



STATEMENT OF EXECUTIVE COMPENSATION

HAPPY BELLY FOOD GROUP INC. (the "Company")

(for the year ended December 31, 2023)

In this section "Named Executive Officer" ("NEO") means the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

During the year ended December 31, 2023, the Company had three (3) NEOs: Shawn Moniz, CEO and Corporate Secretary of the Company, Dean Callaway, CFO of the Company, and Sean Black, Chief Investment Officer (CIO).

Compensation Discussion and Analysis

The board of directors (the "**Board**") of the Company has appointed a Corporate Governance and Compensation Committee (the "**Committee**") whose responsibility relates to executive and director compensation, including reviewing and recommending director compensation, overseeing the Company's base compensation structure and equity-based compensation programs, recommending compensation of the Company's officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives.

The Committee makes recommendations to the Board and the Board then assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Company. The Committee is responsible for identifying executives, management, and operational talent.

The Committee possesses the technical understanding needed to determine the value of a candidate's skill set through applied practical analysis and cross-referenced compensation of closely matched executives in similar fields.

The compensation for executives includes four components: base consulting fees, bonus (if applicable), incentive stock options ("**Options**") and perquisites. As a package, the compensation components are intended to satisfy the objectives of the compensation program (that is, to attract, retain and motivate qualified executives).

Please refer to the Company's Corporate Governance Disclosure Statement, filed on SEDAR+ on November 1, 2022, at www.sedarplus.ca, for additional details on how the Board and the Committee determines NEO compensation.

The members of the Committee are Kevin Cole (Chair), Shawn Moniz and Mark Rechichi. Mr. Cole and Mr. Rechichi are considered to be independent members of the Committee and Mr. Moniz is deemed to have a material relationship with the Company by virtue of his position as CEO and Corporate Secretary of the Company and, therefore, is not considered an independent member of the Committee.

Philosophy and Objectives

The Company's compensation policies and programs are designed to be competitive with similar companies and to recognize and reward executive performance consistent with the success of the Company's business. The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including (a) attracting and retaining talented, qualified and effective executives, (b) motivating the short and long-term performance of these executives; and (c) better aligning their interests with those of the Company's shareholders.

In determining and approving the base salary for each NEO, the Board and the Committee take into consideration available market data.

In compensating its senior management, the Company has encouraged equity participation and in furtherance thereof employs its stock option plan (the “**Option Plan**”) and restricted share unit plan (the “**RSU Plan**”). This should be reworded Shawn as there are no RSU’s or Options issued or outstanding to anyone.

Equity Participation

The Company believes that encouraging its NEO to become shareholders is the best way of aligning their interests with those of its shareholders. Options may be granted to NEOs and consultants of the Company taking into account a number of factors, including the amount and term of options previously granted, base consulting fees and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board in consultation with the Committee.

Given the evolving nature of the Company’s business, the Board continues to review the overall compensation plan for senior management so as to continue to address the objectives identified above.

Option-Based Awards

On July 26, 2021, the Board adopted a 15% rolling Option Plan. The Option Plan was re-approved by the shareholders of the Company at the annual general meeting held on December 28, 2023.

The Option Plan provides incentives to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes Option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All Option grants require approval of the Board.

The Option Plan provides that the maximum number of common shares that may be issued pursuant to Options awarded under the Option Plan together with all other security-based compensation arrangements of the Company shall not exceed 15% of the issued and outstanding Shares, at any given time.

The Option Plan is administered by the Board and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

There were 1,410,000 Options outstanding as at the year ended December 31, 2023.

Restricted Share Unit Awards

On August 14, 2020, the Board adopted its RSU Plan. The RSU Plan was re-approved by the shareholders of the Company at the annual general meeting held on December 28, 2023.

The RSU Plan was designed to provide certain directors, officers, consultants and other key employees (an “**Eligible Person**”) of the Company and its related entities with the opportunity to acquire restricted share units (“**RSUs**”) of the Company. The acquisition of RSUs allows an Eligible Person to participate in the long-term success of the Company thus promoting the alignment of an Eligible Person’s interests with that of the shareholders.

The RSU Plan allows the Company to grant RSUs awarding up to a maximum of 4,418,158 common shares.

There were no RSUs outstanding as at the year ended December 31, 2023.

A copy of the RSU Plan was filed on August 14, 2020 under the Company’s SEDAR+ profile at www.sedarplus.ca.

Summary Compensation Table

Name and Principal Positions	Year ⁽¹⁾	Salary (\$) ⁽²⁾	Share-based consideration (\$) ⁽²⁾	Non-equity incentive plan compensation ⁽³⁾ (\$)		Pension value (\$) ⁽²⁾	All other compensation (\$) ⁽²⁾	Total compensation (\$) ⁽²⁾
				Annual incentive plans ⁽²⁾	Long-term incentive plans ⁽²⁾			
Shawn Moniz ⁽³⁾ CEO and Secretary	2023	171,000	52,713	Nil	Nil	Nil	Nil	\$223,713
	2022	150,000	Nil	Nil	Nil	Nil	Nil	150,000
	2021	150,000	Nil	Nil	Nil	Nil	Nil	150,000

Name and Principal Positions	Year ⁽¹⁾	Salary (\$) ⁽²⁾	Share-based consideration (\$) ⁽²⁾	Non-equity incentive plan compensation ⁽³⁾ (\$)		Pension value (\$) ⁽²⁾	All other compensation (\$) ⁽²⁾	Total compensation (\$) ⁽²⁾
				Annual incentive plans ⁽²⁾	Long-term incentive plans ⁽²⁾			
Dean Callaway ⁽⁴⁾ CFO	2023	144,659	Nil	Nil	Nil	Nil	Nil	144,659
	2022	145,500	Nil	Nil	Nil	Nil	Nil	145,500
	2021	150,000	143,225	Nil	Nil	Nil	Nil	293,225
Sean Black ⁽⁵⁾ CIO	2023	168,882	Nil	Nil	Nil	Nil	Nil	168,882
	2022	93,548	Nil	Nil	Nil	Nil	Nil	93,548
	2021	Nil	734,737	Nil	Nil	Nil	Nil	734,737

(1) Year ended December 31.

(2) All amounts shown were paid in Canadian currency, the reporting currency of the Company.

(3) Mr. Moniz has served as CEO of the Company since September 12, 2017 and as Secretary since February 3, 2020.

(4) Mr. Callaway served as CFO of the Company from February 3, 2020 until May 1, 2024.

(5) Mr. Black has served as the Chief Investment Officer of the Company since May 27, 2022. Share based compensation is in relation to Director warrant grants as detailed below.

Long-Term Incentive Plan Awards

Long term incentive plan awards (“**LTIP**”) means “a plan providing compensation intended to motivate performance over a period greater than one financial year”. LTIP awards do not include option or SAR plans or plans for compensation through shares or units that are subject to restrictions on resale. No LTIP awards were made to the NEOs during the most recently completed financial year.

Outstanding Option-based Awards

The Company has its Option Plan. During the financial year ended December 31, 2023 the following Options were outstanding to the NEOs:

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$) ⁽¹⁾
Shawn Moniz	1,000,000	0.20	April 20, 2028	40,000
Dean Callaway	Nil	N/A	N/A	N/A
Sean Black	Nil	N/A	N/A	N/A

(1) This amount is based on the difference between the market value of the securities underlying the Options on December 29, 2023, which was \$0.24, being the last trading day of the Company’s common shares for the financial year and the exercise price of any outstanding Options.

Aggregated Options – Value Vested or Earned during the Most Recently Completed Financial Year

The following table sets forth details of the value of option-based awards that vested or were earned during the most recently completed financial year ended December 31, 2023:

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Shawn Moniz	Nil	Nil	Nil
Dean Callaway	Nil	Nil	Nil
Sean Black	Nil	Nil	Nil

PENSION PLAN BENEFITS

The Company does not have any non-cash compensation plans, long-term incentive plans, pension or retirement plans for its officers or directors and it did not pay or distribute any non-cash compensation during the financial year ended December 31, 2023.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Termination and Change of Control Benefits

On January 1, 2021, the Company entered into an amendment to the consulting agreement (the “**Chinchero Agreement**”) dated January 1, 2020, entered into with Chinchero Inc., a company owned and operated by Dean Callaway, CFO of the Company. Pursuant to the Chinchero Agreement, in the event of a Change in Control, Mr. Callaway/Chinchero shall be entitled to accrued compensation plus severance pay equal to nine months salary plus an additional one month of salary for every year employed since January 1, 2020.

On July 1, 2019, the Company entered into a consulting agreement (the “**Moniz Agreement**”) with Shawn Moniz, the CEO of the Company. Pursuant to the Moniz Agreement, in the event of a Change of Control, Mr. Moniz shall be entitled to accrued compensation, severance pay equal to 24 months of Mr. Moniz’s salary, plus an additional \$250,000 in termination fees and a bonus payment.

“**Change of Control**” means the happening of any of the following events:

- any transaction pursuant to which the Company goes out of existence;
- any transaction pursuant to which any Person or any Associate Affiliate of such Person and any Person acting jointly or in concert with such Person (within the meaning of the Securities Act (British Columbia)) (other than the Company or a subsidiary of the Company), hereafter acquires the direct or indirect “beneficial ownership” (as such term is defined in the BCBCA of securities of the Company representing 50% or more of the aggregate votes of all of the Company’s then issued and outstanding securities;
- the sale of all or substantially all of the Company’s assets to a Person other than a Person that is an Affiliated entity;
- the dissolution or liquidation of the Company except in connection with the distribution of assets of the Company to one or more Persons which were Affiliated entities prior to such event; or
- the occurrence of a transaction requiring approval of the Company’s shareholders involving the acquisition of the Company by an entity through purchase of assets, by amalgamation, reverse takeover or otherwise.

DIRECTOR COMPENSATION

Director Compensation Table

The Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive Options and fees related to those outside of the mandate of Director’s.

Narrative Discussion

The Company has no arrangements, standard or otherwise, pursuant to which directors were compensated by the Company for their services as directors, for committee participation, for involvement in special assignments during the most recently completed financial year.

The Company has its Option Plan for the granting of Options to the directors, officers, employees and consultants. The purpose of granting such Options is to assist the Company in compensating, attracting, retaining and motivating the directors, officers, employees and consultants and to closely align the personal interests of such persons to that of the shareholders.

Incentive Plan Awards – Value Vested or Earned During the Year

During the financial year ended December 31, 2023, the directors who were not NEOs received the following compensation for services provided to the Company:

Name	Fees earned (\$)	Share-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Marco Contardi ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil
Alex Rechichi ⁽²⁾	Nil	Nil	Nil	Nil	Nil	Nil
Mark Rechichi ⁽³⁾	Nil	Nil	Nil	Nil	Nil	Nil
Kevin Cole ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil

(1) Mr. Contardi served as a director of the Company from April 4, 2018 to January 31, 2023.

(2) Mr. Alex Rechichi has served as a director of the Company since June 21, 2021.

(3) Mr. Mark Rechichi has served as a director of the Company since June 21, 2021.

(4) Mr. Cole has served as a director of the Company since June 21, 2021.

On June 1, 2021, the Company entered into a strategic advisory agreement (the “**Advisory Agreement**”) represented by Sean Black, Kevin Cole, Mark Rechichi and Alex Rechichi to assist with the private placement and to arrange for Alex Rechichi, Mark Rechichi and Kevin Cole to join the board of directors of the Company. In consideration for the assistance with the private placement and the arrangement of strategic appointments to the Board, the Company agreed to issue an aggregate of 27,000,000 (2 million to an unrelated company) non-transferrable share purchase warrants (“**Advisory Warrants**”) to the Advisors. Each Advisory Warrant entitles the holder to acquire one share at a price of \$0.20 for a period of five years from their date of issue and vest upon the occurrence of the vesting triggers noted below:

Number of Advisory Warrants Vested	Vesting Trigger
5,200,000	Closing of the June 2021 private placement
2,700,000	\$0.50 ⁽¹⁾
2,750,000	\$0.75 ⁽¹⁾
5,400,000	\$1.00 ⁽¹⁾
5,450,000	\$1.50 ⁽¹⁾
5,500,000	\$2.00 ⁽¹⁾

(1) Closing price of the common shares on the Canadian Securities Exchange (or any other stock exchange that the common shares may trade) required to trigger vesting of Advisory Warrants.

Share based consideration, as calculated with a Black and Scholes model, equates to the equivalent of \$3,174,062 on the issuance of the Advisory Warrants for Alex Rechichi, Mark Rechichi, Sean Black and Kevin Cole.

Outstanding Option-based Awards

The following table sets forth for each director, other than those who are also NEOs of the Company, all awards outstanding at the end of the most recently completed financial year ended December 31, 2023, including awards granted before the most recently completed financial year.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Marco Contardi	Nil	N/A	N/A	Nil
Alex Rechichi	Nil	N/A	N/A	Nil
Mark Rechichi	Nil	N/A	N/A	Nil

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Kevin Cole	Nil	N/A	N/A	Nil

Aggregated Options – Value Vested or Earned during the Most Recently Completed Financial Year

The following table sets forth, for each director, other than those who are also NEOs of the Company, the value of all incentive plan awards vested during the financial year ended December 31, 2023:

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Marco Contardi	Nil	Nil	Nil
Alex Rechichi	Nil	Nil	Nil
Mark Rechichi	Nil	Nil	Nil
Kevin Cole	Nil	Nil	Nil

Narrative Discussion

The Company has no arrangements, standard or otherwise, pursuant to which directors were compensated by the Company for their services as directors, for committee participation, for involvement in special assignments during the most recently completed financial year.