

ME RESOURCE CORP.

Condensed Interim Financial Statements

Three and Nine Months Ended September 30, 2018

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)

		September 30,	December 31,
	Note	2018	2017
		\$	\$
ASSETS			
Current assets			
Cash		19	383
Taxes receivable		149	-
Prepaid		1,596	2,675
		1,764	3,058
Non-current assets			
Note receivable		1	1
Total assets		1,765	3,059
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	4	338,452	296,608
Due to related parties	8	844,871	612,771
Deferred revenue, current	5	24,939	90,354
		1,208,262	760,167
Non-current liabilities			
Deferred revenue, non-current	5	-	90,354
Total liabilities		1,208,262	850,521
SHAREHOLDERS' DEFICIENCY			
Share capital	6	5,861,105	5,861,105
Reserves		1,904,826	1,859,646
Deficit		(8,972,428)	(8,717,425)
		(1,206,497)	(996,674)
Total shareholders' deficiency and liabilities		1,765	3,059

Note 1: Nature and operation and going concern

Authorized for issuance by the Board of Directors on November 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)**

	Note	Three months ended September 30,		Nine months ended September 30,	
		2018	2017	2018	2017
		\$	\$	\$	\$
Revenue from Licensing	5	21,805	21,805	65,415	65,416
Expenses					
Consulting	8	68,500	47,550	188,500	175,185
Filing fees		3,500	8,115	11,212	13,273
Office and administration		7,387	1,172	38,146	21,367
Professional fees		5,000	6,500	36,800	10,900
Research		-	-		10,000
Stock-based compensation		-	25,733	45,180	94,433
Travel		580	-	580	835
Total		84,967	89,070	320,418	326,604
Loss and comprehensive loss		(63,162)	(67,265)	(255,003)	(261,188)
loss per share – basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of outstanding common shares, basic and diluted		63,671,935	63,671,935	63,671,935	63,325,435

See accompanying notes to the condensed interim financial statements

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

Nine months ended September 30,	2018	2017
	\$	\$
Cash flows from operating activities		
Loss for the period	(255,003)	(261,188)
Items not involve cash		
- Stock-based compensation	45,180	94,433
Changes in non-cash working capital items:		
- Prepaid and receivables	930	(583)
- Accounts payable and accrued liabilities	41,844	(7,616)
- Increase (decrease) of amounts due to related parties	182,100	91,487
- Deferred revenue	(65,415)	(65,416)
Cash used in operating activities	(50,364)	(148,883)
Cash flows from financing activities		
Advanced from (repayment to) related parties	50,000	-
Shares issued for cash	-	105,000
Cash provided by financing activities	50,000	105,000
Net cash inflow	(364)	(43,883)
Cash, beginning of period	383	47,542
Cash, end of period	19	3,659

See accompanying notes to the condensed interim financial statements

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

	Share capital		Reserves				Total
	Number of shares	Amount	Stock- option reserve	Loan	Warrant	Deficit	
		\$	\$	\$	\$	\$	\$
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	-	-	-	-	-	(261,188)	(261,188)
Shares issued for cash	1,050,000	105,000	-	-	-	-	105,000
Stock-based compensation	-	-	94,433	-	-	-	94,433
Balance, September 30, 2017	63,671,935	5,861,105	1,783,030	5,121	45,761	(8,552,248)	(857,231)
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	-	-	-	-	-	(255,003)	(255,003)
Share-based compensation	-	-	45,180	-	-	-	45,180
Balance, September 30, 2018	63,671,935	5,861,105	1,853,944	5,121	45,761	(8,972,428)	(1,206,497)

See accompanying notes to the condensed interim financial statements

ME Resource Corp.

Notes to the Condensed Interim Financial Statements

Nine Months Ended September 30, 2018

(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 V3X 3N4.

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 nine months ended September 30, 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 November 29, 2018.

ME Resource Corp.

Notes to the Condensed Interim Financial Statements

Nine Months Ended September 30, 2018

(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

	September 30, 2018	December 31, 2017
	\$	\$
Trade payables	297,056	263,577
Salaries payable	20,066	20,066
Accrued liabilities	21,330	13,165
	338,452	296,808

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 six months year ended September 30, 2018, \$60,000 was recognized as revenue (2017 - \$60,000).

ME Resource Corp.

Notes to the Condensed Interim Financial Statements

Nine Months Ended September 30, 2018

(Unaudited - Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

a) Transactions with key management personnel were as follows:

Nine months ended September 30,	2018	2017
	\$	\$
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	-

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

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

Financial assets 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

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

	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

ME Resource Corp.

Notes to the Condensed Interim Financial Statements

Nine Months Ended September 30, 2018

(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.