

ME RESOURCE CORP.

Condensed Interim Financial Statements

Nine Months Ended September 30, 2019 and 2018

Unaudited - Expressed in Canadian Dollars

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

November 22, 2019

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

		September 30,	December 31,
	Note	2019	2018
		\$	\$
ASSETS			
Current assets			
Taxes receivable		-	149
Prepaid		-	1,595
		-	1,744
Non-current assets			
Note receivable		1	1
Total assets		1	1,745
LIABILITIES			
Current liabilities			
Bank indebtedness		-	23
Accounts payable and accrued liabilities	4	317,957	328,452
Due to related parties	8	1,093,464	904,871
		1,411,421	1,233,346
SHAREHOLDERS' DEFICIENCY			
Share capital	6	5,861,105	5,861,105
Reserves		1,904,826	1,904,826
Deficit		(9,177,351)	(8,997,532)
		(1,411,420)	(1,231,601)
Total shareholders' deficiency and liabilities		1	1,745

Note 1: Nature and operation and going concern

Authorized for issuance by the Board of Directors on November 22, 2019.

/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)

Nine months ended September 30,	Note	For the Three Months Ended September 30		For the Nine months Ended September 30	
		2019	2018	2019	2018
		\$	\$	\$	\$
Revenue from Licensing	5	-	21,805	-	65,415
Expenses					
Consulting	8	60,000	68,500	180,000	188,500
Filing fees		2,672	3,500	18,776	11,212
Office and administration		-	7,387	(41,485)	38,146
Professional fees		525	5,000	22,528	36,800
Stock-based compensation					45,180
Travel		-	580	-	580
Total		63,197	84,967	179,819	320,418
Loss and comprehensive loss		(63,197)	(121,276)	(179,819)	(255,003)
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	63,671,935

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,	2019	2018
	\$	\$
Cash flows from operating activities		
Loss for the period	(179,819)	(255,003)
Items not involve cash		
- Stock-based compensation	-	45,180
Changes in non-cash working capital items:		
- Prepaid and receivables	1,744	930
- Accounts payable and accrued liabilities	(10,495)	41,844
- Increase (decrease) of amounts due to related parties	188,593	182,100
- Deferred revenue	-	(65,415)
Cash used in operating activities	23	(50,364)
Cash flows from financing activities		
Advanced from (repayment to) related parties	-	50,000
Cash provided by financing activities	-	25,000
Net cash inflow	23	(364)
Cash, beginning of period	(23)	383
Cash, end of period	-	19

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, 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)
Stock-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)
Balance, December 31, 2018	63,671,935	5,861,105	1,853,944	5,121	45,761	(8,997,532)	(1,231,601)
Loss for the period	-	-	-	-	-	(179,819)	(179,819)
Balance, September 30, 2019	63,671,935	5,861,105	1,853,944	5,121	45,761	(9,177,351)	(1,411,420)

See accompanying notes to the condensed interim financial statements

ME Resource Corp.

Notes to the Condensed Interim Financial Statements

Nine Months Ended September 30, 2019 and 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 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”).

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.

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, 2019, 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, 2018.

These financial statements were authorized for issue by the Board of Directors on November 22, 2019.

ME Resource Corp.

Notes to the Condensed Interim Financial Statements
Nine Months Ended September 30, 2019 and 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, 2018 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, 2019	December 31, 2018
	\$	\$
Trade payables	188,277	235,621
Salaries payable	11,281	25,604
Accrued liabilities	118,399	67,227
	317,957	328,452

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 September 30, 2019, \$nil was recognized as revenue (2018 - \$40,000).

ME Resource Corp.

Notes to the Condensed Interim Financial Statements

Nine Months Ended September 30, 2019 and 2018

(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 September 30, 2019, \$nil was recognized as revenue (2018 - \$3,610).

As at September 30, 2019, the Company’s deferred revenue was \$nil (December 31, 2018 - \$nil).

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 September 30, 2019 and December 31, 2018. No shares were issued nor redeemed for nine months ended September 30, 2019.

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 nine months ended September 30, 2019.

For nine months ended September 30, 2019, Company recorded share-based compensation of \$nil (2018 - \$45,180) to account for stock option granted previously.

On September 4, 2018 the Company announced that it had cancelled all outstanding stock Options. As at September 30, 2019, the Company had Nil options outstanding.

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
Nine Months Ended September 30, 2019 and 2018
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8. RELATED PARTY TRANSACTIONS

a) Transactions with key management personnel were as follows:

Nine months ended September 30,	2019	2018
	\$	\$
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

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, 2019	December 31, 2018
	\$	\$
A director	279,000	234,000
Chief financial officer	244,600	198,750
Companies related to the CEO	569,864	477,121
	1,093,464	904,871

9. FINANCIAL INSTRUMENTS

Classification of financial instruments

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

	September 30, 2019	December 31, 2018
	\$	\$
Fair value through profit and loss (FVTPL):		
Cash	-	(23)
Amortized cost:		
Note receivable	1	1

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

	September 30, 2019	December 31, 2018
	\$	\$
Non-derivative financial liabilities (amortized cost):		
Trade payables	188,277	235,621
Salaries payable	11,281	25,604
Due to related party	1,093,464	904,871

ME Resource Corp.

Notes to the Condensed Interim Financial Statements

Nine Months Ended September 30, 2019 and 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.