

**ME RESOURCE CORP.**

**Condensed Interim Financial Statements**

**Third Quarter Ended September 30, 2013**

**(Unaudited - Expressed in Canadian dollars)**

## **NOTICE TO READER**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the accompanying condensed interim financial statements for third quarter ended September 30, 2013.

**ME Resource Corp.**  
**Condensed Interim Statements of Financial Position**  
(Unaudited - Expressed in Canadian Dollars)

	September 30, Note	2013	December 31, 2012
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		199	21,759
Prepayment		5,000	-
Other receivable		3,116	1,236
		8,315	22,995
<b>Non-current assets</b>			
Licenses	9	6,250,000	-
Note receivable		1	1
<b>Total assets</b>		<b>6,258,316</b>	<b>22,996</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		20,301	17,756
Due to related parties	5	-	1,064
Note payable	6	38,186	65,600
		58,487	84,420
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	4	7,254,091	851,556
Reserves		466,111	466,111
Deficit		(1,520,372)	(1,379,091)
		6,199,830	(61,424)
<b>Total shareholders' deficiency and liabilities</b>		<b>6,258,316</b>	<b>22,996</b>

*Note 1: Nature and operation and going concern*

*Note 9: Licenses and commitments*

*Note 10: Subsequent events*

Authorized for issuance by the Board of Directors on November 28, 2013

/s/ Navchand Jagpal  
Director

/s/Gurdeep Johal  
Director

*See accompanying notes to financial statements*

**ME Resource Corp.**  
**Condensed Interim Statements of Comprehensive Loss**  
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2013	2012	2013	2012
<b>Expenses</b>		\$	\$	\$	\$
Advertisemnt		-	-	8,500	-
Consulting	5	8,563	2,780	49,763	24,880
Filing fees		2,379	2,073	11,403	8,770
Office and administration	5	4,710	(752)	26,974	1,703
Professional fees		3,480	3,980	13,385	10,750
Product development	5	-	-	18,482	-
Travel and entertainment		400	-	11,018	-
<b>Loss from operating activities</b>		(19,532)	(8,081)	(139,526)	(46,103)
<b>Others:</b>					
Financing fees		(117)	-	(475)	-
Foreign exchange gain (loss)		1,676		(1,280)	-
Loan interest and accretion	6	-	(2,049)	-	(6,045)
<b>Loss and comprehensive loss for the period</b>		(17,974)	(10,130)	(141,281)	(52,148)
<b>loss per share – basic and diluted</b>		(0.00)	(0.00)	(0.00)	(0.00)
<b>Weighted average number of outstanding common shares –basic and diluted</b>		48,806,917	25,583,372	33,783,402	24,941,036

*See accompanying notes to financial statements*

**ME Resource Corp.**  
**Condensed Interim Statements of Cash Flows**  
(Unaudited - Expressed in Canadian Dollars)

		<b>Nine Months Ended September 30,</b>	
	<b>Note</b>	<b>2013</b>	<b>2012</b>
		\$	\$
<b>Cash flows from operating activities</b>			
Loss for the period		(141,281)	(52,148)
Items not involve cash			
- accretion and accrued interest		-	6,045
Changes in non-cash working capital items:			
- other receivables and prepaid		(1,880)	9,779
- accounts payable and accrued liabilities		2,545	(18,014)
- due to related parties		(1,064)	(82,351)
Cash used in operating activities		(141,681)	(136,689)
<b>Cash flows from financing activities</b>			
Capital stock issuance for cash	4	152,535	140,000
Repayment of note payable	6	(27,414)	-
Cash provided by financing activities		125,121	140,000
Net cash inflow (outflow)		(16,560)	3,311
Cash, beginning of period		21,759	5,876
Cash, end of period		5,199	9,187
Supplementary information:			
Issuance of 25,000,000 common shares for the acquisition of licenses	9	6,250,000	-
Cash paid for Interest expense		-	-
Cash paid for tax expenses		-	-

*See accompanying notes to financial statements*

**ME Resource Corp.**  
**Condensed Interim Statements of Changes in Equity**  
**Nine Months Ended September 30, 2013 and 2012**  
(Unaudited - Expressed in Canadian Dollars)

	Note	Share capital		Reserves				Total
		Number of shares	Amount	Stock-option reserve	Loan	Warrant	Deficit	
Balance, December 31, 2011		23,583,372	649,639	418,545	5,121	39,862	(1,259,631)	(146,464)
Loss for the period		-	-	-	-	-	(52,148)	(52,148)
Share issuance - warrant exercise		2,000,000	162,690	-	-	(22,690)	-	140,000
Balance, September 30, 2012		25,583,372	812,329	418,545	5,121	17,172	(1,311,779)	(58,612)
Balance, December 31, 2012		26,033,372	851,556	418,545	5,121	42,445	(1,379,091)	(61,424)
Shares issuance for cash, private placement	4	762,675	152,535	-	-	-	-	152,535
Shares issuance for license	4,9	25,000,000	6,250,000	-	-	-	-	6,250,000
Loss for the period		-	-	-	-	-	(141,281)	(141,281)
Balance, September 30, 2013		51,796,047	7,254,091	418,545	5,121	42,445	(1,520,372)	6,199,830

*See accompanying notes to financial statements*

## **ME Resource Corp.**

Notes to the Condensed Interim Financial Statements

Third Quarter Ended September 30, 2013

(Unaudited - Expressed in Canadian Dollars)

---

### **1. NATURE AND CONTINUANCE OF OPERATIONS**

ME Resource Corp., (the “Company”) was incorporated under the Business Corporation Act (British Columbia) as QMI Seismic Inc., on October 16, 2009. The Company’s shares are traded on the Canadian National Stock Exchange under the symbol MEC. The Company’s head and registered office address is Suite 900-555, Burrard Street, Vancouver, B.C.

The Company is currently actively reviewing new business opportunities.

These financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. 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. 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. Management is considering various options, including but not limited to obtaining equity financing, to finance operating costs over the next twelve months.

### **2. STATEMENT OF COMPLIANCE**

These condensed interim financial statements for the third quarter ended September 30, 2013, together with the comparative figures herein have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the year ended December 31 2012.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of measurement**

The financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments which are measured at fair value. The financial statements are presented in Canadian dollars, the functional currency of the Company.

#### **Significant estimates and assumptions**

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and contingent liabilities.

## **ME Resource Corp.**

Notes to the Condensed Interim Financial Statements

Third Quarter Ended September 30, 2013

(Unaudited - Expressed in Canadian Dollars)

---

### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Significant judgments**

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgment in applying the Company's financial statements is the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

#### **Adoption of new accounting standards and amendments**

The significant accounting policies used in the preparation of these condensed interim financial statements are consistent with those described in the note 3 to the Company's annual financial statements for the year-ended December 31, 2012 except the following:

##### *New standard IFRS 10 "Consolidated Financial Statements"*

This new standard has replaced IAS 27 "Consolidated and Separate Financial Statements", and SIC-12 "Consolidation – Special Purpose Entities". Concurrent with IFRS 10, the IASB issued IFRS 11 "Joint Ventures"; IFRS 12 "Disclosures of Involvement with Other Entities"; IAS 27 "Separate Financial Statements", which has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements; and IAS 28 "Investments in Associates and Joint Ventures", which has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11. IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, eliminating the risks and rewards approach included in SIC-12, and requires continuous assessment of control over an investee. The above consolidation standards are effective for annual periods beginning on or after January 1, 2013. Adoption of IFRS 10 has no impact to the Company's financial statements

##### *New standard IFRS 11 "Joint Arrangements"*

This new standard requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities-Non-monetary Contributions by Venturers. Adoption of IFRS 11 has no impact to the Company's financial statements.

##### *New standard IFRS 12 "Disclosure of Interests in Other Entities"*

This new standard establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. Adoption of IFRS 12 has no impact to the Company's financial statements

##### *New standard IFRS 13 "Fair value measurement"*

This new standard replaces the fair value measurement guidance currently included in various other IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements. Adoption of IFRS 13 has no impact to the Company's financial statements



## **ME Resource Corp.**

Notes to the Condensed Interim Financial Statements

Third Quarter Ended September 30, 2013

(Unaudited - Expressed in Canadian Dollars)

---

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Adoption of new accounting standards and amendments (continued)**

##### *Financial statement presentation*

In June 2011, the IASB and the Financial Accounting Standards Board (“FASB”) issued amendments to standards to align the presentation requirements for other comprehensive income (“OCI”). The IASB issued amendments to IAS 1 “Presentation of Financial Statements” to require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for fiscal years beginning on or after July 1, 2012 and these amendments have no impact to the Company’s financial statements.

#### **New accounting standards and amendments announced yet to be implemented**

##### *New standard IFRS 9 “Financial Instruments”*

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

##### *Amendments to IAS 32 “Financial Instruments: Presentation”*

These amendments address inconsistencies when applying the offsetting requirements, and are effective for annual periods beginning on or after January 1, 2014.

The Company has not early adopted these standards and is currently assessing the impact that these standards will have on its financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have significant impact on the Company’s financial statements.

### **4. SHARE CAPITAL**

The Company’s authorized share capital consisted of unlimited number of common shares without par value and unlimited number of preferred share without par value.

On June 4, 2013, the Company completed a private placement (the “Private Placement”) to raise gross proceeds of \$152,535 for the Company’s working capital. As a result, the Company issued 762,675 units whereby each unit consists of one common share and one share purchase warrant of the Company. Each purchase warrant entitles the holder to purchase one common share of the Company at \$0.5/share. These warrants will expire on June 4, 2015. The expiry of these warrants may be accelerated to a 30 day term if the 10-day average market closing price of the listed common shares of the Company is equal to or greater than \$0.55.

Proceeds from issuances of units consisting of shares and warrants are allocated based on the residual value method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the fair market value of the shares. If the proceeds from the offering are less than or equal to the fair market value of shares issued, a \$nil carrying amount is assigned to the warrants. As a result, the Company allocate \$nil to issuance of warrant from this Private Placement.

## ME Resource Corp.

Notes to the Condensed Interim Financial Statements

Third Quarter Ended September 30, 2013

(Unaudited - Expressed in Canadian Dollars)

---

### 4. SHARE CAPITAL (Continued)

On July 11, 2013, the Company issued 25,000,000 common shares for the acquisition of various license (Note 9).

#### Stock options

There were no stock options granted or exercised during the nine months ended September 30, 2013. As at September 30, 2013 and December 31, 2012, there were no stock options outstanding.

#### Warrants

On June 4, 2013, the Company issued 762,675 warrants in connection with the Private Placement discussed in the above. There was no warrant exercise during the nine months ended September 30, 2013. Continuity as follow:

	Number of warrant outstanding	Weighted average exercise price
December 31, 2012	550,000	\$0.07/share
June 4, 2013	762,675	\$0.50/share
<b>September 30, 2013</b>	<b>1,312,675</b>	<b>\$0.31/share</b>

As at September 30, 2013, the 1,312,675 warrants outstanding had a weight average remaining life of 1.28 years.

#### Stock option reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

#### Warrant reserve

The warrant reserve records the fair value of warrants issued until such time that they are exercised, at which time the corresponding amount will be transferred to share capital.

#### Loan Reserve

Recorded in the loan reserve is the discount on the loan issued with interest below market rates .

### 5. RELATED PARTY TRANSACTIONS

Commencing January 2013, the Company entered into a rental agreement with an entity controlled by the spouse of the Company's CEO at monthly rent of \$1,570. This rental agreement can be terminated by a 30-day notice. The office rent charged during the nine months ended September 30, 2013 was \$14,130 (nine months ended September 30, 2012 - \$Nil).

During the nine months ended September 30, 2013, the Company was charged of \$26,000 by a director for his services rendered (nine months ended September 30, 2012 - \$4,480). Among the 18,482 product development expenses incurred during nine months ended September 30, 2013, \$15,064 was charged by an entity related to a director for his services provided (nine months ended September 30, 2012 - \$Nil).

Including in the Company's accounts payable and accrued liabilities on September 30, 2013 was a \$11,895 balance owing to a company controlled by the spouse of the Company's CEO (2012/12/31 - \$Nil) in connection with the Company's office rent. The Company also owed the spouse of the Company's CEO \$38,186 (2012/12/31 - \$65,600) for a promissory note issued by the Company (Note 6). Accounts payable due to related parties are unsecured, non-interest bearing and payable on demand.

**ME Resource Corp.**

Notes to the Condensed Interim Financial Statements

Third Quarter Ended September 30, 2013

(Unaudited - Expressed in Canadian Dollars)

**6. NOTE PAYABLE**

As at September 30, 2013, the Company had an outstanding promissory note of \$38,186 owing to the spouse of the Company's CEO (December 31, 2012 - \$65,600. The Company has repaid part of the promissory note during the nine months ended September 30, 2013. This promissory note is unsecured, due on demand, and carries no interest.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>September 30, 2013</b>	<b>December 31, 2012</b>
	\$	\$
Trade payables	3,081	3,756
Accrued liabilities	17,220	14,000
	<u>20,301</u>	<u>17,756</u>

**8. FINANCIAL INSTRUMENTS****Classification of financial instruments**

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

	<b>September 30, 2013</b>	<b>December 31, 2012</b>
	\$	\$
Cash	199	21,759
Loans and receivables:		
Note receivable	1	1
	<u>22,507</u>	<u>21,760</u>

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

	<b>September 30, 2013</b>	<b>December 31, 2012</b>
	\$	\$
Non-derivative financial liabilities:		
Trade payables	3,081	3,756
Due to related party	-	1,064
Note payable	38,186	65,600
	<u>41,267</u>	<u>70,420</u>

**Fair value**

The fair value of the Company's financial assets and liabilities approximates the carrying amount

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.

## ME Resource Corp.

Notes to the Condensed Interim Financial Statements

Third Quarter Ended September 30, 2013

(Unaudited - Expressed in Canadian Dollars)

### 8. FINANCIAL INSTRUMENTS (Continued)

	As at December 31, 2012		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	21,759	-	-

  

	As September 30, 2013		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	199	-	-

### 9. LICENSES AND COMMITMENT

#### *Agreement with Ztek Clean Corp.*

On April 26, 2013, the Company entered into an assignment agreement (“Assignment Agreement”) with Ztek Clean Energy Corp. (“Ztek Clean Energy”). In accordance with the Assignment Agreement, the Company shall issue 25,000,000 common shares to Ztek Clean Energy in exchange for the assignment of a license agreement (“Ztek License Agreement”) granted by Ztek Corporation (“Ztek Corp.”), a company located in the USA, or other alternative solutions provided by Ztek Clean Energy, that will enable the Company to develop and commercialize the Company’s products (the “Micro Refinery Unit”) aimed to convert waste natural gas into liquid fuels, solvents, diluents and other end products.

Under the Assignment Agreement and the Ztek License Agreement, the Company has an exclusive right to use certain rights, title, interests in and know-how related to proprietary technologies involving the process of conversion of wasted natural gas into another form of energy including electrical power and diesel in Canada. In exchange, the Company is committed to pay Ztek Corp. various royalty payments and the following demonstration payments:

- Demonstration payments of US\$100,000, US\$100,000, US\$200,000, US\$100,000, and US\$100,000 payable upon the completion of the demonstration of the various technologies of Ztek Corp.
- License fees of US\$3,000,000 payable upon the completion of the demonstration.

Subsequent to the quarter ended September 30, 2013, Ztek Clean Energy has identified entities that provide better technologies (“New Licensors”). As a result, Ztek Clean Energy has terminated the Ztek License Agreement and is negotiating replacement license agreements with the New Licensors. The Company’s commitment arising from the Ztek License Agreement is therefore terminated. As of the date of this report, the negotiation between Ztek Clean Energy and the New Licensors for replacement license agreements is not completed.

For consideration of the Assignment Agreement, the Company issued 25,000,000 common shares to Ztek Clean Energy with a value of \$6,250,000 on July 11, 2013 (the completion date of the Assignment Agreement). These shares were valued at \$0.25/share which was the closing price of the Company’s share on July 11, 2013. These 25,000,000 common shares have been escrowed and will be released to Ztek Clean Energy in different phases upon the completion of various milestones in connection with the commercialization of the Company’s Mirco Refinery Unit. As of the date of this report, no escrowed share has been released.

## **ME Resource Corp.**

Notes to the Condensed Interim Financial Statements

Third Quarter Ended September 30, 2013

(Unaudited - Expressed in Canadian Dollars)

---

### **10. SUBSEQUENT EVENTS**

Subsequent events not disclosed elsewhere are as follows:

#### Private placement

On October 2, 2013, the Company announced to arrange a private placement for aggregate proceeds of \$250,000 at a price of \$0.23/unit ("Financing"). Each unit is comprised of one common share and one common share purchase warrant. Each share purchase warrant allows its holder to exercise into one common share of the Company at \$0.5/share for a period of two years upon closing of this Financing. The Company may pay finders' fee of up to 10% of the gross proceeds raised.

As at the date of this report, the Company has received \$100,000 subscription and this Financing is not completed.

#### Joint venture arrangement

On October 1, 2013, the Company entered into a preliminary joint venture arrangement (the "JV") with ABS Electric Group Ltd. ("ABS"), a private company that maintains and constructs electrical and power system for Alberta oil and gas industry. The Company is finalizing its JV agreement with ABS as at the date of this report