

METHES ENERGIES INTERNATIONAL LTD  
Form 10-Q  
November 26, 2012

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Form 10-Q  
\_\_\_\_\_

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended August 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-35652

\_\_\_\_\_  
METHES ENERGIES INTERNATIONAL LTD.  
(Exact name of registrant as specified in its charter)

NEVADA  
(State of other jurisdiction of  
incorporation or organization)

71-1035154  
(I.R.S. Employer  
Identification No.)

3651 Lindell Road, Suite D-272, Las Vegas, Nevada, 89103  
(Address of principal executive offices)

(702) 932-9964  
(Registrant's telephone number, including area code)

\_\_\_\_\_  
Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES

NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

As of November 24, 2012, the registrant has 6,553,169 shares of Common Stock issued and outstanding.

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METHES ENERGIES INTERNATIONAL LTD.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Form 10-Q contains “forward looking information” within the meaning of applicable securities laws. Such statements include, but are not limited to, statements with respect to the Company’s beliefs, plans, strategies, objectives, goals and expectations, including expectations about the future financial or operating performance of the Company and its projects, capital expenditures, capital needs, government regulation of the industry, environmental risks, limitations of insurance coverage, and the timing and possible outcome of regulatory matters, including the granting of patents and permits. Words such as “expect,” “anticipate,” “intend,” “attempt,” “may,” “will,” “plan,” “believe,” “estimate” and variations of such words and similar expressions are intended to identify such forward looking information. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict.

These statements are based on and were developed using a number of factors and assumptions including, but not limited to: stability in the U.S. and other foreign economies; stability in the availability and pricing of raw materials, energy and supplies; stability in the competitive environment; the continued ability of the Company to access cost effective capital when needed; and no unexpected or unforeseen events occurring that would materially alter the Company’s current plans. All of these assumptions have been derived from information currently available to the Company including information obtained by the Company from third party sources. Although management believes that these assumptions are reasonable, these assumptions may prove to be incorrect in whole or in part. As a result of these and other factors, actual results may differ materially from those expressed, implied or forecasted in such forward looking information, which reflect the Company’s expectations only as of the date hereof.

Factors that could cause actual results or outcomes to differ materially from the results expressed, implied or forecasted by the forward-looking information include risks associated with general business, economic, competitive, political and social uncertainties; risks associated with changes in project parameters as plans continue to be refined; risks associated with failure of plant, equipment or processes to operate as anticipated; risks associated with accidents or labour disputes; risks associated in delays in obtaining governmental approvals or financing, or in the completion of development or construction activities; risks associated with financial leverage and the availability of capital; risks associated with the price of commodities and the inability of the Company to control commodity prices; risks associated with the regulatory environment within which the Company operates; risks associated with litigation including the availability of insurance; and risks posed by competition. These and other factors that could cause actual results or outcomes to differ materially from the results expressed, implied or forecasted by the forward looking information are discussed in more detail in the section entitled “Risk Factors” in the Company’s Prospectus dated October 12, 2012, as may be supplemented or amended from time to time and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part I, Item 2 in this document.

The Company does not intend to, and the Company disclaims any obligation to, update any forward-looking information (including any financial outlooks), whether written or oral, or whether as a result of new information, future events or otherwise, except as required by law.

All references in this Form 10-Q to “Company,” “Methes,” “we,” “us,” or “our” refer to Methes Energies International Ltd. and its wholly owned subsidiaries Methes Energies Canada Inc. and Methes Energies USA Ltd. unless the context otherwise indicates.

We have rights to the trademarks Methes Energies and Design, Methes, The Biodiesel Company and Denami.

## PART I. FINANCIAL INFORMATION

## ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## METHES ENERGIES INTERNATIONAL LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF NOVEMBER 30, 2011 AND AUGUST 31, 2012  
(EXPRESSED IN US\$)

	November 30, 2011	August 31, 2012 (Unaudited)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,693,301	\$ 200,170
Accounts receivable, net (note 11)	1,122,323	414,724
Inventories (note 3)	1,187,442	1,142,908
Prepaid expenses and deposits	13,163	26,857
Deferred financing fees	-	430,296
<b>Total current assets</b>	<b>4,016,229</b>	<b>2,214,955</b>
Deposits	860,923	29,685
Property, plant and equipment, net (note 4)	2,968,699	8,140,368
Intangible assets, net	400,358	387,574
<b>Total assets</b>	<b>\$ 8,246,209</b>	<b>\$ 10,772,582</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	\$ 2,441,493	\$ 2,483,583
Payable to related parties (note 5)	520,881	1,586,999
Short-term loan (note 6)	-	1,521,750
<b>Total liabilities</b>	<b>2,962,374</b>	<b>5,592,332</b>
Stockholders' equity		
Common stock, \$0.001 par value, 75,000,000 shares authorized; 5,734,447 and 5,993,169 shares issued and outstanding at November 30, 2011 and August 31, 2012, respectively (note 7)	5,734	5,993
Additional paid-in capital	11,598,421	14,177,125
Subscription receivable	(46,056 )	-
Accumulated deficit	(6,274,264 )	(9,002,868 )

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Total stockholders' equity	5,283,835	5,180,250
Total liabilities and stockholders' equity	\$8,246,209	\$10,772,582
Commitments (note 10)		

See accompanying notes to condensed consolidated financial statements

(1)

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## METHES ENERGIES INTERNATIONAL LTD.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)  
FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2011 AND 2012  
(EXPRESSED IN US\$)

	Three Months Ended August 31, 2011	Three Months Ended August 31, 2012	Nine Months Ended August 31, 2011	Nine Months Ended August 31, 2012
Revenue				
Biodiesel sales	\$3,112,352	\$852,660	\$ 5,959,739	\$ 5,167,649
Feedstock sales	165,080	70,450	539,917	354,411
Glycerin sales	41,581	127		