

ME RESOURCE CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019

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 year ended December 31, 2019. 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.

The date of this MD&A is June 16, 2020.

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.

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

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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

On February 28, 2019 the Company announced that the planned acquisition of all the outstanding common shares of Prime Harvest, had been terminated. Prime Harvest had advised the Company that it intends to pursue other opportunities and is no longer proceeding with the transaction with the Company. The Company will also be pursuing new opportunities as a result of this termination

Research and Development Work.

Research and development work

For twelve months ended December 31, 2018, and since inception, the Company’s research cost is as follows:

	Year ended December 31, 2019	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)
Total	-	4,260,200

SELECTED QUARTERLY INFORMATION

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

	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
Total Assets	1	1	1	1	1,746	1,765	1,746	12,461
Revenue	Nil	Nil	Nil	Nil	24,939	21,805	21,805	21,805
Recovery (expense)	44,794	(63,197)	(96,157)	(20,465)	(50,045)	(84,967)	(143,081)	(92,369)
Income (loss)	44,794	(63,197)	(96,157)	(20,465)	(25,105)	(63,162)	(121,276)	(70,564)
Earnings (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(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.

The Company earned revenue from licensing the MRU100 units in the 2018 quarters.

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RESULTS OF OPERATIONS

Twelve months ended December 31, 2019

The Company's net loss in 2019 was \$135,025 compared with a loss of \$280,107 in 2018, a decrease of loss of \$145,082 which is a result of a decrease in stock-based compensation and G&A expenses. Key components of the main expenditures are as follows:

	2019	2018
	\$	\$
Share-based compensation	(159,548)	45,180
Office and administration	54,573	71,781
Consulting fees	240,000	253,500

- Share-based compensation recognized based on the timing of option vested and granted.
- During the year ended December 31, 2019, the Company recorded share-based compensation recovery of \$159,548 (2018 expense - \$45,180) The share-based compensation recovery was due to the forfeiture of stock options that did not vest.
- The Company was awaiting the completion of the transaction and was mainly dormant during the year.
- Costs of operation are less than the prior year due to its dormant nature.

Three months ended December 31, 2019 (2019 Q4)

The Company's net income in 2019 Q4 was \$44,794 compared with a loss of \$25,105 in Q4 2018, an increase of loss of \$69,899 in the current period was due to recovery of share-based compensation on the forfeiture of non-vested stock options. Key components are as follows:

- Consulting fees were \$60,000 compared to \$72,622 in the prior year.
- Reduced share-based compensation recognized based on the timing of option cancelled.

LIQUIDITY & CAPITAL RESOURCES

As at December 31, 2019, the Company had a working capital deficiency of \$1,526,174. Most of the current liabilities are payable to related parties and are not a significant burden the Company. 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.

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.

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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

There is no proposed transaction that currently under consideration.

TRANSACTIONS WITH RELATED PARTIES

a) Transactions with key management personnel were as follows:

Twelve months ended December 31,	2019	2018
	\$	\$
Consulting fees charged by a director	60,000	60,000
Consulting fees charged by a company related to the chief executive officer ("CEO")	120,000	120,000
Consulting fees charged by the chief financial officer ("CFO")	60,000	60,000
Stock based compensation vested by directors and officers	-	20,955

b) Balances due to related parties:

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

Due to Related parties	December 31, 2019	December 31, 2018
	\$	\$
Other related party	10,000	25,000
A director	294,000	234,000
Chief financial officer	259,600	198,750
Companies related to the CEO	567,123	300,021
	1,130,723	904,871

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OUTSTANDING SHARE DATA

As of the date of this MD&A, has 63,671,935 common shares outstanding.

The Company has not issued any securities since December 31, 2017.

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, 2019 for details of the Company's significant accounting policies and accounting estimates.

The adoption of the following new standard, amendment, and interpretation did not have material effect to the Company's financial statements.

Effective January 1, 2019, the Company adopted IFRS 16 which supersedes IAS 17 Leases ("IAS 17"). IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The standard was effective for annual periods beginning on or after January 1, 2019. The Company does not have any lease agreements and the adoption of this standard did not impact its financial statements.

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 minimal.

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

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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:

	December 31, 2019	December 31, 2018
	\$	\$
Fair value through profit and loss (FVTPL):		
Cash	-	(23)
Amortized cost:		
Note receivable	1	1
	December 31, 2019	December 31, 2018
	\$	\$
Non-derivative financial liabilities (amortized cost):		
Trade payables	340,404	302,848
Salaries payable	20,066	25,604
Note payable	34,982	-
Due to related party	1,130,723	904,871

Fair value

Financial instruments that are not measured at their fair values are note receivable, trade payables, salaries payable, note 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.

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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.

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. 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

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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.