

**ME RESOURCE CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2018**

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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 the nine months ended September 30, 2018. 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 November 29, 2018.

**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>
On January 3, 2018, the Company entered into a letter of intent (the "LOI") with 1113131 B.C. LTD. ("Prime Harvest"), a private British Columbia corporation. Prime Harvest has a wholly owned American subsidiary Prime Harvest LLC which focuses on the California medical cannabis business. Pursuant to the LOI, MEC is proposing to complete a business combination with Prime Harvest by way of share exchange, merger, amalgamation, arrangement or similar form of transaction (the "Proposed Transaction")	<i>Based on the status of the proposed change of business</i>	<i>The Company may not be able to complete the change of business.</i>

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**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.

**Principal Business**

The Company's principal business was the exploration and development of natural resources including, mineral, oil and gas properties. The Company is also 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.

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

- Mineral property exploration and development
- Research and development of micro refinery technology (MRU 100 Unit) to for the transformation of wasted or stranded natural gas to other form of clean power.

**Proposed Change of Business**

On January 3, 2018, the Company entered into a letter of intent (the "LOI") with 1113131 B.C. LTD. ("Prime Harvest"), a private British Columbia corporation. Prime Harvest has a wholly owned American subsidiary Prime Harvest LLC which focuses on the California medical cannabis business. Pursuant to the LOI, MEC is proposing to complete a business combination with Prime Harvest by way of share exchange, merger, amalgamation, arrangement or similar form of transaction (the "Proposed Transaction"), whereby the security holders of Prime Harvest will become security holders of the combined entity (the "Resulting Issuer"). Upon completion of the Proposed Transaction, the Resulting Issuer will continue to carry on the business of Prime Harvest as currently constituted, under the new name "Prime Harvest" or such other name as may be approved by the board of directors of the Resulting Issuer and the Canadian Securities Exchange (the "Exchange"). The Proposed Transaction is expected to constitute a reverse takeover of MEC by Prime Harvest, pursuant to Exchange policies. In connection with the Proposed Transaction, the Resulting Issuer common shares are expected to continue to be listed on the Exchange under a new stock symbol. MEC is considering strategic options with respect to its currently existing gas to liquid technology development business ("MEC Business"). MEC currently expects to continue development of the MEC Business through a new, wholly owned subsidiary to be incorporated prior to completion of the Proposed Transaction and plans to establish a new reporting issuer (with security holders prior to the Proposed Transaction) on or after closing that would operate the MEC Business independently

Readers are cautioned that the Proposed Transaction is subject to the approval from the Exchange and regulators, and there is no guarantee that the Proposed Transaction will completed as planned.

**Research and Development Work.**

Research and development work

For nine months ended September 30, 2018, and since inception, the Company's research cost is as follows:

	Three months ended September 30, 2018	Since Inception
	\$	\$
Research work performed by external consulting	-	587,323
Salaries	-	87,051
Fair value for common share	-	3,750,000
Supplies	-	49,826
Less: government grant received	-	(158,500)
<b>Total</b>	<b>-</b>	<b>4,260,200</b>

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**SELECTED QUARTERLY INFORMATION**

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

	2018			2017				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	\$	\$	\$	\$	\$	\$	\$	\$
Total Assets	1,765	1,746	12,461	3,059	11,745	11,303	50,898	55,045
Revenue	21,805	21,805	21,805	21,805	21,805	21,806	21,805	12,621
Recovery (expense)	(84,967)	(143,081)	(92,369)	(180,386)	(89,070)	(118,097)	(119,437)	(417,917)
Income (loss)	(63,162)	(121,276)	(70,564)	(165,177)	(67,265)	(96,291)	(97,632)	(438,175)
Earnings (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)

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.

The Company earned revenue from licensing the MRU100 units in the past eight quarters.

**RESULTS OF OPERATIONS**

Nine months ended September 30, 2018 (2018 Q3)

The Company's net loss in 2018 Q3 was \$63,162 compared with a loss of \$67,265 in 2017, a decrease of loss of \$4,103, which is a result of a decrease in stock-based compensation. Key components the main expenditures are as follows:

Nine months ended September 30,	2018	2017
	\$	\$
Share-based compensation	-	25,733
Office and administration	7,387	1,172
Consulting fees	68,500	47,550

- Share-based compensation recognized based on the timing of option vested and granted.
- The Company conducted less business activities in 2018 Q3 waiting for completion of the Proposed Transaction, thus incurred increased consulting expense.

**LIQUIDITY & CAPITAL RESOURCES**

As at September 30, 2018, the Company had a working capital deficiency of \$1,206,497. In order to eliminate the negative working capital, the Company plans to raise more money from equity financing and will consider negotiation with creditor for a share for debt settlement in the next twelve months.

The Company realizes that the current resources are not adequate for the Company to achieve its long term objectives. 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.

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Readers should be cautioned that the Company's continuation as a going concern is dependent whether the Company can develop an economically viable business and generate funds there from and/or raise equity capital to meet current and future obligations. The Company has not yet achieved profitable operations and expects to incur further losses in the development of its business. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company has a history to raise funds when needed in the past. However, there is no guarantee the Company is able to do so in the future.

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.

**PROPOSED TRANSACTIONS**

Other than the Proposed Transaction disclosed in the other section, 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>Nine months ended September 30,</b>	<b>2018</b>	<b>2017</b>
	\$	\$
Consulting fees charged by a director	45,000	45,000
Consulting fees charged by a company related to the chief executive officer ("CEO")	90,000	90,000
Consulting fees charged by the chief financial officer ("CFO")	45,000	45,000
Stock based compensation vested by directors and officers	9,589	-
Rent and related fees charged by a Company related to the CEO included in office and administration	4,200	-

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b) Balances due to related parties:

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

<b>Due to Related parties</b>	<b>September 30, 2018</b>	<b>December 31, 2017</b>
	\$	\$
A director	219,000	174,000
Chief financial officer	183,750	138,750
Companies related to the CEO	442,121	300,021
	<hr/> 844,871	<hr/> 612,771

#### **OUTSTANDING SHARE DATA**

As of the date of this MD&A, has 63,671,935 common shares and 5,890,000 stock options outstanding that can be converted into common shares of the Company on a one-to-one basis.

#### **SIGNIFICANT ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES, AND CHANGES**

Refer to the Note 3 to the Company's audited financial statements for the year ended December 31, 2017 for details of the Company's significant accounting policies and accounting estimates. The Company has not adopted new accounting policies since its recent year ended December 31, 2017 except the adoption of IFRS 9 and IFRS 15:

IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

IFRS 15 "Revenue from Contracts with Customers" contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

There are no impacts to the Company's financial statements from the adoption of IFRS 9 and IFRS 15.

#### **FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT**

##### **Financial Risk Management**

The Company is exposed in varying degrees to a variety of financial instrument related risks.

##### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its cash held. Most of cash is deposited in bank accounts

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held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company's liquidity risk as assessed as high.

*Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not incur significant expenditures that are denominated in foreign currencies and does not have any commitments that are denominated in foreign currencies. Therefore, the Company's exposure to currency risk is minimal.

*Interest Rate Risk*

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have material financial assets or liabilities that are exposed to fluctuation of interest rate. As a result, the exposure to interest rate risk is not significant.

**Classification of financial instruments**

Financial instruments included in the statement of financial position are as follows:

	September 30, 2018	December 31, 2017
	\$	\$
Fair value through profit and loss (FVTPL):		
Cash	19	383
Amortized cost:		
Note receivable	1	1
	September 30, 2018	December 31, 2017
	\$	\$
Non-derivative financial liabilities (amortized cost):		
Trade payables	297,056	263,577
Salaries payable	20,066	20,066
Due to related party	844,871	612,771

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**Fair value**

Financial instruments that are not measured at their values are note receivable, trade payables, salaries payable and due to related parties. Their carrying values approximate their fair values due to their short terms to maturity.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is measured at fair value using level 1 inputs.

**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.

**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 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.

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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.