

**ME RESOURCE CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SIX MONTHS ENDED JUNE 30, 2015**

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**DATE AND SUBJECT OF REPORT**

The following is management's discussion and analysis ("MD&A") in respect of the results of operations and financial position of ME Resource Corp. (the "Company" or "MEC") for six months ended June 30, 2015. This MD&A should be read in conjunction with the Company's audited annual financial statements for the same year which are presented in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS").

Additional information, including the above mentioned financial statements, which contain extensive disclosure of the history and properties of the Company, are available on SEDAR and may be accessed at [www.sedar.com](http://www.sedar.com) and at the Company's website <http://www.meresourcecorp.com>

The date of this MD&A is August 30, 2015.

**FORWARD LOOKING STATEMENTS**

*This MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are usually preceded by, followed by or include the words 'believes', 'expects', 'anticipates', 'estimates', 'intends', 'plans', 'forecasts', 'may', 'will', or similar expressions, although not all forward-looking statements contain these words. Forward-looking statements are not guarantees of future performance.*

*These forward-looking statements are based on management's current expectations and involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks & Uncertainties section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and while many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company reviews its forward looking statements on an ongoing basis and updates this information when circumstances require it.*

*The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.*

<b><i>Forwarding looking statements</i></b>	<b><i>Assumptions</i></b>	<b><i>Risk factors</i></b>
<i>Readers should be cautioned that the Company's MRU100 unit is still in its research stages. As a result, there is no guarantee that the Company will be able to earn more revenue from licensing in the future</i>	<i>Based on the current status of the Company's research work</i>	<i>The Company's research work may be not able to turn into business viable products.</i>

**COMPANY OVERVIEW & OVERALL PERFORMANCE**

ME Resource Corp. was incorporated under the Business Corporation Act (British Columbia) as QMI Seismic Inc. on October 16, 2009. The name change occurred in August 2011. The Company's shares are traded on the Canadian Securities Exchange under the symbol MEC and quoted on the OTC Markets in U.S.A. under the symbol MEEXF.

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**Principal Business**

The Company's principal business was exploration and development of natural resources including, but not limited to mineral, oil and gas properties. The Company disposed all the resources properties in 2011 and is currently conducting research work of developing new technologies that can be used to economically transform wasted or stranded natural gas to engineered fuels and clean power. The Company intends to acquire undervalued natural resource properties and apply these new technologies to increase the resource property's valuations.

On April 21, 2013, the Company entered into an assignment agreement with Ztek Clean Energy Corp. ("Ztek Clean") for an exclusive license which grants MEC the use of intellectual properties that are key for the development of the micro refinery unit ("MRU100 Unit") which is a product the Company intends to provide as a service to the oil and gas industry. MRU100 Unit will be used for the conversion of wasted natural gas, stranded or flared, into electrical power and liquid fuel.

As a result, the Company has diversified into a company having two lines of business:

- Mineral property exploration and development
- Research and development of the MRU 100 Unit

**Research and Development Work.**

Assignment agreement with Ztek Clean

On April 21, 2013, the Company entered into an assignment agreement (the "Assignment Agreement") with a company owned by a director of the Company (the "Related Party"). The Related Party had a license agreement (the "License Agreement") with ZTEK Corporation ("ZTEK"), whereby ZTEK will grant the Related Party a license to use certain of ZTEK's intellectual property. Under the Assignment Agreement, the Related Party agreed to assign the License Agreement to the Company or any other alternative development technology that the Related Party may produce or source that is acceptable to the Company for 25,000,000 shares of the Company.

The 25,000,000 common shares were issued and placed in escrow to be released upon the completion of certain milestones the approval of the board of directors. Per IFRS 2, "Share based payments", no amount is to be recognised for goods or services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition.

As none of the milestones had been met as at December 31, 2013, no value was recognized for the shares issued. As at December 31, 2014, none of the escrowed shares have been released and the milestones have not been met.

During the year ended December 31, 2013 the Company and Ztek Clean mutually agreed that a Research Contract and Consulting Agreement outlined below would serve as the alternative development technology under the Assignment Agreement and the Company decided not to pursue the License Agreement.

On October 5, 2013, the Related Party arranged for a research contract (the "Research Contract") between the Company and La Corporation de L'Ecole Polytechnique de Montreal ("Polytechnique").

Under the Research Contract, the Company will pay Polytechnique an aggregate sum of \$260,000 in instalments as follows:

- \$65,000 within 15 days of signing the agreement (paid);
- \$65,000 upon being invoiced on March 1, 2014 (paid);
- \$65,000 upon being invoiced on June 1, 2014 (paid);
- \$65,000 upon acceptance of the full report (paid)

On November 18, 2013, the Related Party assigned a consulting agreement (the "Consulting Agreement") between the Related Party and Dr. Gregory S. Patience, a director of the Company (the "Consultant"). Under the Consulting Agreement, the Company will reimburse all expenses in connection with the work performed and issue in aggregate 4,000,000 common shares of the Company in instalments upon the completion of several technical milestones. During the year ended December 31, 2014 1,300,000 common shares with a value of \$130,000 were issued to the Consultant upon the completion of the first two milestones.

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Research and development work

During six months ended June 30, 2015, and since inception, the Company's research cost, net of receipt of government grant of 48,500 during three months ended June 30, 2015, was \$56,231 and \$475,638 respectively, which were solely consulting fees charged by external consultants (including the Polytechnique) for their research services rendered and for reimbursement of expenses in connection with the MRU100 Unit.

There was no development cost incurred since inception.

**Private placement completed during six months ended June 30, 2015 ("2015 Six Months")**

In January 2015, the Company arranged a private placement offering of up to 2,000,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of up to \$200,000. The Company has issued 1,400,000 million shares for proceeds of \$140,000. As of the date of this report, \$110,000 and \$30,000 was collected during and after 2015 Six Months.

**SELECTED QUARTERLY INFORMATION**

The following table summarizes the results of operations for the eight most recent quarters of the Company:

	2015		2014				2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	\$	\$	\$	\$	\$	\$	\$	\$
Total Assets	50,560	101,645	13,434	427,015	100,345	80,564	5,095	6,258,316
Revenue (Reverse)	21,587	21,588	(636,119)	470,575	134,675	108,190	-	-
Expenses	128,747	195,999	439,191	384,154	369,668	366,151	168,751	17,974
Losses	(107,160)	(174,411)	(1,075,310)	86,421	(234,993)	(257,961)	(168,751)	(17,974)
Income (loss) per share, basic & diluted	(0.00)	(0.01)	(0.05)	0.00	(0.00)	(0.00)	(0.10)	(0.00)

The Company's businesses are not subject to seasonal variations. Losses in the last eight quarters are mainly due to operating expenses incurred to support the Company's operations and development of the Company's IP into marketable products. Other factors that affect the losses among these eight quarters are losses from the disposition of the Company's resource properties and other assets, and accounting adjustments. Losses in 2014 Q4 is higher as the Company recorded an accounting adjustment to reverse part of the license agreement previously recorded during 2014 Q1 to 2014 Q3 to deferred revenue. More details will be discussed in the section of "Result of Operation"

The Company expects the operating expenses will further increase in the next two years in connection with the research and development of the Company's MRU100 units. The Company expects to finance these expenditures with addition equity/debt financing.

**RESULTS OF OPERATIONS**

2015 Six Months

The Company's loss in 2015 Six Months was \$281,571 compared with a loss of \$492,954 in 2014 Six Months, an improvement of \$211,383

The improvement was mainly a combined result of the following:

- 1) An decrease of administrative expense of \$411,073 (2014 Six Months- \$735,819; 2015 Six Months - \$324,746). The main components of the administrative expenses are as follows:

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	2015 - 2014 Six Months	2015 Six Months	2014 Six Months
	\$	\$	\$
Stock-based compensation	(300,387)	143,681	444,068
Research	(10,337)	56,231	66,568
Consulting fees	(128,538)	47,250	175,788

- The Company granted 5,230,150 stock options to officers and external consultants during 2014. The options are vested on a graded method. As a result, more stock-based compensation is recorded during the earlier stage of the options' life in 2014.
- Including in the \$175,788 consultant fees (incurred in 2014 Six Months) was \$130,000 (paid in the form of 1,300,000 common share of the Company) in connection with the Company's Gregory Consulting Agreement that has previously discussed. There was no similar transaction in 2015 Six Months, therefore, consulting and professional fees decreased.
- During three months ended June 30, 2015, the Company received \$48,500 government grant to reimburse part of the Company research expenses, which was recorded to as a recovery of research expenditures. Without considering the effect of the government grant, the research expenses actually increased by \$58,837 which is in line with the increased amount of research work conducted during 2015 Six Months.

2) An decrease in revenue of \$199,690 (2015 Six Months - \$43,175; 2014 Six Months -\$242,865).

On January 22, 2014, the Company entered into a license and distribution agreement (the "License Agreement") with Well Power Inc. ("WPI"). Under the License Agreement, WPI obtained the exclusive right to distribute and deploy the Company's MRU100 units in Texas. WPI will pay a non-refundable licensing fee of \$100,000 and \$ 300,000 respectively within 30 days and 90 days after WPI files its Super 8-K with the SEC. The Company received \$400,000 during the year ended December 31, 2014 in relation to this agreement.

During 2014 Six Months, the Company has recognized \$242,865 revenue based on the amount of cash received in that period. As at the year ended December 31, 2014, the Company, after consulted with the Company's auditor, concluded that the cash received should be recognized into income over five year term of the agreement on a straight line basis. The revenue recorded during 2015 Six Months was \$43,175 under this method.

Readers should be cautioned that the Company's MRU100 unit is still in its research stages. As a result, there is no guarantee that the Company will be able to earn more revenue from licensing in the future.

As at June 30, 2015, the Company had \$1,015 cash (12/31/2014-\$1,859), accounts payable and accrued liabilities of \$276,323 (12/31/2014 - \$250,020), due to related party of \$205,718 (12/31/2014 - \$157,830), short-term loan of \$15,000 (12/31/2014 - \$15,000), and share capital of \$1,309,275 (12/31/2014 - \$1,169,275). The increase of cash is mainly a result of \$110,000 cash received from share issuance which was offset by using \$110,844 cash in its operating activities.

Three Months ended June 30, 2015 ("2015 Q2")

The Company's loss in 2015 Q2 was \$107,160 compared with a loss of \$234,993 in 2014 Q2, an improvement of \$127,833

The improvement was mainly a combined result of the following:

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- 2) An decrease of administrative expense of \$240,921 (2014 Q2- \$128,747; 2015 Q2 - \$369,668). The main components of the administrative expenses are as follows:

	2015 - 2014 Q2	2015 Q2	2014 Q2
	\$	\$	\$
Stock-based compensation	(251,653)	74,472	326,125
Research (recovery)	(12,737)	(11,169)	1,568
Consulting fees	16,202	31,500	15,298

- The Company granted 5,230,150 stock options to officers and external consultants during 2014. The options are vested on a graded method. As a result, more stock-based compensation is recorded during the earlier stage of the options’ life in 2014.
- During 2015 Q2, the Company engaged more consultant to manage its day to day operations. As a result, consulting fees increased.
- During three months ended June 30, 2015, the Company received \$48,500 government grant to reimburse part of the Company research expenses, which was recorded to as a recovery of research expenditures. Without considering the effect of the government grant, the research expenses actually increased by \$35,763 which is in line with the increased amount of research work conducted during 2015 Q2.

- 2) An decrease in revenue of \$113,088 (2015 Q2 - \$21,587; 2014 Q2 -\$134,675).

On January 22, 2014, the Company entered into a license and distribution agreement (the “License Agreement”) with Well Power Inc. (“WPI”). Under the License Agreement, WPI obtained the exclusive right to distribute and deploy the Company’s MRU100 units in Texas. WPI will pay a non-refundable licensing fee of \$100,000 and \$ 300,000 respectively within 30 days and 90 days after WPI files its Super 8-K with the SEC. The Company received \$400,000 during the year ended December 31, 2014 in relation to this agreement.

During 2014 Q2, the Company has recognized \$134,675 revenue based on the amount of cash received in that period. As at the year ended December 31, 2014, the Company, after consulted with the Company’s auditor, concluded that the cash received should be recognized into income over five year term of the agreement on a straight line basis. The revenue recorded during 2015 Q2 was \$21,587 under this method.

Readers should be cautioned that the Company’s MRU100 unit is still in its research stages. As a result, there is no guarantee that the Company will be able to earn more revenue from licensing in the future.

**LIQUIDITY & CAPITAL RESOURCES**

During 2015 Six Months, the Company did not have cash inflow/outflow from investing activities. As at June 30, 2015 the Company had a working capital deficiency of \$532,832. In order to improve the liquidity, the Company considers different financing options, including, but not limited to, further debt or equity financing, or share for debt settlement, to secure addition financing to provide adequate capital resource for the Company to meet its long term business objective. As of the date of this MD&A, the Company does not have commitments for capital expenditures and the Company is not subject to external requirement in using its capital resources or maintenance of its capital structure.

**OFF BALANCE SHEET ARRANGEMENTS**

The Company does not have off balance sheet arrangements.

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**PROPOSED TRANSACTIONS**

The Company does not have proposed transactions that may have material impact on the Company.

**TRANSACTIONS WITH RELATED PARTIES**

a) Transactions with key management personnel were as follows:

	<b>Six months ended June 30</b>	
	2015	2014
	\$	\$
Consulting fees charged by a director	18,000	36,000
Consulting fees charged by a company related to the Chief Executive Officer ("CEO")	26,250	-
Stock based compensation vested by directors and officers	62,742	126,078
Consulting fees recorded as research expense charged by a director	-	130,000
Rent charged by a Company related to the CEO	7,500	7,500

b) Balances due to related parties:

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment. The Company's accounts payable and accrued liabilities included the following balances owing to related parties.

<b>Due to Related parties</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
	\$	\$
Directors	86,230	68,230
President	7,500	7,500
A Company related to the CEO	111,988	82,100
	205,718	157,830

**OUTSTANDING SHARE DATA**

As of the date of this MD&A, has 55,046,047 common shares; 4,580,150 stock options and Nil share purchase warrants outstanding that can be converted into common shares of the Company on a one-to-one basis.

**NEW ACCOUNTING POLICIES**

Refer to the Note 3 to the Company's condensed interim financial statements for three months ended March 31, 2015.

**FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT**

Refer to Note 3 and 10 to the Company's condensed interim financial statements for six months ended June 30, 2015.

**RISKS AND UNCERTAINTIES**

**Capitalization Risk**

It is anticipated that the Company will require additional capital to fully execute its long-term business objectives. There can be no assurance that it will be able to obtain any capital in the future or that attempts to obtain capital in the future will result in terms beneficial to existing investors.

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**Dilution to the Existing Shareholders**

The Company has no other capital resources other than the ability to use its common stock to raise additional capital. The issuance of additional equity securities by the Company could result in a significant dilution in the equity interests of existing shareholders.

**Management Risk**

The Company's success will largely depend on the capability of its management; management has limited experience in managing the growth of a developing business.

**Reliance on Management's Expertise**

The Company strongly depends on the business acumen and expertise of its management team and there is little possibility that this dependence will decrease in the near term. The loss of the services of any member of the team could have a material adverse effect on the Company. The Company does not have any key person insurance in place for management.

**Profitability Risk**

Although the Company will work to become profitable, there can be no assurance that factors beyond its control, such as, but not limited to, successful development of its technology into a commercial viable products to the oil and gas industry. No assurances can be provided that the Company can do so.

**Key Personnel Risk**

The Company is highly dependent upon the services from external consultants. Loss of these external consultants would adversely affect the achievement of the Company's objectives.

**Technology Risks**

The Company's success in penetrating the desired market segments will also depend upon its ability to advance the technology and functionality of its products. It is also foreseeable that other firms will desire to enter the sector. The Company can provide no assurances that these other firms won't have superior technology or functionality.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive.

**CONTROLS AND PROCEDURES**

Management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's financial statements.

The management of the Company has filed the Venture Issuer Basic Certificate with the filings on SEDAR at [www.sedar.com](http://www.sedar.com). In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.