

Form 62-103F1

Required Disclosure under the Early Warning Requirements

State if this report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Common shares (“Common Shares”) of Happy Gut Brands Limited (the “Issuer”), head office located at Suite 800, 1199 West Hastings Street, Vancouver, BC, V6E 3T5.

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

The Common Shares were disposed of in a private transaction.

Item 2 – Identity of the Disposer

2.1 State the name and address of the disposer.

Joel Shacker (the “Disposer”)
c/o 800-1199 West Hasting Street
Vancouver, BC V6E 3T5

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

The Disposer transferred an aggregate total of 2,550,000 Common Shares to one or more persons in a private transaction (the “Transferred Shares”). The Transferred Shares represents 4.61% of the outstanding share capital of the Company.

2.3 State the names of any joint actors.

Not Applicable.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the Disposer’s securityholding percentage in the class of securities.

2,550,000 Common Shares were disposed of by the Disposer on January 14, 2022. Upon completion of the Transaction, the Disposer's securityholding percentage in the Common Shares was changed from approximately 23.07% to 18.46%.

3.2 State whether the Disposer acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

The Disposer disposed of 2,550,000 Common Shares which triggered the requirement to file this report.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not Applicable.

3.4 State the designation and number or principal amount of securities and the Disposer's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Prior to the Transaction, the Disposer beneficially owned or otherwise exercised control or direction over 12,750,000 Common Shares.

Following the Transaction, the Disposer beneficially owns or otherwise exercises control or direction over 10,200,000 Common Shares.

3.5 State the designation and number or principal amount of securities and the Disposer's securityholding percentage in the class of securities referred to in Item 3.4 over which

- (a) the Disposer, either alone or together with any joint actors, has ownership and control,**
- (b) the Disposer, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the Disposer or any joint actor, and**
- (c) the Disposer, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Following the Transaction, the Disposer beneficially owns or otherwise exercises control or direction over 10,200,000 Common Shares.

3.6 If the Disposer or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required

under this item, describe the material terms of the related financial instrument and its impact on the Disposer's securityholdings.

Not Applicable.

- 3.7 If the Disposer or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not Applicable.

- 3.8 If the Disposer or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the Disposer's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not Applicable.

Item 4 – Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

The Common Shares were disposed for an aggregate purchase price of CAD\$47,175.00, based on CAD\$0.0185 per Common Share, pursuant to a private Transaction.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the Disposer.**

See section 4.1 above.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

See section 4.1 above.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the Disposer and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the Disposer and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer’s business or corporate structure;**
- (g) a change in the reporting issuer’s charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

See section 2.2 above. The Common Shares are held by the Disposer for investment purposes. The Disposer’s future holdings in securities of the Issuer may increase or decrease in accordance with applicable securities legislation and in consideration of various factors that he may deem appropriate, including but not limited to, the Disposer’s investment criteria, market conditions and as circumstances warrant.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the Disposer and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder’s fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not Applicable.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the Disposer under the early warning requirements or Part 4 in respect of the reporting issuer’s securities.

Not Applicable.

Item 8 – Exemption

If the Disposer relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not Applicable.

Item 9 – Certification

The Disposer must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent’s best knowledge, information and belief but the Disposer is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his or her authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

I, as the Disposer, certify, or I, as the agent filing this report on behalf of a disposer, certify to the best of my knowledge, information, and belief, that the statements made in this report are true and complete in every respect.

Date 14th day of January, 2022.

“Joel Shacker”

Joel Shacker, Director