

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1: Name and Address of Reporting Issuer

Happy Belly Food Group Inc. (the “Company” or “Happy Belly”)
400-1681 Chestnut Street
Vancouver, BC V6J 4M6

Item 2: Date of Material Change

July 24, 2023.

Item 3: News Release

A news release was issued and disseminated on July 24, 2023 and filed on SEDAR (www.sedar.com).

Item 4: Summary of Material Changes

The Company announced that it has closed its non-brokered private placement (the “Private Placement”). See Item 5 for further details.

Item 5: Full Description of Material Change

The Company announced that it has closed its Private Placement of unsecured convertible debentures (the “Debentures”) previously announced on February 24, 2023 was oversubscribed and led to the announcement of a second offering on June 29, 2023, which has now closed, raising gross proceeds of \$645,000.

Each Debenture has a principal amount of \$1,000, a 60 month term earning interest at the rate of twelve percent (12%) per annum payable quarterly after the closing date (the “Closing Date”) of the Private Placement, maturing on the date that is the fifth anniversary of the first date that the Debentures are issued (the “Maturity Date”) and are convertible at the holder's option into common shares of the Company every three months after the Closing Date, but prior to the Maturity Date, into common shares at a conversion price equal to \$0.30 per common share, provided that not less than 25% of the outstanding principal, and any interest amounts owed, is converted (the “Conversion Price”).

On the Maturity Date, any outstanding principal amount of the Debentures, plus any accrued and unpaid interest, shall be paid in cash. All securities issued in connection with the closing of the Private Placement are subject to a four-month and one-day statutory hold period in accordance with applicable securities laws. No finders fees were paid in connection with the closing of the Private Placement.

Shawn Moniz, a director and officer of the Company, subscribed for 125 Debentures for gross proceeds of \$125,000. The participation by said insider in the Private Placement constituted a “related party transaction” within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”). The related party transaction was exempt from minority approval, information circular and formal valuation requirements pursuant to the exemptions contained in Sections 5.5(a) and 5.7(1) of MI 61-101, as neither the fair market value of the gross securities issued under the Private Placement nor the consideration paid by the insider exceeded 25% of the Company’s market capitalization.

Item 6: Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7: Omitted Information

N/A.

Item 8: Executive Officer

For further information, please contact:

Happy Belly Food Group Inc.
Contact: shawn@happybellyfg.com

Item 9: Date of Report

July 26, 2023.