

SHANE RESOURCES LTD.
INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

This interim management’s discussion and analysis (“**the Interim MD&A**”) covers the financial statements of Shane Resources Ltd. (the “**Company**” or “**Shane**”) three-month period ended March 31, 2021, and for the period then ended (the “**Interim Financial Statements**”). This Interim MD&A should be read in conjunction with the audited annual financial statements and notes thereto for the years ended December 31, 2020 and 2019 (the “**Annual Financial Statements**”).

The Interim MD&A of Shane for the three months ended March 31, 2021 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last management’s discussion and analysis, being the annual management’s discussion and analysis (the “**Annual MD&A**”) for the fiscal year ended December 31, 2020.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*. This discussion should be read in conjunction with the Company’s Annual MD&A, the Annual Financial Statements, together with the notes thereto, and the Interim Financial Statement, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company’s financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited Interim Financial Statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

The information contained in this report is current to May 31, 2021 and has been approved by the Company’s board of directors (the “**Board**”).

The Company’s certifying officers are responsible for ensuring that the Interim Financial Statements and Interim MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company’s officers certify that the Interim Financial Statements and Interim MD&A fairly present, in all material respects, the financial condition, result of operations and cash flows, of the Company as the date hereof.

The Board approves the Interim Financial Statements and Interim MD&A, and ensures that the Company’s officers have discharged their financial responsibilities. The Board’s review is accomplished principally through the Audit Committee, which reviews and approves all financial reports prior to filing.

Additional information related to the Company is available on SEDAR at www.sedar.com.

BUSINESS OVERVIEW AND CORPORATE UPDATE

Description of the Business

The Company was a mineral exploration company engaged in the acquisition, exploration and development of mineral properties. Currently, the Company is pursuing a corporate transaction. The Company is incorporated under the laws of the Province of Saskatchewan.

Corporate Update and Outlook

On January 31, 2014, the shareholders, on a “majority of minority” basis, authorized the delisting of the Company’s shares from the NEX board of the TSX Venture Exchange. Shareholders also approved the sale of substantially all of the assets of the Company and the winding up of the Company.

On June 20, 2014, the Company was dissolved.

On December 21, 2018 the Company was revived. On May 9, 2019, the Securities Division of the Financial and Consumer Affairs Authority of Saskatchewan (the “FCAA”) issued a variation order of its cease trade order dated June 11, 2014, which allowed the Company complete the following transactions: (i) entered into a loan agreement with an arm’s length lender in the amount of \$10,000 which is convertible into 500,000 common shares of the Company at \$0.02 per share and 500,000 warrants of the Company at an exercise price of \$0.08 per share; (ii) issued 1,000,000 common shares at \$0.02 per share to raise a total of \$20,000; and (iii) issued 155,672 common shares at \$0.02 per share for cash proceeds of \$3,113 and 486,082 common shares at \$0.08 for cash proceeds of \$38,887.

As a result of the above transactions in 2019, Loomac Management Ltd. (“**Loomac**”) beneficially owned and controlled a total of 69% of the issued common shares of the Company. If Loomac exercised all its warrants, it would have beneficially owned approximately 75% of the issued and outstanding common shares of the Company on a fully diluted basis, at that time.

On November 12, 2019, the Company announced that on November 8, 2019 the FCAA issued an order revoking its previously issued cease trade order in respect of the securities of the Corporation.

In 2020, the Company completed the following transactions: (i) issued 17,892,661 common shares for proceeds of \$89,463 before costs of \$18,584 were applied against the proceeds; (ii) issued 907,339 common shares for proceeds of \$4,537; (iii) issued 3,000,000 shares to settle creditor debts in the amount of \$15,000.

As a result of the above transactions, at March 31, 2021 and December 31, 2020, KW Capital Partners (“**KW**”) beneficially owned and controlled a total of 36% of the issued common shares of the Company. If KW exercised all its warrants, it would have beneficially owned approximately 36% of the issued and outstanding common shares of the Company on a fully diluted basis, at that time.

Changes to the Board of Directors and Management

On December 13, 2019, the Company announced that Kyle Kozuska, Michael Der, and Gregory Birchadve each resigned as directors of the Company, and that Lorilee Kozuska and Kyle Kozuska had also resigned as, respectively, Chief Financial Officer and Secretary, and Chief Executive Officer. The Company has appointed Binyomin Posen, Ross Mitgang, and Sendy Shorser to the Board in order to fill the vacancies created by the foregoing resignations and to

pursue other potential opportunities. In addition, Binyomin Posen has been appointed as Chief Executive Officer and Chief Financial Officer.

The change in directors and management was made to allow the Company to pursue other potential opportunities.

PERFORMANCE SUMMARY

Selected Annual Financial Information

The table below summarizes key operating data for the last three fiscal years.

	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018
Revenue	\$ -	\$ -	\$ -
Net loss	52,542	88,106	12,500
Basic & diluted loss per share	(0.00)	(0.00)	(0.00)
Total assets	29,730	3,020	626
Total liabilities	19,836	31,000	12,500
Weighted average shares outstanding	21,705,021	1,892,185	662,231

On June 5, 2020, the Company effected a share consolidation, with forty pre-Consolidation common shares exchanged for one post-Consolidation share. Fractional shares were rounded down. Prior numbers of shares outstanding have been adjusted to reflect this change as if it had occurred at the beginning of the period.

Selected Quarterly Financial Information

The following quarterly financial results for the eight most recent quarters have been prepared in accordance with IFRS as listed. The information should be read in conjunction with the Company's annual audited financial statements and the accompanying notes thereto.

	Total Assets	Working Capital (Deficiency)	Net Loss	Net Loss Per Share	Weighted Avg. Shares Outstanding
Mar. 31, 2020	\$ 25,526	\$ (1,661)	\$ 11,555	\$ 0.000	24,603,985
Dec. 31, 2020	29,730	9,894	4,398	0.000	24,603,985
Sept. 30, 2020	31,042	14,292	15,593	0.001	24,603,985
June 30, 2020	33,635	29,885	30,018	0.001	24,603,985
Mar. 31, 2020	70,653	59,903	2,533	0.000	12,959,917
Dec. 31, 2019	3,020	(27,980)	18,308	0.007	2,803,985
Sept. 30, 2019	4,083	(9,672)	29,951	0.011	2,803,985
June 30, 2019	62,478	20,279	36,421	0.029	2,803,985

On June 5, 2020, the Company effected a share consolidation, with forty pre-Consolidation common shares exchanged for one post-Consolidation share. Fractional shares were rounded down. Prior numbers of shares outstanding have been adjusted to reflect this change as if it had occurred at the beginning of the period.

RESULTS OF OPERATIONS

Three months ended March 31, 2021 compared to the three months ended March 31, 2020

The Company was mostly dormant in 2018 and 2019, with late 2019 activity related to positioning the Company for a corporate transaction. The net loss for the three months ended March 31, 2021 of \$11,555 reflected legal expenses to rehabilitate the filing and look for corporate transactions, financial statement preparation and an audit expense accrual. The 2020 expense consisted of management fees, legal and accounting fees.

SUBSEQUENT EVENT

On April 9, 2021, the Company announced it has entered into a letter of intent (the “LOI”) with Empatho Corp., an Artificial Intelligence company with a presence in the virtual wellness sector, to complete a business transaction by way of reverse takeover. The final structure of the Company is to be determined following receipt of tax, corporate and securities law advice.

RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company’s Board and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	For the three months ended	
	March 31, 2021	March 31, 2020
Consulting and professional fees	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>

Other related parties

As at March 31, 2021 and December 31, 2020, there were no accounts payable to related parties.

FINANCIAL CONDITION

Cash Flow

As at March 31, 2021, the Company held cash of \$14,643 (December 31, 2020 - \$19,182). The Company raised \$75,416 in 2020 and \$72,000 in 2019 via private placements. Cash was used to fund operations and pay outstanding payable balances. Other working capital changes mostly relate to the legal and audit fees charged in 2021 and 2020.

The proceeds will be applied to payment of outstanding payables and for general working capital. Cash has been applied as follows:

	Plan	Spent to Date
HST receivable	\$ 10,000	\$ 10,548
Regulatory fees	25,000	23,765
Operating costs	109,416	95,460
	<u>144,416</u>	<u>129,773</u>
Cash on hand	-	14,643
	<u>\$ 144,416</u>	<u>\$ 144,416</u>

Regulatory and operating costs are within expectations at this time. The HST variance is due to the timing between spending funds and receiving the funds from the government.

Critical Accounting Estimates and Changes in Accounting Policies

All significant critical accounting estimates are fully disclosed in Note 4 of the consolidated financial statements for the years ended December 31, 2020, and 2019.

Liquidity and Capital Resources

The Company had negative working capital of as of March 31, 2021 of \$1,661 (December 31, 2020 - working capital of \$9,894). The Company's cash and cash equivalents of \$14,643 as at March 31, 2021 and \$19,182 as of December 31, 2020.

Management is currently reviewing alternative sources of capital to meet its obligations and short-term working capital requirements. The Company could require substantial additional capital to fund any new project or to pursue other potential opportunities.

Historically, the Company has used the net proceeds from issuances of its securities to provide sufficient funds for it to meet its near-term exploration and development plans and other contractual obligations when due. As mentioned elsewhere in this Interim MD&A, the Company is evaluating various strategic alternatives and, if it decides to pursue any such alternative, it may also require additional funds to carry out its strategic plans in amounts that cannot be determined as of the date hereof, which funds may also be unavailable to the Company on favorable terms or at all.

Financial Instruments and Financial Risk Factors

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. As at March 31, 2021 and December 31, 2020, the Company has no financial instruments carried at fair value to classify in the fair value hierarchy.

As at March 31, 2021 and December 31, 2020, carrying amounts of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities on the statement of financial position approximate fair market value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from previous periods.

(a) Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to cash and cash equivalents, and financial instruments included in amounts receivable is remote.

(b) Liquidity Risk

The Company attempts to have sufficient liquidity to meet its obligations when due. As at March 31, 2021, the Company had cash and cash equivalents of \$14,643 (December 31, 2020 - \$19,182) available to settle current liabilities of \$27,187 (December 31, 2020 - \$19,836). The Company's accounts payable are subject to normal trade terms.

(c) Market Risk

The Company is exposed to the following market risks:

(i) Interest Rate Risk

The Company has no cash and cash equivalents balances and no variable interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(ii) Foreign Exchange Risk

While the Company's functional currency is the Canadian dollar, major purchases could be transacted in Canadian dollars or United States dollars. As at March 31, 2021, the Company does not hold foreign currency balances.

(iii) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

(d) Sensitivity Analysis

The Company may hold balances in United States dollars that give rise to foreign exchange risk. Based on management's knowledge and experience of the financial markets, the Company does not believe there would be any material movements as a result of changes in interest rates.

Off-Balance Sheet Arrangements

As at March 31, 2021, there were no off-balance sheet arrangements.

Outstanding Share Data

The common stock, warrants and stock options of the Company which were outstanding as at May 31, 2021, March 31, 2021, and December 31, 2020 were as follows:

	May 31, 2021	March 31, 2021	December 31, 2020
Common Shares	24,603,985	24,603,985	24,603,985
Warrants	500,000	500,000	500,000
Stock Options	—	—	—
Fully diluted	25,103,985	25,103,985	25,103,985

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet transactions.

PROPOSED TRANSACTIONS

As previously stated in this Interim MD&A, the Company entered into the LOI. The final structure of the Company is to be determined following receipt of tax, corporate and securities law advice.

RISK FACTORS

Until a business combination is completed, the Company's risk factors are those related to a successful corporate transaction. The ability of the Company to continue operations is dependent upon its ability to find and close a corporate transaction. Other risk exposures and the impact on the Company's financial instruments are summarized below.

The risks, objectives, policies and procedures from previous years have been adjusted to reflect the pursuit of a corporate transaction.

Dependence on Key Individuals

The Company's business and operations are dependent on retaining the services of a small number of key individuals. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these individuals. The loss of one or more of these individuals could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key individuals.

Capital Management

The Company considers its capital to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the pursuit of a corporate transaction. The Board does not establish quantitative

return on capital criteria for Management, but rather relies on the expertise of the Company's Management to sustain future development of the business.

The Company will continue to assess corporate opportunities with the intent to realize value.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. A significant change in the Company's approach to capital management in the year ended December 31, 2019 was the change to officers and directors. The incoming group is currently pursuing alternatives to finance the Company. The Company is not currently subject to externally imposed capital requirements.

Corporate Transactions

The Company is pursuing a corporate transaction with the ultimate goal to effect a business combination. There is no assurance that a such a transaction will be reached or, even if a transaction is entered into, the transaction will close on the disclosed terms, or at all.

Financing

The Company does not currently have any operations generating cash. The Company is therefore dependent upon debt and equity financing to carry out its plans. There can be no assurance that such financing will be available to the Company.

FORWARD LOOKING STATEMENTS

This Interim MD&A contains certain "forward-looking information" as defined in applicable securities laws (collectively referred to herein as "**forward-looking statements**"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "budgeted", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statements.

Forward-looking statements are based upon certain assumptions and other important factors regarding present and future business strategies and the environment in which the Company will operate in the future, which could prove to be significantly incorrect. Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and/or its subsidiary to be materially different from those expressed or implied by such forward-looking statements.

The Company is considering a course of action to pursue a corporate transaction. This course of action may require additional capital. There is no guarantee that the Company will be successful in finding a potential corporate transaction, or if such transaction is found, that the transaction can be successfully completed. There is no guarantee that, should additional funds be required, such funds would be available to the Company or that if such funds were available the terms would not be onerous.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary note. Accordingly, readers should not place undue reliance on forward looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.