

**ME RESOURCE CORP.**

**Condensed Interim Financial Statements**

**Three Months Ended March 31, 2018 and 2017**

**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.

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

		March 31,	December 31,
	Note	2018	2017
		\$	\$
<b>ASSETS</b>			
Current assets			
Cash		10,715	383
Taxes receivable		149	-
Prepaid		1,596	2,675
		12,460	3,058
Non-current assets			
Note receivable		1	1
<b>Total assets</b>		<b>12,461</b>	<b>3,059</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	4	288,689	296,608
Due to related parties	8	699,871	612,771
Deferred revenue, current	5	68,549	90,354
		1,057,109	999,733
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	6	5,861,105	5,861,105
Reserves		1,882,236	1,859,646
Deficit		(8,787,989)	(8,717,425)
		(1,044,648)	(996,674)
<b>Total shareholders' deficiency and liabilities</b>		<b>12,461</b>	<b>3,059</b>

*Note 1: Nature and operation and going concern*

Authorized for issuance by the Board of Directors on March 29, 2018.

/s/ Navchand Jagpal  
Director

/s/Ravinder Kang  
Director

*See accompanying notes to the condensed interim financial statements*

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

Three months ended March 31,	Note	2018	2017
		\$	\$
Revenue from Licensing	5	21,805	21,805
Expenses			
Consulting	8	60,000	62,375
Filing fees		1,950	968
Office and administration		3,945	12,846
Professional fees		3,884	-
Stock-based compensation		22,590	43,248
Total		92,369	119,437
Loss and comprehensive loss		(70,564)	(97,632)
loss per share – basic and diluted		(0.00)	(0.00)
Weighted average number of outstanding common shares, basic and diluted		63,671,935	61,931,768

*See accompanying notes to the condensed interim financial statements*

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

<b>Three months ended March 31,</b>	<b>2018</b>	<b>2017</b>
	\$	\$
Cash flows from operating activities		
Loss for the period	(70,564)	(97,632)
Items not involve cash		
- Stock-based compensation	22,590	43,248
Changes in non-cash working capital items:		
- Prepaid and receivables	930	(100)
- Accounts payable and accrued liabilities	(7,919)	(24,945)
- Increase (decrease) of amounts due to related parties	62,100	(8,013)
- Deferred revenue	(21,805)	(21,805)
Cash used in operating activities	(14,668)	(109,247)
Cash flows from financing activities		
Advanced from (repayment to) related parties	25,000	-
Shares issued for cash	-	105,000
Cash provided by financing activities	25,000	105,000
Net cash inflow	10,332	(4,247)
Cash, beginning of period	383	47,542
Cash, end of period	10,715	3,295

*See accompanying notes to the condensed interim financial statements*

**ME Resources Corp.**  
**Condensed Interim Statements of Changes in Deficiency**  
**(Unaudited - Expressed in Canadian Dollars)**

	<b>Share capital</b>		<b>Reserves</b>				<b>Total</b>
	<b>Number of shares</b>	<b>Amount</b>	<b>Stock- option reserve</b>	<b>Loan</b>	<b>Warrant</b>	<b>Deficit</b>	
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, December 31, 2016	62,621,935	5,756,105	1,688,597	5,121	45,761	(8,291,060)	(795,476)
Loss for the period	-	-	-	-	-	(97,632)	(97,632)
Shares issued for cash	1,050,000	105,000	-	-	-	-	105,000
Stock-based compensation	-	-	43,248	-	-	-	43,248
<b>Balance, March 31, 2017</b>	<b>63,671,935</b>	<b>5,861,105</b>	<b>1,731,845</b>	<b>5,121</b>	<b>45,761</b>	<b>(8,388,692)</b>	<b>(744,860)</b>
Balance, December 31, 2017	63,671,935	5,861,105	1,808,764	5,121	45,761	(8,717,425)	(996,674)
Loss for the period	-	-	-	-	-	(70,564)	(70,564)
Share-based compensation	-	-	22,590	-	-	-	22,590
<b>Balance, March 31, 2018</b>	<b>63,671,935</b>	<b>5,861,105</b>	<b>1,831,354</b>	<b>5,121</b>	<b>45,761</b>	<b>(8,787,989)</b>	<b>(1,044,648)</b>

*See accompanying notes to the condensed interim financial statements*

## **ME Resource Corp.**

Notes to the Condensed Interim Financial Statements

Three Months Ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

---

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

ME Resource Corp., (the “Company” or “MEC”) was incorporated under the Business Corporation Act (British Columbia) on October 16, 2009. The Company’s shares are traded on the Canadian Securities Exchange under the symbol MEC. The Company’s head and registered office address is 6038, 131 Street, Surrey, BC V3X3N4.

The Company’s principal line of business was research and development of a process to economically transform wasted or stranded natural gas to engineered fuels or clean power.

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. 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”). This transaction is subject to the Company and Prime Harvest negotiating a definitive agreement, shareholder approval (if required) and regulatory approvals.

The Proposed Transaction is expected to constitute a reverse takeover of MEC by Prime Harvest, pursuant to Exchange policies.

These financial statements have been prepared using International Financial Reporting Standards 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. The Company has not yet achieved profitable operations, has recurring losses, 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. 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 three months ended March 31, 2018, 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 and interpretations of the International Financial Reporting Interpretations Committee .

These condensed interim financial statements do not include all 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 its recent year ended December 31, 2017.

These financial statements were authorized for issue by the Board of Directors on May 29, 2018.

## ME Resource Corp.

Notes to the Condensed Interim Financial Statements

Three Months Ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

---

### 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 certain financial instruments which are measured at fair value. The financial statements are presented in Canadian dollars, the functional currency of the Company.

#### Adoption of new accounting standards

The Company has not adopted new accounting standards since the recent year ended December 31, 2017 except the adoption of IFRS 9 and IFRS 15 commencing January 1, 2018.

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.

### 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2018	December 31, 2017
	\$	\$
Trade payables	251,158	263,377
Salaries payable	20,066	20,066
Accrued liabilities	17,465	13,165
	288,689	296,608

### 5. REVENUE FROM LICENCING

- a) On January 22, 2014, the Company entered into a license and distribution agreement (the “Agreement”) with Well Power Inc. (“WPI”). Under the Agreement, WPI obtained the exclusive right to distribute and deploy the Company’s MRU100 units in Texas for five years. WPI paid a non-refundable licensing fee of \$400,000 during the year ended December 31, 2014

The revenue is recognized over the term of the Agreement (five years) on a straight-line basis and the difference between money received and revenue recognize is recorded as deferred revenue. For three months year ended March 31, 2018, \$20,000 was recognized as revenue (2017 - \$20,000).



## **ME Resource Corp.**

Notes to the Condensed Interim Financial Statements

Three Months Ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

---

### **5. REVENUE FROM LICENCING (Continued)**

- b) On August 31, 2014, the Company entered into an exclusive license for additional territories (the “Additional Agreement”) with WPI. Under the Additional Agreement, WPI obtained the exclusive right to distribute and deploy the Company’s MRU100 units in Montana with the same term as the Agreement above.

The Company received \$21,751 during the year ended December 31, 2014 and another \$10,000 during the year ended December 31, 2015 in relation to this Additional Agreement. The revenue will be recognized over the term of the agreements (five years) on a straight-line basis. For three months ended March 31, 2018, \$1,805 was recognized as revenue (2017 - \$1,805).

As at March 31, 2018, the Company’s deferred revenue was \$68,549 (December 31, 2017 - \$90,354).

### **6. SHARE CAPITAL**

Authorized share capital: An unlimited number of common shares without par value.  
An unlimited number of preferred shares without par value.

Issued and outstanding: The Company had 63,671,935 common shares issued and outstanding as at March 31, 2018 and December 31, 2017. No shares were issued nor redeemed for three months ended March 31, 2018.

#### **Stock options**

The Company has a stock option plan which provides that the Board of Directors of the Company may grant to directors, officers, employees, and consultants to the Company, non-transferable options to purchase common shares. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. The term of any options granted under the plan may not exceed 5 years. Vesting terms and conditions are established by the Board of Directors.

There were no options granted or exercised/expired for three months ended March 31, 2018.

For three months ended March 31, 2018, Company recorded share-based compensation of \$22,590 (2017 - \$43,248) to account for stock option granted previously.

As at March 31, 2018, the Company had 5,890,000 options outstanding (2,356,000 exercisable) with the exercise price of \$0.20 per share. These options will expire on March 11, 2021 if unexercised.

### **7. RESERVES**

#### **Stock option reserve**

The stock option 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 a discount on a loan which was issued with interest below market rates.

**ME Resource Corp.**

Notes to the Condensed Interim Financial Statements

Three Months Ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

**8. RELATED PARTY TRANSACTIONS**

a) Transactions with key management personnel were as follows:

<b>Three months ended March 31,</b>	<b>2018</b>	<b>2017</b>
	\$	\$
Consulting fees charged by a director	15,000	15,000
Consulting fees charged by a company related to the chief executive officer ("CEO")	30,000	30,000
Consulting fees charged by the chief financial officer ("CFO")	15,000	15,000
Stock based compensation vested by directors and officers	9,589	18,356
Rent and related fees charged by a Company related to the CEO included in office and administration	2,100	-

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>March 31, 2018</b>	<b>December 31, 2017</b>
	\$	\$
A director	189,000	174,000
Chief financial officer	153,750	138,750
Companies related to the CEO	357,121	300,021
	699,871	612,771

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

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

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	\$	\$
Fair value through profit and loss (FVTPL):		
Cash	10,715	383
Amortized cost:		
Note receivable	1	1

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

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	\$	\$
Non-derivative financial liabilities (amortized cost):		
Trade payables	251,158	263,577
Salaries payable	20,066	20,066
Due to related party	699,871	612,771

## **ME Resource Corp.**

Notes to the Condensed Interim Financial Statements

Three Months Ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

---

### **9. FINANCIAL INSTRUMENTS (Continued)**

#### **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.