **Rateria - West Valley Property**, having proven that new copper zones can be found with similar grade as Teck's Highland Valley Copper Mine, in my view, **Happy Creek**, at a depressed market valuation of C\$ 15.5 million, offers a high investment leverage potential.

This underpins my **2019 price target of C\$ 0.30**.



Example in agriculture: Tungsten tiller blades:  
Improves performance and working life.

Many more uses of tungsten....

**Tungsten is declared a "Critical Metal" in the USA, Europe.**

"Performs an essential function with few or no substitutes and..

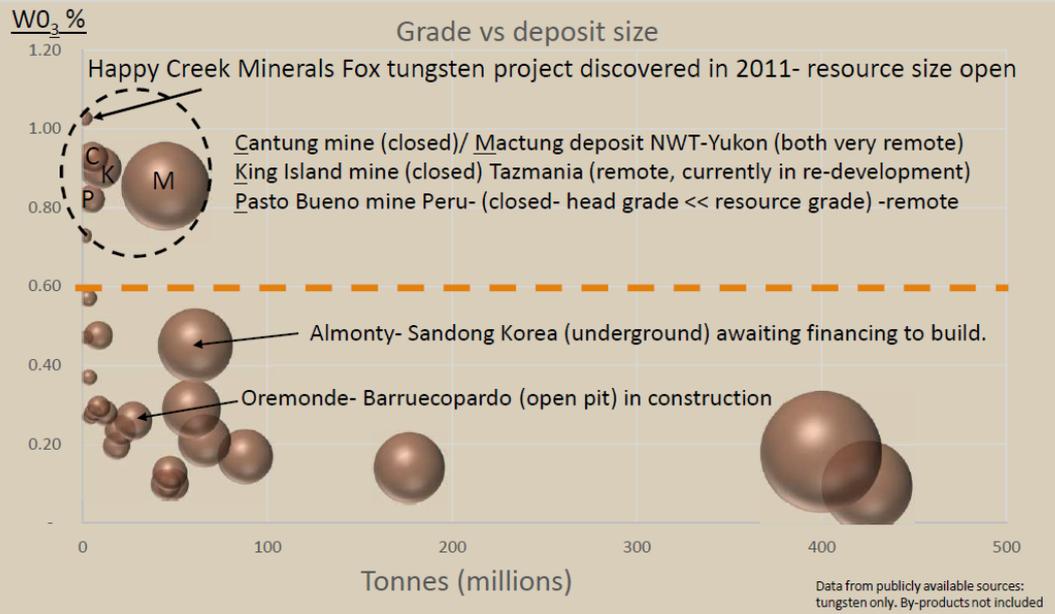
**..a high probability of supply being disrupted."**

Modified after Minerals, Critical Minerals, and the U.S. Economy (2008), National Academy of Sciences.

- **WO<sub>3</sub> (tungsten trioxide)** is the compound used by the market to price a number of refined, intermediate tungsten products such as ammonium paratungstate (APT).
- WO<sub>3</sub> prices for APT have ranged from around US \$18 - \$45/kg WO<sub>3</sub>.
- China is the world's largest producer (80%) and consumer (60%) of tungsten and will largely set the global price.
- Tungsten concentrate is purchased by off-take agreement with refiners for around 80% of APT price.
- Current European APT price is around US \$27/Kg WO<sub>3</sub> and expected to be over US\$30/Kg by 2020.
- History shows it is very difficult to be profitable mining lower grade deposits, no matter what scale, when prices fall.

**The Fox resource grades 0.826% WO<sub>3</sub> Indicated and 1.231% WO<sub>3</sub> Inferred.**

**In the top 5% of tungsten deposits.**



**For projects above 0.60% WO<sub>3</sub> in North America,  
the Fox is the only one with hydropower nearby.**