

EMPATHO HOLDINGS INC. (FORMERLY, SHANE RESOURCES LTD.)
MANAGEMENT DISCUSSION & ANALYSIS
for the year ended October 31, 2022

This Management's Discussion and Analysis ("MD&A") is dated February 15, 2023, unless otherwise indicated, and should be read in conjunction with the audited consolidated financial statements of Empatho Holdings Inc. (formerly, Shane Resources Ltd.) ("**Empatho**", or the "**Company**") for the year ended October 31, 2022 and the related notes. This MD&A was written to comply with National Instrument 51-102 – Continuous Disclosure Obligations. Results are reported in Canadian Dollars, unless otherwise noted. The results presented for the year ended October 31, 2022, are not necessarily indicative of the results that may be expected for any future period.

The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended October 31, 2022. Information about Empatho is available at www.empatho.com or on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

Certain statements contained in this document constitute "forward-looking information". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Company's management, are intended to identify forward-looking information. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward- looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments unless required by law.

OVERALL PERFORMANCE

HIGHLIGHTS FOR THE YEAR ENDED OCTOBER 31, 2022

During the year ended October 31, 2022, and the subsequent period to the date of this MDA:

- Released the first iOS version of its app on the Apple App Store.
- Completed production and testing servers and administration tools for onboarding corporate clients and test users.
- Progressed the development of the proprietary personalized model to replace the generalized model currently implemented within the app.
- We have further optimized the machine learning models of Empatho's proprietary PsychAI engine.
- Released the iOS version 2.0 and 2.1 of its app on the Apple App Store.
- Finalized testing the Android App, employer's dashboard and the productivity domain.
- Entered product testing to substantiate and quantify productivity claims.
- On December 13, 2021, the Company completed its RTO transaction and received conditional approval to list on the Canadian Securities Exchange (CSE).

EMPATHO HOLDINGS INC. (FORMERLY, SHANE RESOURCES LTD.)
MANAGEMENT DISCUSSION & ANALYSIS
for the year ended October 31, 2022

- On December 29, 2021, the Company commenced trading on the CSE, under the symbol EMPH.
- On June 3, 2022, the Company announced that it had been accepted for trading on the OTC platform, allowing access to shareholders in the USA.

BUSINESS OF THE COMPANY

The principal business of the Company will be to enhance personal wellbeing through the use of proprietary artificial intelligence (AI). Through the Company's product, employers can expect to enhance employee wellbeing and engagement, leading to improved bottom lines.

The Company's Application attempts to provide assistance to employees which will help them manage their health and wellbeing. Employers would benefit from a healthier, more engaged workforce, through enhanced productivity and reduced absenteeism. The Application would help to contain rising health care costs. Staff wellbeing risks could be identified through a proprietary AI technology and personalized recommendations, gathered through machine learning, would be generated to prevent burnout, absenteeism, and improve engagement. The Application is expected to complement traditional employee benefit programs. The employer would receive a fully customizable dashboard to provide visibility into employee groups' wellbeing.

Empatho's dashboard would provide employers with an overview of their organization's wellbeing, while protecting the employee's information. Individuals would be allowed to determine what information it shared with Empatho. MedStack, a cloud data security platform trusted by hundreds of leading health companies, would ensure privacy and compliance with Canada and the U.S.A.

The global corporate health and wellness market in 2022 was estimated to be \$66 billion and the telehealth market was expected to be \$102 billion. Deloitte identified three digital health care trends in 2022:

- Mental health apps go mainstream.
- Patient-generated health data reaches a turning point, through devices to monitor heart rhythms, sleep patterns, blood pressure and breathing rate.
- Personalized care becomes connected through the internet.

The American Psychology Association estimates that 9 out of 10 employees reported increased motivation and job satisfaction after implementing wellbeing initiatives. This improvement by employees was estimated to result in a 30% reduction in employee turnover, reduced burnout and a more engaged labour force. It was estimated that US companies could realize significant health cost savings through such programs.

The Company was incorporated pursuant to the provisions of the Canada Business Corporations Act on November 20, 2020 (date of incorporation). Between November 20, 2020 and October 31, 2021, the Company issued 51,800,000 common for proceeds, net of costs, of \$1,132,188.

Further, on June 29, 2021, the Company issued a total of 12,552,000 subscription receipts, each at a price of \$0.25. Pursuant to the completion of the Company's RTO transaction, each subscription receipt was exchanged for one unit of the Company (each, a "Unit"), comprised of one (1) common share and one (1) common share purchase warrant. Each warrant shall entitle the holder to purchase one (1) common share of the Company at a price of \$0.50 per common share up until June 29, 2023. In connection with the subscription receipt financing, cash

EMPATHO HOLDINGS INC. (FORMERLY, SHANE RESOURCES LTD.)
MANAGEMENT DISCUSSION & ANALYSIS
for the year ended October 31, 2022

commissions and legal fees were incurred by the Company totaling \$388,740. Additionally, 1,004,160 finder warrants were issued to finders, each exercisable into a Unit of the Company at a price of \$0.25 up until June 29, 2023, fair valued at \$117,162 using the Black-Scholes Option Pricing model with the following assumptions: share price of \$0.25, expected dividend yield of 0%, risk-free interest rate of 0.92%, volatility of 100% and an expected life of 1.54 years.

The proceeds received from the subscription receipt financing, net of issuance costs were allocated between share capital and contributed surplus based on the relative fair value of the common shares and warrant comprised in the Unit. Accordingly, the fair value of the warrants comprised within the Units was determined to be \$510,424 using the Black-Scholes Option Pricing model with the following assumptions: share price of \$0.20, expected dividend yield of 0%, risk-free interest rate of 0.92%, volatility of 100% and an expected life of 1.54 years.

In connection with the closing of the RTO transaction, the Company issued 8,200,003 common shares, at a deemed share price of \$0.20, as follows:

- 4,000,003 shares on consolidation of the existing shares, at a price of \$806,131,
- 200,000 shares on conversion of stock options prior to the RTO Transaction, at a value of \$40,307,
- 4,000,000 finder shares, at a price of \$806,130.

The Company also issued 81,287 warrants which were acquired in the RTO transaction.

Going Concern

The Company is in its first year of operations. While the Company intends to build a product to enhance personal wellbeing through the use of proprietary artificial intelligence (AI), there is no guarantee that the Company will succeed in this objective, or if the product will be commercially successful.

The Company has incurred losses since inception and as at October 31, 2022 has a working capital deficit of \$2,090,947 and an accumulated deficit of \$7,827,141. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles as a going concern will be in doubt. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities which might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

During the year, there was a continued global outbreak of COVID-19 ("Coronavirus"), which has had a significant impact on businesses through the restrictions put in place by the Canadian governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the Coronavirus outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by the Canadian government and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may continue to cause supply chain

EMPATHO HOLDINGS INC. (FORMERLY, SHANE RESOURCES LTD.)
MANAGEMENT DISCUSSION & ANALYSIS
for the year ended October 31, 2022

disruptions, staff shortages and increased government regulations, all of which may negatively impact the Company's business and financial conditions.

Changes to Board of Directors and Management

On February 15, 2023, the Company reported that Dr. Hugh Colin MacKay, Dr. Carl Castro, and Andre Peschong had resigned as directors of the Company.

SELECTED ANNUAL FINANCIAL HIGHLIGHTS

The financial results of the Company for the years ended October 31, 2022 and 2021 are summarized as follows:

(in Canadian \$ except for per share amounts)	October 31, 2022	October 31, 2021
Total Revenue	\$ -	\$ -
Operating Expenses	5,331,229	2,495,912
Net Income (Loss)	(5,331,229)	(2,495,912)
Earnings (Loss) per Share-Basic	\$ (0.08)	\$ (0.06)
Earnings (Loss) per Share-Diluted	\$ (0.08)	\$ (0.06)
Weighted average shares outstanding	70,198,205	43,699,420
Total Assets	\$ 206,798	\$ 3,386,361
Total Short Term Liabilities	\$ 2,297,745	\$ 4,569,346
Shares outstanding	72,752,003	51,800,000

SELECTED QUARTERLY FINANCIAL HIGHLIGHTS

The financial results of the Company for the quarters since incorporation are summarized as follows:

Three Months Ended	Net Gain (Loss)	Basic and Diluted Gain (Loss) Per Share	Weighted Average Shares Outstanding
2022 October 31	\$ 38,560	\$ 0.00	72,752,003
2022 July 31	(946,119)	(0.01)	72,591,133
2022 April 30	(1,090,462)	(0.02)	72,552,003
2022 January 31 *	(3,333,208)	(0.05)	62,852,697
2021 October 31	(1,020,966)	(0.02)	51,800,000
2021 July 31	(1,266,957)	(0.03)	50,126,087
2021 April 30	(162,534)	(0.01)	43,330,077
2021 January 31	(45,455)	(0.00)	14,725,000

DISCUSSION OF OPERATIONS

Year ended October 31, 2022

During the year ended October 31, 2022, the Company had a net loss of \$5,331,229.

EMPATHO HOLDINGS INC. (FORMERLY, SHANE RESOURCES LTD.)
MANAGEMENT DISCUSSION & ANALYSIS
for the year ended October 31, 2022

The one-time listing expense of \$1,637,255 represents the cost of an RTO acquisition to list on the CSE. The Company issued 8,200,003 shares at an ascribed value of \$1,652,568 and 81,287 warrants at an ascribed value of \$8,602. Net identifiable assets of \$23,915 were acquired in this RTO transaction.

Research and development spending of \$2,126,444, made to progress the application toward completion, was the most significant cash cost item in the 2022 period. Significant product development accomplishments include:

- Empatho recruited more than 300 participants to its research app, Beacon Labs, to develop the personalized Machine Learning models. The data collected through Beacon Labs App provided Empatho with a goldmine of data to continue to improve its personalized Machine Learning models.
- The User Acceptance Testing (UAT) process has been started on the Empatho App. The development team is modifying the app and improving the function based on the feedback received.
- Empatho Machine Learning team has started the development of the proprietary personalized model to replace the generalized model currently implemented within the app.
- Empatho Development team has completed production and testing servers and administration tools for onboarding corporate clients and test users. This function allows customers to perform bulk onboarding of their users, manage their users, monitor their employees' return to work status, and receive an analytic dashboard with aggregate, anonymous data from their employees.
- Empatho has released the first iOS version of its app on the Apple App Store after receiving approval from Apple.
- Empatho Machine Learning team has improved the proprietary formula to calculate the Well-being scores.
- Empatho released the iOS version 1.1 and 1.2 of its app on the Apple App Store.
- Initiated re-architecture of the product, including:
 - Changing the interface screens.
 - Changing the user update notifications management.
 - Added a sleep quality score and its impact on wellbeing.
 - A new look and feel, designed to for improve navigation of user's wellbeing journey.
 - Improved Heart Rate Variability calculation.
 - Implemented new passive data sources impacting wellbeing score.
 - Further personalized recommendation engine to give users personalized tips, actions, and habits to improve their wellbeing.
 - Optimized machine learning models to account for new passive data sources.
 - Debugging.
- The next development phase is focused on improving data gathering and predictive machine learning models, adding an employer's dashboard, and productivity domain. The Company hopes to onboard a corporation on its iOS version in the near future.
- Empatho released the iOS version 1.3 and 1.4 of its app on the Apple App Store:
 - Onboarded corporate employees on the iOS version of the Empatho App.
 - Improve the User Experience and User Interact of the App.
- We have further optimized the machine learning models of Empatho's propitiatory PsychAI engine:
 - Implemented new formula for calculation of sleep score.
 - Further optimized machine learning models to account for new use cases.

EMPATHO HOLDINGS INC. (FORMERLY, SHANE RESOURCES LTD.)
MANAGEMENT DISCUSSION & ANALYSIS
for the year ended October 31, 2022

- Optimizing the PsychAI Application Programming Interfaces (APIs).
- Empatho has released the Android version 1.0 to public Google Play store on early Sept 2022.
 - Empatho has released the corporate dashboard to production on early Sept 2022.
 - Empatho has on-boarded a corporate client using both Android and iOS version of its app in September 2022.

Consulting fees of \$433,056 related mostly to management fees for the CEO, CTO, CSO, CFO, and Board of Directors fees. General and administrative costs of \$385,632 included marketing fees of \$205,177 and software costs of \$116,419. Investor relation fees of \$424,523 were incurred to expand the reach of the Company to different investor groups. Professional fees of \$259,799 were incurred mostly for general corporate legal matters and for audit and tax work. Stock-based compensation of \$10,823 represents the non-cash expense of stock options granted in the 2022 period.

During the period ended October 31, 2021, the Corporation had a net loss of \$2,495,912.

Consulting fees of \$310,308 were expensed during the period, related to the activities of the CEO, CFO and two directors. These balances remained outstanding at October 31, 2021 and at the date of this MDA. Stock-based compensation of \$180,739 relates to the issuance of 5,000,000 Founder Warrants. Product research and development spending was \$1,151,825 during the period.

Significant product development spending areas include:

- \$312,207 for preliminary research, including a Research Coordinator/Project Assistant, 2 Research Assistants, scale validation, data collection/analysis for the PsychAI platform, a Senior Psychologist and an iOS developer;
- \$278,999 for machine learning / artificial intelligence development, including an AI/Algorithm Developer, AI Developer & Analyst, Senior ML/AI Biostatistician, and AI/ML contracting;
- \$433,582 for front-end and back-end development, including project management, software development, business analysis / process design, quality assurance / testing, and infrastructure & database administration;
- \$95,711 for design, including a lead designer and product manager;
- \$29,473 for branding and copywriting, including visual elements, brand collateral, marketing collateral, marketing strategy, presentation style & templates, and website; and
- \$1,854 for other miscellaneous expenditures such as hardware for testing and demo, licenses and company user accounts (Apple, Github, Invision, Zoom, Slack, Asana, DocuSign, among others).

The Corporation incurred \$389,850 of fees related to investor relations efforts for its placement and CSE Application. Professional fees of \$361,954 include legal and audit expenses.

Currently the only assets of the Company are cash and a prepaid balance.

DISCLOSURE OF OUTSTANDING SHARE DATA

During the fiscal 2022 year, the Company issued 8,200,003 common shares related to the RTO. During fiscal 2021, the Company originally issued 100,000 common shares at a price per common share of \$0.001, and 41,200,000 common shares were issued at a price of \$0.005. Later, the

EMPATHO HOLDINGS INC. (FORMERLY, SHANE RESOURCES LTD.)
MANAGEMENT DISCUSSION & ANALYSIS
for the year ended October 31, 2022

Company increased the subscription price and raised a further \$404,088, net of costs of \$12,696, related to these shares. The Company also issued 10,500,000 common shares at a price of \$0.05 per common share. Costs of \$3,000 were incurred related to the \$0.05 placement round. During the period ended October 31, 2021, the Company issued 5,000,000 founder warrants.

During the quarter ended July 31, 2022, the Company issued 200,000 shares.

As of the date of this MDA, October 31, 2022, and October 31, 2021, the Company has the following securities outstanding on a fully diluted basis:

	February 15, 2023	October 31, 2022	October 31, 2021
Common shares	72,752,003	72,752,003	51,800,000
Warrants			
Founder warrants	5,000,000	5,000,000	5,000,000
Subscription receipt warrants	12,552,000	12,552,000	-
Compensation Units ⁽¹⁾	1,004,160	1,004,160	-
Shane warrants	81,287	81,287	-
Stock options	1,530,000	1,530,000	-
Fully diluted	92,919,450	92,919,450	56,800,000

(1) Compensation Units are exercisable at into one common share and one common share purchase warrant, with each warrant convertible into one additional share at a price of \$0.50 until June 29, 2023.

LIQUIDITY AND CAPITAL RESOURCES

As at October 31, 2022, the Company had cash of \$7,731 (October 31, 2021 - \$231,201), restricted cash of \$Nil (October 31, 2021 - \$3,017,740) and a net working capital deficiency of \$2,090,947 (October 31, 2021 - capital deficit of \$1,182,985). The Company had amounts payable of \$2,297,745 (October 31, 2021 - \$1,431,346) and subscription receipts liabilities of \$Nil (October 31, 2021 - \$3,138,000).

The Company expects it will require additional capital resources to continue its operations and execute its plan. Although the Company has commenced discussions to raise additional capital there is no guarantee that the Company will be successful in it raise or that the funds can be acquired on terms favourable to the existing shareholders.

OFF-BALANCE SHEET ARRANGEMENTS

As at October 31, 2022, October 31, 2021, and up to the date of this MD&A, the Company had no off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

Related parties include the Board of Directors, Key Management Personnel, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) and corporate officers of the Company, as follows:

- Col. (Ret) Rakesh Jetly, BGen. (Ret) H. C. Colin MacKay, Andre Peschong, Dr. Carl Castro, Yan Namer, Hamid Boland, Josh Granek, and John Ross.

EMPATHO HOLDINGS INC. (FORMERLY, SHANE RESOURCES LTD.)
MANAGEMENT DISCUSSION & ANALYSIS
for the year ended October 31, 2022

Remuneration attributed to key management in the years ended October 31, 2022 and 2021 can be summarized as follows:

	For the year ended	
	October 31, 2022	October 31, 2021
Consulting fees	\$ 568,778	\$ 279,459
Director fees	96,000	-
Stock-based compensation	10,823	105,732
	\$ 675,601	\$ 385,191

At October 31, 2022, \$273,691 (October 31, 2021, \$255,284) was payable to key management. At October 31, 2022, \$96,000 (October 31, 2021, \$Nil) was payable to Directors. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties. The amounts payable to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

During the period ended October 31, 2021, certain key management participated in private placements completed by the Corporation, resulting in a total of 9,250,000 common shares issued in exchange for consideration totaling \$139,871.

During the period ended October 31, 2022, a consulting company participated in a private placement completed by the Company, resulting in a total of 2,320,000 Units (October 31, 2021 – 12,900,000 common shares) issued in exchange for consideration totaling \$580,000 (October 31, 2021 - \$386,502). The consulting company who participated in private placement also earned investor relations fees during the period ended October 31, 2022 totaling \$240,000 (October 31, 2021 - \$384,000). At October 31, 2022, \$327,700 (October 31, 2021 - \$384,200) was payable to the consulting company. During the period ended October 31, 2021, the consulting company also advanced \$81,925 to the Company as a deposit on future products or services to be provided by the Company. The advance is included in accounts payables and accrued liabilities in the consolidated statements of financial position as at October 31, 2022 and 2021. During the year ended October 31, 2022, the consulting company also received 1,000,000 common shares in connection with the Finder Shares issued on closing of the RTO, valued at \$201,533.

During the year ended October 31, 2022, the Corporation entered into two short-term loan arrangements with related parties for aggregate principal amounts totaling \$80,000 and \$50,000. Both loan arrangements are subject to interest at a rate of 1.25% per annum. The full principal and accrued interest shall be repaid on the two loan arrangements on November 24, 2022 and December 31, 2022. Both loans may be repaid in whole or in part at any time prior to their maturity date. In connection with these loan arrangements, interest expense totaling \$471 (October 31, 2021 - \$nil) has been recognized in the consolidated statements of loss and comprehensive loss, included within general and administrative expenses for the year ended October 31, 2022. As of the date of approval of these consolidated financial statements, the Company has repaid all principal and accrued interest on its short-term loan arrangement held with related parties.

CRITICAL ACCOUNTING ESTIMATES & CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company’s critical accounting estimates are explained in Note 3 of the financial statements.

EMPATHO HOLDINGS INC. (FORMERLY, SHANE RESOURCES LTD.)
MANAGEMENT DISCUSSION & ANALYSIS
for the year ended October 31, 2022

Notes to the consolidated financial statements of the Company for the year ended October 31, 2022 are available on SEDAR at www.sedar.com.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities, and loans payable and subscription receipt liability. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments.

RISKS AND UNCERTAINTIES

The risk factors are discussed in the section entitled "Risk Factors" in the Company's Form 2A Listing Statement dated December 21, 2021.