MEC RESOURCES LTD

ACN 113 900 020
ABN 44 113 900 020

Annual Financial Report 2020

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

Page Number

Directors
Douglas Verley – Non-Executive Director (appointed 11 February 2020)
Andrew Jones – Non-Executive Director (appointed 23 September 2020)
Robert Marusco – Non-Executive Director (appointed 23 September 2020)
Andrew Bald – Non-Executive Director (resigned 23 September 2020)
Michael Sandy – Non-Executive Chairman (resigned 31 July 2020)
M Battrick- Non-Executive Director (resigned 11 February 2020)
Anthony Hamilton – Non-Executive Director (appointed 31 July 2020 & resigned 23 September 2020)
Stephen Harrison – Non-Executive Director (appointed 31 July 2020 & resigned 2 September 2020)

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South Perth WA 6151

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Auditor
Moore Australia Audit (WA)
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2 The Esplanade
PERTH WA 6000

Share Registry
Boardroom Pty Ltd
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Sydney NSW 2000

Australian Securities Exchange Listing
Australian Securities Exchange Limited
(Home Exchange: Perth, Western Australia)
ASX Code: MMR

Australian Business Number
44 113 900 020

The directors of MEC Resources Ltd ("MEC" or the "Company") present their report on the Company for the financial year ended 30 June 2020.

Directors

The names of directors in office at any time during or since the end of the year are:

D Verley (appointed 11 February 2020)
A Jones (appointed 23 September 2020)
R Marusco (appointed 23 September 2020)
M Battrick (resigned 11 February 2020)
M Sandy (resigned 31 July 2020)
A Bald (resigned 23 September 2020)
A Hamilton (appointed 31July 2020 and resigned 23 September 2020)
S Harrison (appointed 31 July 2020 and resigned 2 September 2020)

Company Secretary

Robert Marusco was appointed as joint company secretary 18 September 2019 and is the company secretary following resignation of Mr Bald as joint company secretary 23 September 2020.

Principal Activities

MEC is registered as a Pooled Development Fund under the *Pooled Development Fund Act (1992)*. It has been formed to invest into a variety of industries, including companies in the energy and mineral resources sector.

MEC will provide carefully selected Australian companies with funding and is focussed on opportunities with a number of specific characteristics including: strong growth and near term cash flow potential; a stage of development that permits a strategic investor or IPO within several years; strong and experienced management team and a definitive competitive advantage.

MEC's current major investment lies in unlisted Australian oil and gas exploration investee company, Advent Energy Ltd.

To make proper use of the tax advantages of its status as a PDF, MEC needs to be invested in a range of companies, rather than just one main investment. MEC has undertaken a number of initiatives including the expansion of the investment mandate as approved by the Innovation Investment Committee of Innovation and Science Australia pursuant to the Pooled Development Fund Act of 1992 as announced to the market on 18 March 2019 such that the Company can, in addition to investments in resource exploration, be able to make investments into existing and start-up enterprises that have demonstrated technology and /or services that may have an application not limited to the resources sector. This may include information technology, financial, power and energy sectors. During the year the Company raised additional funds (as outlined below) in the form of a non-renounceable rights issue to its shareholders and shortfall placement which enabled the Company to manage its existing investment in Advent Energy Ltd ("Advent") and review and position itself for investment in a range of new companies into the future.

Advent Energy Ltd - Oil and Gas

MEC has a non-controlling interest in the unlisted energy explorer Advent of 49.3%.

Advent holds a range of hydrocarbon permits which contain near term production opportunities with pre-existing infrastructure and exploration upside.

Advent's assets include EP386 and RL1 (100%) in the onshore Bonaparte Basin in the north of Western Australia and Northern Territory and PEP11 (85%) in the offshore Sydney Basin.

Operating Results

The loss attributable to the owners of the Company after tax for the year was $2,669,798 (2019: Loss $1,339,670).

Dividends

The Directors recommend that no dividend be paid in respect of the current period and no dividends have been paid or declared since the commencement of the period.

Financial Position

The net assets of the Company have decreased by $1,361,553 to $8,316,320 at 30 June 2020.

Going Concern

The Company has assessed its ability to continue as a going concern, taking into account all available information, for a period of 12 months from the date of issuing of the financial report.

The Company's financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities, including the realisation of assets and settlement of liabilities in the normal course of business.

Based on the Company's cash flow forecast, the Company will require additional funding in the next 12 months to enable it to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due.

The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due is therefore dependent upon:

- the Company's operating cash requirements not exceeding its historical levels; and
- the Directors being successful in obtaining future funding to meet the Company's objectives and payment obligations as and when they fall due by engaging with parties in raising additional capital or issuing debt, in relation to which the Company has demonstrated a history of success in this regard.
- The ability of the Company to negotiate a satisfactory outcome in relation to the writs and demands issued by Advent Energy Ltd and Asset Energy Pty Ltd, which are currently subject to a standstill agreement as announced to ASX on 2 October 2020, in order to allow the parties time to negotiate a resolution. The Company is actively engaged in constructive dialogue with Advent and is aiming to achieve an outcoming in the near future at which point it is envisaged an ASX release will be made.

After consideration of the above factors, the Directors are of the opinion that it is appropriate for the Company to prepare the financial statements on a going concern and, as a result, the financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not be able to continue as a going concern basis.

Notwithstanding this assessment, there exists a material uncertainty that may cast doubt on the Company's ability to continue as a going concern for at least the next 12 months and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The independent auditor's report has highlighted this matter by including an Emphasis of Matter paragraph noting the existence of material uncertainty in relation to the Company's ability to continue as a going concern.

Significant Changes in State of Affairs

MEC Resources Ltd

- On 6 August 2019, MEC Resources announced that it had placed a total 203,660,640 shortfall shares from a non-renounceable entitlements issue raising $1,018,303 (before costs) and in lieu of payment to creditors (20,360,640 shares for a total of $101,803).

- On 12 August 2019 MEC Resources announced that it had reached a settlement of the various legal disputes between MEC Resources and BPH Energy Limited ("BPH"), Grandbridge Limited, Trandcorp Pty Ltd and David Breeze. The terms of settlement are outlined in a deed of settlement, to which MEC's 49.3% owned subsidiary Advent Energy Ltd ("Advent") is also a party. MEC Resources agreed to the settlement in the interests of settling continual disputes which have impeded the progress of both MEC Resources and Advent Energy since November 2016. As a result of the settlement, MEC is in a better position to pursue the investigation of investment opportunities to generate value for shareholders.

- On 14 August 2019, the Company announced that the shortfall balance of the non-renounceable entitlements issue shares closed on 10 August 2019 and the Company received additional applications for a total of 21,019,960 shares raising $105,100 before costs.

- On 4 October 2019, the Company announced that it had issued 15,792,200 shares in consideration for professional services provided.

- On 1 November MEC Resources acquired 3.19% of the shares in Intelligent IP Hosting Pty Ltd trading as Claratti Workspace (Claratti), a managed service provider of cloud-based IT infrastructure, Service and software, for consideration of $100,000 (initial investment). No announcement was made in respect to the initial investment as the Company has considered the initial investment to be immaterial. Following this the ASX advised that the expansion of the Company's mandate constitutes a change in the nature of the Company's activities and required the Company to seek shareholder approval pursuant to Listing Rule 11.1.2 and recomply with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3. Having regard to this, the Company proceeded to divest its existing minority investment of 3.19% in Claratti and no longer holds an interest therein.

- On 28 November 2019, following shareholder approval on 26 November 2019, the Company issued 8,800,000 shares each to Mr Bald, Mr Sandy and Mr Battrick in lieu of outstanding directors fees. In addition, 3,000,000 shares were also issued to previous managing director Ms Ambrosini following shareholder approval.

- On 17 January 2020 the Company requested a voluntary suspension and as at the date of this annual report the Company remains in suspension from trading on the ASX. The Company has made various suspension updates to the market which is primarily focused on working towards an in-specie distribution of Advent Energy shares that MEC holds. As at the date of this annual report the Company remains suspended on the ASX.

- On 11 February 2020, Mr Douglas Verley joined the board as a non-executive director and Mr Matt Battrick resigned at the same time.

- On 13 February 2020, BPH, following shareholder approval by Advent shareholders converted a receivable of $162,566 into 3,251,320 shares in Advent at a conversion price of $0.05 per share which in turn reduced MEC's direct shareholding in Advent from 53% to 49.3%.

- On 31 March 2020, 2,400,000 options exercisable at $0.06 expired follow by the expiry of 59,114,729 options exercisable at $0.04 on 22 June 2020.

- On 24 June 2020, MEC announced it had become aware of two notices of demand issued by Advent Energy Pty Ltd for $242,155.21 and Asset Energy Pty Ltd for $593,343.17 in relation to loans owing by MEC. MEC had written to the boards of Advent and Asset and advised them that their claims are denied and that any legal proceedings to recover the alleged debts will be opposed. As at the date of this annual report the Company has sought legal advice in relation to the writs and on 2 October 2020 entered into a standstill agreement with both Advent Energy Ltd and Asset Energy Pty Ltd in order to allow the parties time to negotiate a resolution of the claims. The Company has entered into further active dialogue with Advent and Asset the aim of which is to seek a resolution in the near future.

Advent Energy Limited

- On 17 September 2019, BPH announced to market that investee Advent terminated by mutual consent the RL Energy Joint Venture Agreement for the PEP11 permit. Advent, through wholly owned subsidiary Asset Energy Pty Ltd, holds 85% interest and is the operator of the permit. Bounty Oil & Gas NL (ASX:BUY) holds the remaining 15%.

- On 19 September 2019, BPH announced that investee Advent had been granted a renewal of Retention Licence 1 (RL1) in the Northern Territory by the NT Department of Primary Industry and Resources for a five-year term concluding July 2023. Advent, through wholly owned subsidiary Onshore Energy Pty Ltd, holds 100% interest in RL1 and is the operator of the permit.

- On 29 November 2019, Advent shareholders approved to convert a receivable of $162,566 into 3,251,320 shares in BPH at a conversion price of $0.05 per share. The effect on the capital restructure of investment in BPH will increase the number of shares on issue from 177,595,234 to 190,953,234 shares upon the completion of the conversion representing a 7.52% dilution effect to existing in shareholding in BHP.

- On 28 January 2020 BPH informed the market that Advent has submitted to the National Offshore Petroleum Titles Administrator an application to enable the drilling of the Baleen drill target in the PEP11 permit offshore NSW.

- On 13 February 2020 BPH Energy Ltd and Grandbridge Ltd has received shareholder approval from Advent to convert a receivable of $162,566 to 3,251,320 shares in Advent (for BPH) and $505,325 into 10,106,500 share in Advent (for Grandbridge) meaning that MEC's direct shareholding in Advent reduced from 53% to 49.3%.

After Balance Date Events

- On 3 August 2020 Mr Stephen Harrison and Mr Anthony Hamilton joined the board of the Company as non-executive directors and Mr Michael Sandy resigned on the same day.

- On 13 August 2020 the Company received a notice to convene a meeting under Section 249D to remove Messrs Mr Andrew Bald, Stephen Harrison and Anthony Hamilton as directors of the Company and appoint Messrs Roderick Corps, Andrew Jones and Andrew Coloretti as directors of the Company. The Section 249D notice was subsequently withdrawn by the requisitioners on 11 September 2020.

- On 8 September 2020 the Company received a notice to convene a meeting under Section 203D and 249F to remove Messrs Mr Andrew Bald, Stephen Harrison and Anthony Hamilton as directors of the Company and appoint Messrs Geoffrey Murray, Andrew Jones and David Breeze and Anthony Huston as directors of the Company. As at the date of this annual report this notice remains in force however no meeting has yet been called by the requisitioners.

- On 8 September 2020 the Company was serviced with a writ of summons from Advent noting the Company is in the process of obtaining legal advice in respect to the claims made in the writ and to present its position in relation to the claims.

- On 23 September 2020 Mr Andrew Jones and Mr Robert Marusco joined the board of the Company as non-executive directors and Mr Bald, Mr Stephen Harrison and Mr Anthony Hamilton resigned on the same day.

- On 2 October 2020 the Company announced it entered into a standstill agreement with both Advent Energy Ltd and Asset Energy Pty Ltd in relation to the writs and demands issued by both Advent and Asset the effect of which is to allow the parties to negotiate a resolution of the pending claims. The Company has entered into further active dialogue with Advent and Asset the aim of which is to seek a resolution in the near future.

Future Developments

The Company is actively reviewing the process of a potential in specie distribution framework of its shares held in Advent and researching new opportunities to invest in private and/or public, listed and/or unlisted Australian companies within its field of activity.

Information on Directors

D Verley (appointed 11 February 2020)
Non-Executive Director
Shares held in MEC – 2,000,000 shares held directly, and 20,792,200 shares held indirectly via Here Capital Pty Ltd of which Mr Verley is a director and shareholder therein.
Shares held in Advent – nil
Listed Options held – nil
Unlisted Options held MEC – nil

Mr Verley has over 35 years' experience in the banking, investment management, life insurance, mutual fund, accounting, property, mining services, construction, fabrication, engineering, printing, training and fire prevention industries, as well as 25 years' experience in strategy development, planning and implementation.

Mr Verley was the Managing Director of the Retail Investments Division of Standard Bank, Africa's largest retail bank. Following this appointment, he established his own investment funds management company in alliance with one of the world's largest investment management groups, forming numerous strategic alliances with leading South African financial institutions.

Mr Verley also established a special-purpose property development company to capitalise and develop a 330-home property development, with an estimated end-to-end value of about AU$200 million.

Mr Verley has acted as the compliance officer to an ASX 200 investment company, been the Executive Chairperson of a prominent mid-tier accounting, tax and financial planning business, has sat, and still sits, as director, advisor and business coach (mentor) to various SMEs and Not-for-profit organisations, and with his current business partner, he has most recently established Here Business & Wealth.

Mr Verley has completed a Diploma in Business Management, a Bachelor of Commerce majored in Economics and Business Economics, an Honours Bachelor of Commerce – Investment Finance, a Higher Post-Graduate Diploma in Corporate Law, Graduate Diploma – Australian Institute of Company Directors (GAICD), and an Executive MBA through UWA, graduating with distinction and receiving the Dux award in Strategic Negotiation.

Mr Verley has not acted as a director of any other listed public company in the last 3 years.

A Jones (appointed 23 September 2020)
Non-Executive Director
Shares held in MEC – 4,000,000 shares held indirectly via AJ Superannuation Fund and 8,000,000 shares indirectly via Jessica Brown
Shares held in Advent – nil
Listed Options held – nil
Unlisted Options held MEC – nil

Andrew has over 14 years' experience in financial markets and is an established Corporate Advisor with a demonstrated history of working within the finance industry. He has worked with various stockbroking and capital firms in Perth providing corporate advice to ASX companies. Andrew is skilled in mergers & acquisitions, corporate finance, investor relations and corporate communications.

Andrew was awarded the Best Corporate Advisor in 2016 from Acquisition International for leading the Aziana Ltd/BrainChip Inc. merger through to a successful listing in September 2015. Andrew secured their initial funding and then secured Aziana as the acquisition company to complete a re listing on the ASX.

Andrew's primary focus is providing corporate advice to ASX companies and specialises in capital raising solutions as well as developing customised corporate strategies. He has worked primarily in the resources sector however has covered a range of other market sectors during his career raising capital and providing corporate advice and management. Recently, Andrew has been working with a few selected private companies to prepare them for a public listing on the ASX, whether that be a reverse takeover/backdoor listing or IPO.

Andrew has managed a range of transactions and corporate activities in the recent past raising in excess of $10m for a variety of companies as equity or convertible notes or both.

Mr Jones has not acted as a director of any other listed public company in the last 3 years.

R Marusco (appointed 23 September 2020)
Non-Executive Director
Shares held in MEC – 15,000,000 shares held indirectly via the Marusco Superannuation Fund of which Mr Marusco is a member, and 20,792,200 shares held indirectly via Here Capital Pty Ltd of which Mr Marusco is a director and shareholder therein.
Shares held in Advent – nil
Listed Options held – nil
Unlisted Options held MEC – nil

Over the past 30 years, Rob's professional and business career has covered three areas of core competencies. Previously, as director of a large financial services group, he developed an extensive client base across a diverse range of industries and markets. Rob's focus on financial reporting, taxation law, Corporations Act and financial interpretation has provided a robust advisory platform in relation to his work in taxation structuring, business development, financial strategy and modelling.

He was the founding director and driving force behind the formation of a financial planning and investment advisory organisation and formulated its strategic business development plan, business activity system and its distribution model which resulted in significant growth both in client numbers and the value of funds under advice.

Rob has developed experience and competence in equity capital markets, debt advisory and importantly operational knowledge concerning capital raising support and facilitation, corporate management including secretarial, governance and compliance dealing with the ASX, ASIC and other authorities for both ASX listed public and private corporations. He has considerable business advisory experience in the resources sector, property development, hospitality services, financial services, agribusiness, retail, manufacturing and wholesale businesses having developed a number of business management models and systems.

As a corporate advisor, Rob was involved in the listing of many companies to the ASX including due diligence, reconstruction and recapitalisation activities, mergers, acquisitions, and market takeover bids. He has fulfilled board roles for a number of ASX listed public and private companies as a non-executive director and company secretary along with compliance committee positions.

Mr Marusco has not acted as a director of any other listed public company in the last 3 years.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for key management personnel of MEC Resources Ltd. The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

This information provided in this remuneration report has been audited as a required by Section 308(3C) of the Corporations Act 2001.

The Directors and other key management personnel of the Group during or since the end of the financial year were:

D Verley – Non-Executive Director (appointed 11 February 2020)
A Jones - Non-Executive Director (appointed 23 September 2020)
R Marusco - Non-Executive Director (appointed 23 September 2020)
M Sandy – Non-Executive Chairman (resigned 31 July 2020)
A Bald – Non-Executive Director (resigned 23 September 2020)

M Battrick – Non-Executive Director (resigned 11 February 2020)
A Hamilton – Non-Executive Director (appointed 31 July 2020 and resigned 23 September 2020)
S Harrison – Non-Executive Director (appointed 31 July 2020 and resigned 2 September 2020)

All the parties have held their current position for the whole of the financial year and since the end of the financial year unless otherwise stated.

Remuneration Policy

The remuneration policy of MEC Resources Ltd has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives as determined by the Board and/or shareholders. The remuneration report, as contained in the 2019 financial accounts was adopted at the Company's 2019 annual general meeting. A total of 75.89% of shareholders voted for the adoption of this report, the Board noting that the remuneration policy is appropriate and effective in its ability to attract and retain the best executive and directors to run and manage the economic entity, as well as create goal congruence between the directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was approved by the Board.

- All executives, unless otherwise agreed receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and options.
- The Board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Remuneration philosophy

The performance of the Company depends upon the quality of the Directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration

The performance of executives is measured against criteria agreed with each executive and is based predominantly on the forecast growth of the Company's profits and shareholders' value. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

Where agreed the executives receive a superannuation guarantee contribution required by the government, which is currently 9.50%, and do not receive any other retirement benefits.

Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using an appropriate methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Payments to non-executive directors are based on market practice, duties and accountability. Independent external advice may be sought when required on payments to non-executive directors. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

A policy on Directors hedging their equity has not been implemented by the Consolidated Group.

Compensation Practices

The Board's policy for determining the nature and amount of compensation of key management for the Group is as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon resignation, key management personnel are paid employee benefit entitlements accrued to date of resignation. Key management personnel are paid three months of salary in the event of redundancy and options not exercised before or on the date of termination will lapse after one month.

The Board determines the proportion of fixed and variable compensation for each key management personnel.

Employment contracts of Directors

Details of Remuneration for the year ended 30 June 2020

2020

Key Management Person	Short-term Benefits				Post-employment Benefits
	Cash, Salary and Fees	Bonus	Non-cash benefit	Other	Superannuation
D Verley	20,000[1]	-	-	-	-
A Jones	0[2]	-	-	-	-
R Marusco	0[3]	-	-	-	-
M Sandy	12,000[4]	-	-	-	-
A Bald	22,000[5]	-	-	-	-
M Battrick	8,000	-	-	-	
A Hamilton	0[6]	-	-	-	-
S Harrison	0[6]	-	-	-	-

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related	Compensation relating to options
	Other	Shares	Options	$	%	%
D Verley	-	-	-	20,000	-	-
A Jones	-	-	-	0	-	-
R Marusco	-	-	-	0	-	-
M Sandy	-	-	-	12,000	-	-
A Bald	-		-	22,000	-	-
M Battrick	-	-	-	8,000	-	-
A Hamilton	-	-	-	0	-	-
S Harrison	-	-	-	0	-	-

2019

Key Management Person	Short-term Benefits				Post-employment Benefits
	Cash, Salary and Fees	Bonus	Non-cash benefit	Other	Superannuation
D Ambrosini	185,184	-	-	-	10,728
M Sandy	24,000	-	-	-	-
A Bald	24,000	-	-	-	-
M Battrick	71,767	-	-	-	-
S Keleman	1	-	-	-	-
T Foster	185,154	-	-	-	13,397
D Moore	-	-	-	-	-
D Hoff	-	-	-	-	-
H Goh	-	-	-	-	-
K O Yap	-	-	-	-	-

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related	Compensation relating to options
	Other	Shares	Options	$	%	%
D Ambrosini	-	-	-	195,912	-	-
M Sandy	-	-	-	24,000	-	-
A Bald	-	-	-	24,000	-	-
M Battrick	-	-	-	71,767	-	-
S Kelemen	-	-	-	1	-	-

T Foster	-	65,282	-	263,833	-	-
D Moore	-	-	-	-	-	-
D Hoff	-	-	-	-	-	-
H Goh	-	-	-	-	-	-
K O Yap	-	-	-	-	-	-

1. No cash directors' fees have been paid to Mr Verley since his appointed effective however director's fees of $48,000 per annum payable to Mr Verley, which will be paid monthly in arrears. It was agreed that in the first 12 months that the director's fees be paid in the form of $1,000 per month plus SGC and the non-cash component be paid via shares issued in the Company to be approved by shareholders or until otherwise amended by the Board. In consideration for this first 12-month concession in support of the Company Mr Verley of his nominee will be issued 10,000,000 options with an exercise price of $0.005 cents expire 3 years from issue date subject to shareholder approval.
2. No cash directors' fees have been paid to Mr Jones since his appointed effective however director's fees of $48,000 per annum payable to Mr Jones, which will be paid monthly in arrears. It was agreed that in the first 12 months that the director's fees be paid in the form of $1,000 per month plus SGC and the non-cash component be paid via shares issued in the Company to be approved by shareholders or until otherwise amended by the Board. In consideration for this first 12-month concession in support of the Company Mr Jones of his nominee will be issued 10,000,000 options with an exercise price of $0.005 cents expire 3 years from issue date subject to shareholder approval.
3. No cash directors' fees have been paid to Mr Marusco since his appointed effective however director's fees of $48,000 per annum payable to Mr Marusco, which will be paid monthly in arrears. It was agreed that in the first 12 months that the director's fees be paid in the form of $1,000 per month plus SGC and the non-cash component be paid via shares issued in the Company to be approved by shareholders or until otherwise amended by the Board. In consideration for this first 12-month concession in support of the Company Mr Jones of his nominee will be issued 10,000,000 options with an exercise price of $0.005 cents expire 3 years from issue date subject to shareholder approval.
4. No cash directors' fees have been paid to Mr Sandy during the year and up to his resignation on 31 July 2020 however the Company has agreed to pay him $12,000 within the next 8 months from 23 September 2020.
5. No cash directors' fees have been paid to Mr Bald during the year and up to his resignation on 23 September 2020 however the Company has agreed to pay him $22,000 within the next 8 months from 23 September 2020.
6. Both Mr Hamilton and Mr Harrison where appointed as non-executive directors subsequent to financial year end on 31 July 2020 and both have since resigned on the 23 September 2020 and 2 September 2020 respectively. The Company agreed to pay Mr Hamilton a director's fee of $4,000 and Mr Harrison a director's fee of $2,000 within the next 8 months from 23 September 2020.

Interest in the shares and options of the Company and related bodies corporate

The following relevant interests in shares and options of the Company or a related body corporate were held by Directors as at the date of this report.

Shareholdings - MEC Resources
Number of Shares Held by Key Management Personnel
2020

	Balance 1.7.2019	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2020
D Verley	0	-	-	22,792,200[1]	22,792,200
A Jones	0	-	-	12,000,000[2]	12,000,000
R Marusco	0	-	-	35,792,200[3]	35,792,200
M Sandy	0	8,800,000[4]	-	-	8,800,000

A Bald	5,418,096	8,800,000[4]	-	-	14,218,096
M Battrick	0	8,800,000[4]	-	-	8,800,000
A Hamilton	0	-	-	-	0
S Harrison	0	-	-	-	0
D Ambrosini	0	3,000,000[5]	-	-	3,000,000

1. Mr Verley took up 2,000,000 shares at $0.005 per share contributing $10,000 to the Company as a cash payment as part of a shortfall placement arising from a Non-Renounceable Rights Offer by way of prospectus dated 9 April 2019. Mr Verley also holds an indirect interest in 20,792,200 shares held by Here Capital Pty Ltd which were issued in exchange for services. Mr Verley is a director of Here Capital and owns an indirect non-controlling interest in Here Capital.
2. Mr Jones took up an indirect interest via the AJ Superfund of 4,000,000 shares at $0.005 per share contributing $20,000 to the Company as a cash payment and his spouse Jessica Brown took up a direct interest in 8,000,000 shares at $0.005 per share contributing $40,000 to the Company as a cash payment as part of a shortfall placement arising from a Non-Renounceable Rights Offer by way of prospectus dated 9 April 2019.
3. Mr Marusco took up 15,000,000 shares at $0.005 per share contributing $75,000 to the Company as a cash payment as part of a shortfall placement arising from a Non-Renounceable Rights Offer by way of prospectus dated 9 April 2019. Mr Marusco also holds an indirect interest in 20,792,200 shares held by Here Capital Pty Ltd which were issued in exchange for services. Mr Marusco is a director of Here Capital and owns an indirect non-controlling interest in Here Capital.
4. Messers Sandy, Bald and Battrick received 8,800,000 shares each in lieu of cash payment of directors' fees which was approved by shareholders at the Company's AGM on 25 November 2019.
5. Ms Ambrosini received 3,000,000 shares each in lieu of cash payment of directors' fees for the prior financial year ended 30 June 2019 which was approved by shareholders at the Company's AGM on 25 November 2019.

The value of options lapsed during the year was nil. There were 3,750 options exercised during the year at an exercise price of $0.04 per share raising $150.

Board payments may be made up to a level of $250,000 per annum. Payments for Director fees are to be made up to $25,000 per annum per director and $50,000 per annum for the Chairman.

Company performance, shareholder wealth, and director and executive remuneration

The following table shows the gross revenue and the operating result for the last five years for the listed entity, as well as the share price at the end of the respective financial years.

	2016	2017	2018	2019	2020
Revenue	23,984	61,061	86,162	107,131	2,455
Net Profit/Loss	(1,300,678)	(1,030,674)	(19,914,101)	(1,339,670)	(2,670)
Share price at Year end	$0.029	$0.03	$0.017	$0.005	$0.004
Loss per share	($0.06)	($0.05)	($0.03)	$(0.004)	$0.004)

End of remuneration report.

Meetings of Directors

During the financial year, 6 meeting of directors (including committees of directors) was held. The Board meets much more regularly by telephone to make day-to-day decisions with respect to the business of the Company. Attendances by each director during the year were:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
D Verley (appointed 11/2/2020)	4	4
A Jones (appointed 23/9/2020)	0	0
R Marusco (appointed 23/9/2020)	0	0
M Sandy (resigned 31/7/2020)	8	8
A Bald (resigned 23/9/2020)	8	8
M Battrick (resigned 11/2/2020)	4	4
A Hamilton (appointed 31/7/2020 & resigned 23/9/ 2020)	0	0
S Harrison (appointed 31/7/2020 & resigned 2/9/2020)	0	0

Indemnifying Officers or Auditors

During or since the end of the financial year the company has not paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the Company.

The company has not indemnified the current or former auditor of the Company.

Options

At the date of this report, the Company has no unissued ordinary shares of MEC Resources Ltd under options with all options previously issued having expired as at the date of this Annual Report.

MEC Resources Ltd

Grant Date	Date of Expiry	Exercise Price	Number Under Option
02/04/2016	31/03/2020	$0.06	2,400,000
22/06/2018	22/06/2020	$0.04	59,114,729
06/07/2018	06/07/2020	$0.04	9,696,476
17/07/2018	17/07/2020	$0.04	1,110,110

During the year ended 30 June 2020, 3,750 ordinary shares of MEC Resources Ltd were issued on the exercise of options at $0.04 per share for the sum of $150 (2019 nil). No amounts are unpaid on any of the shares.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on Behalf of Company

The Company had a number of legal disputes pending as at the 30th June 2019 however these have all subsequently been resolved by virtue of a Deed of Settlement. On 12th August 2019 MEC Resources announced that it had reached a settlement of the various legal disputes between MEC Resources and BPH Energy Limited, Grandbridge Limited, Trandcorp Pty Ltd and David Breeze.
The terms of settlement are recorded in a deed of settlement, to which MEC's 49.3% owned investee company Advent Energy Pty Ltd is also a party.

MEC Resources had agreed to the settlement to resolve the continual disputes which have impeded the progress of both MEC Resources and Advent Energy over the period since November 2016, and the resultant series of expensive and value-destructive legal actions.

As a result of the settlement, it was envisaged both companies should now be free to pursue commercial activities intended to generate value for shareholders.

Material terms of the settlement are:

- All legal actions between the various parties to the settlement are discontinued.
- Changes in the Board of Advent Energy whereby Matthew Battrick and Tobias Foster resigned, the Board of Advent Energy going forward following settlement consists of Stephen Kelemen, David Breeze, Steve James, Tony Huston and Tom Fontaine.
- Two-year standstill on action by MEC Resources to interfere with the Board composition or management of Advent Energy.
- One-year standstill on disposal of the shares in Advent Energy held by MEC Resources, except by in-specie distribution to shareholders of MEC Resources. MEC Resources to propose and support in-specie distribution of its shareholding in Advent Energy to MEC Resources shareholders (subject to approval by MEC Resources shareholders, ASX and ASIC) if requested by Advent Energy.
- Loan of $3.6 million owed by Advent Energy to MEC Resources to be placed on limited-recourse basis – recoverable only by conversion to shares of Advent Energy one month prior to commencement of drilling of a well within the PEP-11 permit area, at 80% of 5-day VWAP.
- Noting that the settlement would have a positive net impact on the net asset position of the Group.

As at the date of this Annual Report, the Company has legal proceedings afoot in that on 8 September 2020 the Company was served with a writ and demand from Advent Energy Ltd and Asset Energy Pty Ltd in relation to loans owing by MEC. As at the date of this annual report the Company has sought legal advice in relation to the writs and on 2 October 2020 entered into a standstill agreement with both Advent Energy Ltd and Asset Energy Pty Ltd in order to allow the parties time to negotiate a resolution of the claims. The Company has entered into further active dialogue with Advent and Asset the aim of which is to seek a resolution in the near future.

Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Fees for non-audit services paid/payable to the external auditors during the year ended 30 June 2020 were $12,290, for preparation of an R & D claim and income tax returns (2019: Nil).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 17.

The directors' report is signed in accordance with a resolution of directors made pursuant to S298(2) of the Corporations Act 2001.

Douglas Verley
Non-Executive Director
Dated this 14 Day of October 2020

Moore Australia Audit (WA)

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MEC RESOURCES LIMITED & CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Neil Pace

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 14th day of October 2020.

Corporate Governance Statement

The Board of Directors of MEC Resources Limited ('MEC' or 'the company') is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of the company on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

A copy of the Company's Corporate Governance Statement can be found on the Company's website at www.mecresources.com.au

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2020

MEC Resources Ltd and its controlled entities

	Note	2020 $	2019 $
Revenue	**2**	2,455	107,131
Other Losses	**2**	(508,627)	-
Other Income	**2**	25,140	339,347
Administration expenses		(92,491)	(126,397)
Consulting and legal expenses	**3**	(390,326)	(713,194)
Depreciation and amortisation expense		(610)	(819)
Employee expenses	**3,5**	(105,067)	(418,692)
Insurance expenses		313	(28,227)
Interest expenses		(655)	(3,228)
Exploration expenditure write off		(62,365)	(399,278)
Travelling expenses		(8,635)	(20,333)
Other expenses		(72,417)	(164,381)
Loss before Income Tax		(1,213,285)	(1,428,071)
Reclassified to Discontinued Operations		-	251,774
Income tax expense	**8**	-	-
Loss from continuing operations		(1,213,285)	(1,176,297)
Profit/(Loss) from Discontinued Operations	**24**	(1,456,513)	(251,774)
Profit/(loss) for the Period		(2,669,798)	(1,428,071)
Other Comprehensive Income		-	-
Total Comprehensive loss for the period		(2,669,798)	(1,428,071)
Loss attributable to non-controlling interest		-	(88,401)
Loss attributable to members of the parent entity		(2,669,798)	(1,339,670)
Total Comprehensive loss attributable to non-controlling interest		-	(88,401)
Total Comprehensive loss attributable to the owners of the company		(2,669,798)	(1,339,670)
Earnings Per Share –			
Basic and diluted earnings per share (cents per share)	**6**	(0.41)	(0.40)

The above results are those of the consolidated group for 2019 and for the consolidated group in 2020 until the date of deconsolidation, being 6th August 2019. After that date, the results are those of MEC Resources Ltd only. The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2020

MEC Resources Ltd and its controlled entities

	Note	30 June 2020 $	30 June 2019 $
Current Assets			
Cash and cash equivalents	**7**	438,110	350,634
Trade and other receivables	**9**	-	63,968
Financial assets	**13**	-	563,147
Other current assets	**10**	2,164	18,615
Total Current Assets		440,274	996,364
Non-Current Assets			
Intangible assets	**11**	-	22,674
Evaluation and exploration expenditure	**12**	-	10,562,578
Financial assets	**13**	8,630,234	84,275
Property, plant & equipment	**14**	3,435	4,154
Total Non-Current Assets		8,633,669	10,673,681
Total Assets		9,073,943	11,670,045
Current Liabilities			
Trade and other payables	**15**	163,827	1,077,758
Provisions	**16**	-	122,436
Financial liabilities	**17**	593,796	791,978
Total Current Liabilities		757,623	1,992,172
Total Liabilities		757,623	1,992,172
Net Assets		**8,316,320**	**9,677,873**
Equity			
Issued capital	**18**	30,644,378	29,336,134
Reserves	**19**	442,274	16,268,145
Accumulated losses		(22,770,332)	(37,941,446)
Total Equity Attributable to Owners		8,316,320	7,662,833
Non-controlling Interest		-	2,015,040
Total Equity		**8,316,320**	**9,677,873**

The 30 June 2019 financial position is that of the consolidated group, whilst the 30 June 2020 financial position is that of MEC Resources only. The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2020

MEC Resources Ltd and its controlled entities

	Issued Share Capital $	Accumulated losses $	Option Reserve $	Contribution Reserve $	Total attributable to owners $	Non-controlling Interest $	Total Equity $
Balance at 1 July 2018	28,784,989	(36,601,776)	531,466	15,736,679	8,451,358	2,103,441	10,554,799
Loss attributable to members of the consolidated entity	-	(1,339,670)	-	-	(1,339,670)	(88,401)	(1,428,071)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(1,339,670)	-	-	(1,339,670)	(88,401)	(1,428,071)
Shares issued during the period	553,095	-	-	-	553,095	-	553,095
Share Based Payments	(1,950)	-	0	-	(1,950)	-	(1,950)
Balance at 30 June 2019	29,336,134	(37,941,446)	531,466	15,736,679	(7,662,833)	2,015,040	9,677,873
Balance at 1 July 2019	29,336,134	(37,941,446)	531,466	15,736,679	7,662,833	2,015,040,	9,677,873
Loss attributable to continuing operations	-	(1,213,285)	-	-	(1,213,285)	-	(1,213,285)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(1,213,285)	-	-	(1,213,285)	-	(1,213,285)
Shares issued during the period	1,375,644	-	-	-	1,375,644	-	1,375,644
Capital raising costs	(67,400)	-	-	-	(67,400)	-	(67,400)
Net movements on deconsolidation	-	16,384,399	(89,192)	(15,736,679)	558,528	(2,015,040)	(1,456,513)
Balance at 30 June 2020	30,644,378	(22,770,332)	442,274	-	8,316,320	-	8,316,320

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2020

MEC Resources Ltd and its controlled entities

	Note	2020 $	2019 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(719,023)	(1,591,219)
Research and Development incentives		65,140	556,126
Interest received		2,455	9,112
Net cash used in operating activities	**20**	(651,428)	(1,025,981)
Cash Flows from Investing Activities			
Payments for property plant and equipment		-	(3,647)
Repayment of loans from other entities		200,039	-
Loans to other entities		(300,000)	
Deferred exploration costs			(44,098)
Net cash used in investing activities		(99,961)	(47,745)
Cash Flows from Financing Activities			
Proceeds from share issue		929,090	445,863
Net cash provided by financing activities		929,090	445,863
Net increase/(decrease) in Cash Held		177,701	(627,863)
Cash at the Beginning of the Period		260,409	978,497
Cash at the End of the Period	**7**	**438,110**	**350,634**

1. Statement of Significant Accounting Policies

Corporate Information

The financial report includes the consolidated financial statements and the notes of MEC Resources Ltd and its controlled entities ('Consolidated Group' or 'Group'). The Group was consolidated until 6 August 2019 when the subsidiary companies were deconsolidated.

MEC Resources Ltd is a public listed company on the ASX, which is incorporated and domiciled in Australia. The financial report was authorised for issue on 14 October 2020 by the Board of Directors.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. MEC Resources Ltd is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where stated below.

Compliance with IFRS

The consolidated financial statements of MEC Resources Ltd comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Financial Position/Going Concern Basis of Preparation

The Consolidated Group has incurred losses for the year ended 30 June 2020 of $2,669,798 (2019: $1,428,071) and has a net cash outflow from operating activities of $651,428 (2019: $1,025,981).

The Consolidated Group has a working capital deficit of $319,513 (Note 18b) as at 30 June 2020 (2019: $1,455,135) which includes cash assets of $438,110 as at 30 June 2020 (2019: $350,634), trade receivables of $nil (2019: $63,968), trade creditors and other payables of $163,827 (2018: $1,077,758) and financial liabilities of $593,796 (2019: $791,978)

Included in trade creditors and payables are director fee accruals of $54,000 (2019: $711,832). The directors have reviewed their expenditure and commitments for the Consolidated Group and have implemented methods of costs reduction. The directors as a part of their cash monitoring, have voluntarily suspended cash payments for their director's fees prior to and as at the date of this report to conserve cash resources of the Company.

The Company has assessed its ability to continue as a going concern, taking into account all available information, for a period of 12 months from the date of issuing of the financial report.

The Company's financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities, including the realisation of assets and settlement of liabilities in the normal course of business.

1. Statement of Significant Accounting Policies (continued)

Financial Position/Going Concern Basis of Preparation (continued)

Based on the Company's cash flow forecast, the Company will require additional funding in the next 12 months to enable it to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due.

The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due is therefore dependent upon:

- the Company's operating cash requirements not exceeding its historical levels; and
- the Directors being successful in obtaining future funding to meet the Company's objectives and payment obligations as and when they fall due by engaging with parties in raising additional capital or issuing debt, in relation to which the Company has demonstrated a history of success in this regard.
- The ability of the Company to negotiate a satisfactory outcome in relation to writs and demands issued by Advent Energy Ltd and Asset Energy Pty Ltd, which are currently subject to a standstill agreement as announced to ASX on 2 October 2020, in order to allow the parties time to negotiate a resolution. The Company is actively engaged in constructive dialogue with Advent and is aiming to achieve an outcoming in the near future at which point it is envisaged an ASX release will be made.

After consideration of the above factors, the Directors are of the opinion that it is appropriate for the Company to prepare the financial statements on a going concern and, as a result, the financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not be able to continue as a going concern basis.

Notwithstanding this assessment, there exists a material uncertainty that may cast doubt on the Company's ability to continue as a going concern for at least the next 12 months and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity which MEC Resources Ltd is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of controlled entities is contained in Note 25 to the financial statements. All controlled entities have a June financial year-end. As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

All inter-company balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

1. Statement of Significant Accounting Policies (continued)

Where controlled entities have entered or left the Consolidated Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(a) Principles of Consolidation (continued)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(b) Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued, and liabilities assumed in exchange for. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(c) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date. Deferred tax is accounted for in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the

1. Statement of Significant Accounting Policies (continued)

financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

(c) Income Tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or liability is settled. Deferred tax is recognised in the statement of profit or loss and other comprehensive income except where it relates to items that may be recognised directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences or unused tax losses and tax credits can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment
Plant and equipment are measured on the cost less accumulated depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15.00 - 33.33%

1. Statement of Significant Accounting Policies (continued)

(e) Exploration and Development Expenditure

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When

revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward where right of tenure of the area of interest is current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from Intangible assets to mining property and development assets within property, plant and equipment. Should exploration be successful and result in a project, costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(f) Impairment of Assets

The Group reviews non-financial assets, other than deferred tax assets, at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their

present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows

1. Statement of Significant Accounting Policies (continued)

(f) Impairment of Assets

from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each

reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the

estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised by reference to the stage of completion of the contract. All revenue is stated net of the amount of goods and services tax (GST).

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1. Statement of Significant Accounting Policies (continued)

(j) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Consolidated Group. The amounts are unsecured and are usually paid within 30 days. The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short-term nature. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(k) Share based payments

Share based compensation benefits are provided to employees via the Company's Employee Option plan.

The fair value of options granted under the Company's Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognized over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimate of the number of options that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate. Upon the exercise of

options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(l) Earnings per share

Basic earnings per share (EPS) is calculated as net profit/loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(m) Foreign Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the company and the presentation

1. Statement of Significant Accounting Policies (continued)

(m) Foreign Currency (continued)

currency for the consolidated financial statements. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

(n) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to statement of financial position. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits using a corporate bond rate.

(o) Financial Instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement
Financial liabilities
Financial instruments are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

1. Statement of Significant Accounting Policies (continued)

(o) Financial Instruments (continued)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:
- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets
Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.
-

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

1. Statement of Significant Accounting Policies (continued)

(o) Financial Instruments (continued)

The Company initially designates a financial instrument as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3:Business Combinations applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

1. Statement of Significant Accounting Policies (continued)

(o) Financial Instruments (continued)

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment
The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the general approach to impairment, as applicable under AASB 9: Financial Instruments.

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Recognition of expected credit losses in financial statements
At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.
The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

1. Statement of Significant Accounting Policies (continued)

(p) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(q) Critical Accounting Estimates and Judgements

Key Judgments —Expected credit loss assessment of net investment in Advent Energy Ltd

The Company has significant assets invested in Advent Energy Ltd and its controlled entities, comprising loans receivable and an investment in the Company as disclosed in Note 13 and 21. The evaluation of the recoverability of these assets requires significant judgement because ultimately their recoverability and value is dependent upon the ability of Advent Energy Ltd to extract and realise value from its core exploration assets. The Company assesses its investment in and loans to Advent Energy Ltd for expected credit losses in accordance with the accounting policy stated in note 1(o), which requires the application of significant judgement. Refer to Note 13 and 21 for further discussion on matters related to the investment in and loans to Advent Energy Ltd.

(r) Application of New and Revised Accounting Standards

Standards and Interpretations applicable to the 30 June 2020 financial year

In the year ended 30 June 2020, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for reporting periods beginning on or after 1 July 2019.

New standards which have become effective for the financial period beginning 1 July 2019 are as follows;

- AASB 16 Leases

As a result of their review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the presented financial statements of the Company. Accordingly, no retrospective adjustments were required as a result of adopting these new accounting standards.

The adoption of AASB 16 Leases has resulted in the following amendments to the Company accounting policies;

AASB 16 Leases

AASB 16 replaces the current AASB 17 Leases standard. AASB 16 removes the classification of leases as either operating leases or finance leases- for the lessee - effectively treating all leases as finance leases. Most leases will be capitalised on the balance sheet by recognising a 'right-of-use' asset and a lease liability for the present value obligation. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and deprecation replacing operating lease expense.

1. Statement of Significant Accounting Policies (continued)

(r) Application of New and Revised Accounting Standards (continued)

Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

The standard is mandatory for reporting periods beginning on or after 1 January 2019. The financial impact of the new standard has not been significant.

Standards and Interpretations issued but not yet adopted by the Company

The Directors have also reviewed all of the new and revised Standards and Interpretations Issued but not yet adopted that are relevant to the Company and effective for future reporting periods.

None are expected to have a significant impact on the Company.

2. Revenue

	2020 $	2019 $
Revenue		
Interest revenue	2,455	9,110
Interest revenue: other entities	-	98,021
Total revenue	2,455	107,131

	$	$
Other gains and losses		
Loss on legal settlement (refer Note 24)	(346,514)	-
Loss on Impairment of Loan	(162,113)	-
	(508,627)	-
R&D Tax Incentive Claim	25,140	339,347
	(483,487)	339,347

3. Loss for The Year

	Consolidated	
	2020 $	2019 $
Expenses		
Employee Expenses		
Salary	114,100	315,518
Superannuation expense	4,473	30,980
Other payroll expenses	(13,506)	72,195
	105,067	418,692
Consulting and Legal		
Consulting fees	185,308	343,413
Legal fees	205,018	369,782
	390,326	713,194
Exploration expenditure write off	62,365	399,278

4. Auditors' Remuneration

	Consolidated	
	2020 $	2019 $
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report of the parent		
Moore Australia Audit (WA)	42,000	18,000
- Other services - Moore Australia Audit (WA)	12,290	-
Remuneration of the auditor of subsidiaries for:		
- auditing or reviewing the financial report of subsidiaries		
Moore Australia Audit (WA)	-	7,000
	54,290	25,000

5. Key Management Personnel Compensation

(a) Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Key Management Personnel

D Verley – Non-Executive Director (appointed 11 February 2020)
A Jones – Non-Executive Director (appointed 23 September 2020)
R Marusco – Non-Executive Director & Company Secretary (appointed 23 September 2020)
M Sandy – Non-Executive Chairman (appointed 24 July 2018 & resigned 31 July 2020)
A Bald – Non-Executive Director (appointed 24 July 2018 & resigned 31 July 2020)
M Battrick – Non-Executive Director (appointed 24 July 2018 & resigned 11 February 2020)

	Consolidated	
	2020 $	2019 $
Short term employee benefits	62,000	514,231
Share based payments (in lieu of directors' fees)	-	65,282
	62,000	579,513

Included in consolidated trade creditors and payables are director fee accruals of $54,000 (30 June 2019: $711,332).

5. Key Management Personnel Compensation (continued)

Director	MEC Resources Ltd Amount Owing 30 June 2020
Current Directors	
Douglas Verley	20,000
Andrew Jones	-
Robert Marusco	-
Previous Directors	
Andrew Bald	22,000
Micheal Sandy	12,000
Matthew Battrick	-
Balance owing	$54,000

Key management personnel remuneration is disclosed in the remuneration report included in the director's report.

6. Earnings per share

		Consolidated	
		2020 $	2019 $
(a)	Reconciliation of Earnings to Profit or Loss		
	Net loss attributable to members of the parent	(2,669,798)	(1,339,670)
	Earnings used to calculate basic and diluted EPS	(2,669,798)	(1,339,670)
(b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	645,824,071	347,776,879
	Loss per share (cents per share)	(0.41)	(0.40)
	The company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options will result in a decreased net loss per share.		

	Consolidated	
	2020 $	2019 $

7. Cash and cash equivalents

Cash at bank and in hand	438,110	350,634

Reconciliation of cash
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	438,110	350,634

8. Income Tax Expense

	Consolidated 2020 $	Consolidated 2019 (Note 2) $
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
b. The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2019: 27.5%)	(333,653)	(392,720)
Add/(less) tax effect of:		
- Revenue losses and other deferred tax balances not recognised	284,021	299,628
- Other non-deductible items	56,546	182,362
- Other non-assessable items	(6,914)	(89,270)
Income tax expense	-	-
c. Deferred tax recognised at 27.5% (2019: 27.5%) (Note 1):		
Deferred tax liabilities:		
Exploration expenditure	-	2,759,158
Deferred tax assets:		
Carry forward revenue losses	-	2,759,158
Net deferred tax	-	-
d. Unrecognised deferred tax assets at 27.5% (2019: 27.5%) (Note 1):		
Carry forward revenue losses	3,135,308	12,557,795
Carry forward capital losses	-	2,228,144
Other	(33,670)	43,682
	3,101,638	14,829,621

8. Income Tax Expense (continued)

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

Note 1 - Corporate Tax Rate

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

Note 2 - Comparatives

The 2019 comparatives have been updated to be consistent with the 2020 format. The current and deferred tax position has not changed.

9. Trade and other receivables

	Consolidated	
	2020 $	2019 $
CURRENT		
Trade receivables	-	-
Net GST receivables	-	23,968
Other receivables – RD accrual	-	40,000
	-	63,968

	Consolidated	
	2020 $	2019 $
Ageing of past due but not impaired		
30-60 days	-	-
60-90 days	-	-
120 days and over	-	-
Total	-	-

10. Other Assets

	Consolidated	
	2020	**2019**
	$	**$**
Current		
Deposits	2,164	-
Prepaid expenses	-	18,615
	2,164	18,615

11. Intangibles

	Consolidated	
	2020	**2019**
	$	**$**
Intangibles – Contacts database	-	22,674
	-	22,674

12. Capitalised Exploration Costs

Exploration expenditure capitalised		
Exploration and evaluation phases	-	10,562,578
	-	10,562,578
Reconciliation of movement during the year		
Opening balance at 1 July	10,562,578	10,917,759
Disposal on deconsolidation	(10,562,578)	-
Capitalised expenditure – PEP 11	-	40,843
Expenditure written off – PEP 11	-	(399,278)
Capitalised expenditure – EP 386	-	3,254
Balance at 30 June	-	10,562,578

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of natural gas. Capitalised costs amounting to $nil (2019: $44,098) have been included in cash flows from investing activities in the statement of cash flows. Receipts for the sale of capitalised items of $nil (2019: $nil) have been included in cash flows from investing activities in the statement of cash flows.

13. Financial Assets

	Consolidated	
	2020 $	2019 $
Current		
Loan receivable – BPH Energy Ltd	-	563,147
Loan receivable – Grandbridge Ltd	-	44,876
Total	-	563,147
Non - Current		
Fair Value through Profit and Loss financial assets (a	-	-
Loan receivable – Advent Energy Ltd (b)	3,924,317	-
Investment in Advent Energy Ltd (c)	4,705,917	-
Investment in BPH Energy Limited	-	14,364
Investment in Molecular Discovery Systems Ltd	-	69,911
	8,630,234	84,275

(a) For financial instruments that are measured at fair value on a recurring basis, Level 1 and Level 3 applies to the company's non-current Fair Value through Profit and Loss financial assets.

(b) This loan is recoverable only by conversion to shares of Advent Energy Ltd one month prior to the scheduled commencement date for the drilling of a well within the PEP-11 permit area. The shares are calculated at 80% of 5-day VWAP of Advent Energy Ltd immediately prior to that date or if as at that date Advent Energy Ltd shares are not listed on any securities exchange, the price at which ordinary shares in Advent Energy Ltd were last issued.

(c) If at any time within the period of one year after 6 August 2019 the company receives a request in writing from Advent Energy Ltd to do so the Company must effect an in-specie distribution to the shareholders of the Company, subject to obtaining all regulatory and shareholder approvals. Such a request was received during the year ended 30 June 2020 however the in-specie distribution has not been completed as at the date of this annual report.

14. Property, Plant and Equipment

	Consolidated	
	2020	**2019**
	$	**$**
Plant and Equipment:		
At cost	14,624	26,031
Accumulated depreciation	(11,189)	(21,877)
Total Property, Plant and Equipment	3,435	4,154

	Consolidated	
	2020	**2019**
	$	**$**

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

Consolidated Entity:		
Balance at the beginning of the year	4,154	1,326
Additions	-	3,646
Disposal on deconsolidation	(109)	-
Depreciation expense	(610)	(818)
Carrying amount at the end of the year	3,435	4,154

15. Trade and other payables

	Consolidated	
	2020	**2019**
	$	**$**
Trade Payables	35,689	286,297
Sundry payables and accrued expenses	128,138	791,461
	163,827	1,077,758

16. Provisions

	Consolidated 2020 $	Consolidated 2019 $
Current		
Employee entitlements:		
Opening balance at 1 July	40,592	50,325
Increase/(Decrease) in provision	(40,592)	(9,733)
Balance at 30 June	-	40,592
Share sale agreement:		
Opening balance at 1 July	81,843	81,843
Increase/(Decrease) in provision	(81,843)	-
Balance at 30 June	-	81,843
Total Current Provisions	-	122,436

17. Financial Liabilities

	Consolidated 2020 $	Consolidated 2019 $
Loans payable – Current Liabilities		
Loan from Asset Energy Limited (a)	593,796	-
Loan from BPH Energy Limited	-	41,935
Loan from Grandbridge Limited	-	748,685
Loans from other entities	-	1,358
	593,796	791,978

(a) The loan is unsecured and interest free.

18. Issued Capital

	Consolidated 2020 $	Consolidated 2019 $
684,451,176 (2019: 414,578,376) fully paid ordinary shares	30,711,778	30,378,303
Less: Capital raising costs	(67,400)	(1,042,169)
Issued Capital	30,644,378	29,336,134

The company does not have an authorized capital and issued shares have no par value.	2020	2019	2020	2019
Ordinary Shares	**$**	**$**	**No**	**No**
At the beginning of reporting period	29,336,134	28,784,988	414,578,376	331,060,460
Shares issued – SPP	-	363,560	-	72,710,330
Shares issued – Rights Issue	1,098,403	84,254	219,680,600	4,958,586
Shares issued as settlement of employment liabilities	147,000	65,282	29,400,000	3,626,778
Shares issued as payment of consulting fees	103,961	40,000	20,792,200	2,222,222
Placement shares issued	-	-	-	-
Capital Raising cost	(67,400)	(1,950)	-	-
Prior Period Adjustment	26,280	-	-	-
At reporting date	30,644,378	29,336,134	684,451,176	414,578,376

Fully Paid Ordinary Share Capital

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(a) Options

There were 10,807,586 unlisted options on issue at the end of the year:

Number under option	Exercise Price	Expiry Date
9,696,476	$0.04	6 July 2020
1,110,110	$0.04	17 July 2020
10,807,586		

The market price of the Company's ordinary shares at 30 June 2020 was $0.004 cents.

18. Issued Capital (continued)

The holders of options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

(b) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet corporate overheads and exploration commitments. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group and the parent entity at 30 June 2020 and 30 June 2019 are as follows:

	Consolidated	
	2020	2019
	$	$
Cash and cash equivalents	438,110	350,634
Trade and other receivables	-	63,968
Trade Payables and financial liabilities	(757,623)	(1,869,737)
Working capital position	(319,513)	(1,455,135)

Refer to Note 1 for working capital and financial position note.

	Consolidated	
	2020 $	2019 $
19. Reserves		
Options Reserve (a)	442,274	531,466
Contributions Reserve (b)	-	15,736,679
	442,274	16,268,145

(a) The option reserve records items recognised as expenses in respect of the granting of Director and Employee share options.

(b) The purpose of the contribution reserve is to reflect the effect on equity of changes in ownership of the outside equity interest.

19. Reserves (continued)

Option Reserve

Reconciliation of movement	**2020**	**2019**
	$	**$**
Opening balance	531,466	531,466
Reversal on deconsolidation	(89,192)	-
Closing balance	442,274	531,466

Contribution Reserve

	2020	**2019**
Reconciliation of movement	**$**	**$**
Opening balance	15,736,679	15,316,219
Reversal on deconsolidation	(15,736,679)	-
Reclassification of NCI to Contribution reserve	-	-
Closing balance	-	15,736,679

The Group has reclassified outside equity interest to a contribution reserve to reflect the relative interest of the outside equity interest in the equity of the controlled entities.

20. Cash Flow Information

	Consolidated 2020	2019
	$	$
(a) Reconciliation of Cash Flow from Operations with Profit after income tax		
Operating loss after income tax	(1,213,285)	(1,428,071)
Non-cash flows in profit:		
Depreciation	610	819
Revaluation on investments	-	-
Share based payments	352,611	105,282
Exploration expenditure written off	62,635	399,278
Loss on legal settlement	346,514	-
Loss on loan impairment	162,113	-
Changes in net assets and liabilities, net of effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	62,398	129,349
(Increase)/decrease in other assets	16,451	10,859
Increase/(decrease) in trade payables and accruals	(400,883)	(233,765)
Increase/(decrease) in provisions	(40,592)	(9,732)
Net cash flow from operating activities	(651,428)	(1,025,981)

21. Financial Risk Management

(a) Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, investments held for trading, accounts receivable and payable, and loans to and from related parties. The main purpose of non-derivative financial instruments is to raise finance for group operations policies.

Financial Risk Exposures and Management
The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and equity price risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counter-parties to the contract to meet their obligations.

Equity Price Risk

The Group is exposed to equity price risks arising from equity investments. The performance of equity investments is reviewed biannually to market. The Group holds a diversified portfolio with investments in biotech and oil & gas exploration to manage this risk.

Equity Price Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower:
Net loss for the year ended 30 June 2020 would not decrease/increase significantly (2019: increase/decrease by $718) as a result of the changes in fair value of financial assets through the profit and loss; and

The Group's sensitivity to equity prices has not changed significantly from the prior year.

(b) Financial Instruments

Interest rate risk
The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows

21. Financial Risk Management (continued)

2020	Effective Average Interest Rate Payable %	Floating Interest Rate $	Fixed Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets					
Cash and cash equivalents	1.25%	438,110	-	-	438,110
Trade and other receivables	-	-	-	-	-
Financial Assets – current	20.79%	-	-	-	-
Financial Assets - non-current	-	-	-	2,164	2,164
		438,110	-	2,164	440,274
Financial Liabilities					
Trade and sundry Payables	-	-	-	163,827	163,827
Financial liabilities	-	-	-	593,796	593,796
		-	-	757,623	757,623

2019	Effective Average Interest Rate Payable %	Floating Interest Rate $	Fixed Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets					
Cash and cash equivalents	1.25%	350,634	-	-	350,634
Trade and other receivables	-	-	-	63,968	63,968
Financial Assets – current	20.79%	-	518,280	44,867	563,147
Financial Assets - non-current	-	-	-	84,275	84,275
		350,634	518,280	193,110	1,062,024
Financial Liabilities					
Trade and sundry Payables	-	-	-	1,077,758	1,077,758
Financial liabilities	-	-	-	791,977	791,977
		-	-	1,869,735	1,869,735

21. Financial Risk Management (continued)

Fair Values
The fair values of:

- Term receivables are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Listed investments have been valued at the quoted market bid price at balance date. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation based on valuation techniques that are not based on observable market data.
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings to their present value.
- Other assets and liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Aggregate fair values and carrying amounts of financial assets and financial liabilities at balance date:

	Consolidated			
	2020		**2019**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Assets				
Cash	438,110	438,110	350,634	350,634
Financial assets at fair value through profit or loss	8.630,234	8,630,234	139,275	139,275
Available for sale financial assets	-	-	-	-
Loans and receivables	2,164	2,164	627,115	627,115
	9,070,508	9,070,508	1,117,024	1,117,024
Financial Liabilities				
Other loans and amounts due	593,796	593,796	791,977	791,977
Other liabilities	163,827	163,827	1,077,758	1,077,758
	757,623	757,623	1,869,735	1,869,735

iii. Sensitivity Analysis

Interest Rate Risk
The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

21. Financial Risk Management (continued)

Interest Rate Sensitivity Analysis

The effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group	
	2020	**2019**
Change in profit		
— Increase in interest rate by 1%	2,191	3,506
— Decrease in interest rate by 0.5%	(4,381)	(1,753)

iv. Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following are the contractual maturities at the end of the reporting period of financial liabilities.

30 June 2020

		Contractual cash flows					
	Carrying amount	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Financial liabilities							
Trade and other payables	163,827	(163,827)	-	(163,827)	-	-	-
Unsecured loans	593,796	(593,796)	-	-	-	(593,796)	-
	757,623	(757,623)	-	(163,827)	-	(593,796)	-

21. Financial Risk Management (continued)

30 June 2019

			Contractual cash flows				
	Carrying amount	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Financial liabilities							
Trade and other payables	1,077,758	(1,077,758)	-	(1,077,758)	-	-	-
Unsecured loans	791,977	(791,977)	-	-	-	(791,977)	-
	1,869,735	1,869,735	-	(1,077,758)	-	(791,977)	-

(c) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2020

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
- Investments in listed entities	-	-	-	-
Financial assets at FVTPL				
- Investments in unlisted entities	-	-	8,630,234	8,630,234
Total	-	-	8,630,234	8,630,234

30 June 2019

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
- Investments in listed entities	14,365	-	-	14,365
Available for sale financial assets				
- Investments in unlisted entities	-	-	69,911	69,911
Total	14,365	-	69,911	84,276

21. Financial Risk Management (continued)

Reconciliation of Level 1 fair value measurements of financial assets:

	2020 Investments in listed entities (Level 1)	2019 Investments in listed entities (Level 1)
Opening balance	14,365	14,365
Add: Purchases	-	-
Total gains or loss in the profit and loss	(14,365)	-
Proceeds from sale of listed investments	-	-
Closing balance	-	14,365

Reconciliation of Level 3 fair value measurements of financial assets:

	2020 Available for sale (Level 3)	2019 Available for sale (Level 3)
Opening balance	69,911	69,911
Add: Purchases	-	-
Add: Reclassified balances on deconsolidation	8,630,234	
Total gains or loss in the profit and loss	(69,911)	-
Closing balance	8,630,234	69,911

The fair value of the investment in Advent was arrived at by reference to carrying cost on the deconsolidation with Advent Energy Ltd. The Company notes in the 2020 Annual Report of Advent Energy Ltd that in the prior year capitalised costs were assessed for impairment by reference to the value implied for PEP 11 by virtue of a conditional farmin agreement entered into with RL Energy Pty Ltd. Based on that assessment the asset was considered to be impaired and an adjustment to the fair value was booked at 30 June 2018. The farmin agreement was terminated by Advent on 17 September 2019 and therefore the writedown of $18,780,680 booked to the fair value at 30 June 2018 was pre-emptive. In the current period the directors of Advent have assessed the valuation of the PEP 11 permit against what they consider to be comparable transactions with the result that the prior year PEP 11 impairment was reversed to the extend of $6,882,247 in the 2020 annual report of Advent. The Company has a 49.3% holding in Advent and, based on the 30 June 2020 book value of net assets of Advent the carrying value in Advent held by the Company as reflected at Note 13 is considered to reflect approximate fair value.

22. Events after the Balance Sheet Date

- On 3 August 2020 Mr Stephen Harrison and Mr Anthony Hamilton joined the board of the Company as non-executive directors and Mr Michael Sandy resigned.

- On 13 August 2020 the Company received a notice to convene a meeting under Section 249D to remove Messrs Mr Andrew Bald, Stephen Harrison and Anthony Hamilton as directors of the Company and appoint Messrs Roderick Corps, Andrew Jones and Andrew Coloretti as directors of the Company. The Section 249D notice was withdrawn by the requisitioners on 11 September 2020.

22. Events after the Balance Sheet Date

- On 8 September 2020 the Company received a notice to convene a meeting under Section 203 D and 249F to remove Messrs Mr Andrew Bald, Stephen Harrison and Anthony Hamilton as directors of the Company and appoint Messrs Geoffrey Murray, Andrew Jones and David Breeze and Anthony Huston as directors of the Company. As at the date of this annual report this notice remains in force however no meeting has yet been called by the requisitioners.
- On 8 September 2020 the Company was serviced with a writ of summons from Advent noting the Company is in the process of obtaining legal advice in respect to the claims made in the writ and to present its intentions in relation to the claims.
- On 23 September 2020 Mr Andrew Jones and Mr Robert Marusco joined the board of the Company as non-executive directors and Mr Bald, Mr Stephen Harrison and Mr Anthony Hamilton resigned.
- On 2 October 2020 the Company announced it entered into a standstill agreement with both Advent Energy Ltd and Asset Energy Pty Ltd in relation to the writs and demands issued by both Advent and Asset the effect of which is to allow the parties to negotiate a resolution of the pending claims. As at the date of this annual report the Company has sort legal advice in relation to the writs and on 2 October 2020 entered into a standstill agreement with both Advent Energy Pty Ltd and Asset Energy Pty Ltd in order to allow the parties time to negotiate a resolution of the claims. The Company has entered into further active dialogue with Advent and Asset the aim of which is to seek a resolution in the near future.

23. Related Party Transactions

(a) Directors' Remuneration

Details of directors' remuneration and retirement benefits are disclosed in the remuneration report in the Directors report and note 5.

	Parent	
	2020	**2019**
	$	**$**
(b) Directors' Equity Holdings		
Ordinary Shares		
Held as at the date of this report by directors and their director-related entities in:		
MEC Resources Ltd	49,792,200	20,729,910
Advent Energy Ltd	-	3,000,000
Unlisted Options		
Held as at the date of this report by directors and their director-related entities in:		
MEC Resources Ltd	-	4,259,017
Advent Energy Ltd	-	-

23. Related Party Transactions (continued)

(c) Related entities

- A loan facility exists between Advent and MEC, net amount receivable of $3,357,845 (2019: $3,600,000). On 24 June 2020 MEC announced it had become aware of two notices of demand issued by Advent Energy Pty Ltd for $242,155.21 and Asset Energy Pty Ltd for $593,343.17 in relation to loans owing by MEC. As at the date of this annual report the Company has sought legal advice in relation to the writs and on 2 October 2020 entered into a standstill agreement with both Advent Energy Ltd and Asset Energy Pty Ltd in order to allow the parties time to negotiate a resolution of the claims. The Company has entered into further active dialogue with Advent and Asset the aim of which is to seek a resolution in the near future.

  For the purposes of this annual report and ahead of any resolution on the manner in which the Advent writ and demand of $242,155.21 will be dealt with the loan facility between Advent and MEC is reflected net of the writ and demand of $242,155.21, that is 3,600,000 less $242,155 giving a net amount of $3,357,845. The Asset loan payable of $593,343 is reflected separately (Note 17).

  The loan was secured by a charge over all of the assets and rights of Advent Energy including but not limited to, all real and personal property, choses in action, goodwill and called but unpaid nominal and premium capital. Under the terms of the settlement dated 12th August 2019, the loan is now unsecured and non-recourse but is convertible to shares should Advent secure a drilling commitment on PEP11.

- A Separate loan is receivable from Advent as at 30 June 2020 of $566,472.

(d) Directors

Nil.

24. DECONSOLIDATION OF ANDVENT ENERGY LTD

On the 6th of August 2019 the board of MEC Resources reached a settlement in relation to the various legal disputes between the company and BPH Energy Limited, Grandbridge Limited, Trandcorp Pty Ltd and David Breeze. As a part of the settlement the board of Advent Energy Ltd changed to consist of Stephen Kelemen, David Breeze, Steve James, Tony Huston and Tom Fontaine. MEC although owning 53% of the shares in Advent Energy Ltd no longer control the activities of Advent therefore control was deemed to be lost with Advent Energy Ltd deconsolidated from MEC on the date of settlement.

The results of Advent Energy Ltd to the date of deconsolidation have been recorded in these financial statements. Financial information in relation to Advent Energy Ltd is set out below.

(i) The results of Advent Energy Ltd to the date the company deconsolidated:

24. DECONSOLIDATION OF ANDVENT ENERGY LTD (continued)

	Consolidated Group	
	30.06.2020	**30.06.2019**
	$	**$**
The financial performance of the discontinued operation is included in profit/(loss) from discontinued operations per the consolidated statement of profit or loss and other comprehensive income are is as follows:		
Revenue	-	7,208
Expenses	-	(258,982)
Profit before income tax	-	(251,774)
Gain or loss on disposal of the business included in discontinued operations per the statement of profit or loss and other comprehensive income.	(1,456,513)	-

(ii) Carrying Amount of assets and liabilities at date of deconsolidation

The carrying amount of the assets and liabilities of Advent Energy Ltd as at the 6th August 2019 were:

	06.08.2019
Assets	
Current assets	888,766
Non-current assets	9,412,283
Total assets	10,301,050
Liabilities	
Current liabilities	(5,378,787)
Total liabilities	(5,378,787)
Net assets	4,922,263

(iii) Details of the loss on deconsolidation

Consideration received	-
Carrying amount of net assets disposed of	4,922,263
Less: Non-controlling interests recognised in equity	(2,015,040)
Less: Consolidation adjustment	(1,450,710)
Loss on disposal before income tax	(1,456,513)
Income tax expense	-
Loss on disposal after income tax	(1,456,513)

The results of Advent Energy Ltd to the date of deconsolidation have been recorded in these financial statements. Financial information in relation to Advent Energy Ltd is set out in Note 25.

25. Controlled Entities and Non-Controlling Interests

(a) Controlled Entities

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
			2020	2019
Parent Entity				
MEC Resources Limited	Investment	Australia		
Subsidiaries of MEC Resources Ltd				
Catalyst 1 Pty Ltd	Passive	Australia	100.00	-
Advent Energy Limited	Oil and Gas exploration and development	Australia	49.3	53.00
Asset Energy Pty Ltd	Oil and Gas exploration and development	Australia	49.3	53.00
Onshore Energy Pty Ltd	Oil and Gas exploration and development	Australia	49.3	53.00

MEC, although owning 53% of the shares in Advent Energy Ltd, effective 6th August 2019 no longer controls the activities of Advent therefore control was deemed to be lost with Advent Energy Ltd deconsolidated from MEC on the date of settlement. MEC has no board members on the Board of Advent and therefore has no ability to partake in decisions to add and remove directors of Advent. Therefore, Advent is not controlled by the Group and is not consolidated in these financial statements as at 30 June 2020.

(b) Non-Controlling Interests

	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenues	Profit for the Year	Total Comprehensive Profit for the Year
2020							
Advent Energy Ltd	847,611	14,060,190	184,641	4,824,323	32	3,901,465	3,901,465

	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenues	Loss for the Year	Total Comprehensive Loss for the Year
2019							
Advent Energy Ltd	838,766	9,525,967	696,390	4,682,397	7,208	(251,774)	(251,774)

26. Share-Based Payments

The following share-based payment arrangements occurred during 30 June 2020:

- On 14 August 2019 5,000,000 shares were issued at $0.005 in consideration for professional services provided to the Company.
- On 7 October 2019 15,792,200 shares were issued at $0.005 in consideration for professional services provided to the Company.
- On 27 November 2019 29,400,000 shares were issued at $0.005 in lieu of directors fees following shareholder approval at the 2019 AGM.

At balance date, nil MEC share options have been exercised (2019: nil).

All options granted to key management personnel are ordinary shares in MEC Resources Ltd or its subsidiary Advent Energy Ltd, which confer a right of one ordinary share for every option held.

During the year, nil options (2019: Nil) were issued under the company's employee share option plan.

	MEC Resources Ltd			
	2020		2019	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	72,322,315	$0.040	61,514,729	$0.041
Granted	-	-	10,807,586	$0.040
Exercised	-	-	-	-
Expired/ Cancelled	(61,514,729)	-	-	-
Outstanding at year-end	10,807,586	$0.040	72,322,315	$0.040
Exercisable at year-end	10,807,586	$0.040	72,322,315	$0.040

27. Contingent Liabilities

Pursuant to the Legal Settlement dated 12th August 2019, the Company has no contingent liabilities. As at the date of this Annual Report, the Company has no legal proceedings afoot however highlights that on 8 September 2020 the Company was serviced with a writ of summons from Advent noting the Company is in the process of obtaining legal advice in respect to the claims made in the writ and to present its intentions to defend the claims. On 2 October 2020 the Company had announced it entered into a standstill agreement with both Advent Energy Ltd and Asset Energy Pty Ltd in relation to the writs and demands issued by both Advent and Asset the effect of which is to allow the parties to negotiate a resolution of the pending claims.

28. Commitments

Capital Commitments

The Company has no current capital commitments.

Directors Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 19 to 60, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the consolidated entity;

2. the Financial Statements and Notes comply with International Accounting Standards as disclosed in Note 1;

3. the directors have been given the declarations required by S295A of the Corporations Act 2001

4. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to S295(5) of the Corporations Act 2001.

……………………………………………………………

Douglas Verley
Non-Executive Director

Dated this 14 Day of October 2020

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MEC RESOURCES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MEC Resources Limited (the Company) and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a) the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

In forming our opinion on the Company's financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Company's ability to continue as a going concern. The conditions explained in Note 1 to the financial statements indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustments in the way of reductions to asset values or increases in liabilities, that would result if the Company were unable to continue as a going concern.

Material Uncertainty Regarding Carrying Value of Loans Receivable from & Investment in Advent Energy Limited

We draw attention to Note 13 of the financial statements and specifically to the loans receivable from Advent Energy Limited and its controlled entities amounting to $3,924,317. We also draw attention to the investment in Advent Energy Limited of $4,705,917. The ability of the Company to recover the book values of the investment in and loans to Advent Energy and its controlled entities is largely dependent upon the ability of Advent Energy Limited to successfully commercialise and/or sell its core exploration assets, thereby realising sufficient value from which the Company can recoup the value of its loans to and investment in Advent Energy Limited, the outcome and timing of which is subject to significant uncertainty. Our opinion is not modified in respect of this matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Carrying value of Loans Receivable from and Investment in Advent Energy Limited</th></tr>
<tr><td colspan="2">Refer to Note 13 Financial Assets</td></tr>
<tr><td>The Company has significant assets invested in Advent Energy Limited and its controlled entities. These comprise net loans receivable of $3.924,317 and an investment in Advent Energy Limited of $4,705,917.

Our audit focused on the Company's assessment of the carrying value of the loans to and investment in Advent Energy Limited, as these are the most significant assets of the Company and their recoverability is ultimately dependent upon the ability of Advent Energy Limited to extract value from its core exploration assets.. The evaluation of the recoverable amount of these assets requires significant judgment.

We planned our work to address the audit risk that the loans to and investment in Avent Energy Limited might no longer be recoverable. In addition, we assessed whether facts and circumstances existed to suggest that the carrying value of these assets may exceed their recoverable amounts.</td><td>Our procedures included, amongst others:
• Reviewing the terms and conditions of loan agreements, settlement deeds and related correspondence
• Confirming or otherwise substantiating the accuracy of loan amounts receivable from and investments in Advent Energy Limited
• Discussing with directors and management the nature of any disputed matters, consideration of evidence supporting the Company's position adopted in respect to such matters and what action is in progress or planned in order to resolve any such disputes
• Review of financial statements of Advent Energy Limited so as to understand its assets and ability to repay the Company
• Consideration of management's expected credit loss assessment in respect of the loans receivable from and investment in Advent Energy Limited, including the consideration of any impairment provisions that may be required
• We examined and assessed the relevant disclosures included in the financial report in relation to the material uncertainties regarding recoverability</td></tr>
</table>

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MEC RESOURCES LIMITED (CONTINUED)

Key Audit Matters (continued)

Group's ability to continue as a Going Concern	
Refer to Note 1	
The financial statements are prepared on a going concern basis in accordance with AASB 101 Presentation of Financial Statements. The Group continues to incur significant operating losses. As the directors' assessment of the Group's ability to continue as a going concern is subject to significant judgement, we identified going concern as a significant risk requiring special audit consideration.	Our audit procedures included, amongst others, the following: • An evaluation of the directors' assessment of the Group's ability to continue as a going concern. In particular, we reviewed budgets and cashflow forecasts (including sensitivity analysis where necessary) for at least the next 12 months and reviewed and challenged the directors' assumptions • Reviewed plans by the directors to secure additional funding through either the issue of further shares and/or debt funding or a combination thereof • Consideration of the likely timing of payment of financial obligations, including payables and loans • An evaluation of the directors' plans for future operations and actions in relation to its going concern assessment, taking into account any relevant events subsequent to the year end, through discussion with the directors • Review of disclosure in the financial statements to ensure appropriate. Based on the results of our work, we consider there are reasonable grounds for the directors' assessment that the going concern basis of preparation is appropriate at this time. However, we also consider that there remains a material uncertainty which casts significant doubt on the Group's ability to continue as a going concern for at least the next 12 months because of the uncertainty over securing future funding and the extent & timing of planned expenditures. The disclosures in the financial statements appropriately identify this risk.

Loss on Legal Settlement	
Refer to Note 2 Loss on Legal Settlement	
Until 12 August 2019, the accounts included substantial amounts receivable and amounts payable that were subject of disputes. Some of the amounts payable and receivable were to the same party or parties, although no legal right of set off existed. In addition, the quantum of some of the loans receivable/payable and the repayment terms were disputed by both the Company and the third parties. As disclosed in the financial report, a settlement was reached by all parties as per the ASX announcement on the 12 August 2019. The net outcome of the settlement was that the Company realised a loss of $346,000 in the year ended 30 June 2020. Given the significant dollar value of the related loans receivable and payable and the resultant loss on settlement, it was considered a key audit matter.	Our audit procedures included, amongst others, the following: • Reviewing the terms and conditions of relevant loan agreements and related correspondence • Discussing with Directors and management the nature of disputed matters and actions taken to resolve any such disputes • Reviewed deed of settlement and ensured accounting adjustments arising from the deed were properly recorded in the Company's accounts and disclosure in the financial statements relating to the settlement was appropriate

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MEC RESOURCES LIMITED (CONTINUED)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf This description forms part of our auditor's report.

MOORE

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MEC RESOURCES LIMITED (CONTINUED)

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of MEC Resources Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Neil Pace

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 14th day of October 2020.

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this report as follows. The information is made up to 25 September 2020

1. Distribution of Shareholders

Range of Holding	Shareholders	Number Ordinary Shares	%
1 – 1,000	462	185,097	0.03
1,001 – 5,000	376	1,116,476	0.16
5,001 – 10,000	389	3,418,778	0.50
10,001 – 100,000	1,002	38,056,455	5.56
100,001 and over	489	641,678,120	93.75
	2,718	684,454,926	100

2. Voting Rights - Shares

All ordinary shares issued by MEC Resources Ltd carry one vote per share without restriction.

3. Tenements and Interests Held via non controlled investee company Advent Energy Ltd

Permit Details	Interest Held	Entity
Petroleum Exploration Permit 386	100%	Advent Energy
Petroleum Exploration Permit 11	85%	Advent Energy
Retention Licence 1	100%	Advent Energy

7. Twenty Largest Shareholders (as at 25 September 2020)

The names of the twenty largest shareholders of the ordinary shares of the company are:

Name	Number of ordinary fully paid shares	% held of issued ordinary capital
Ms Louise Ann Jones	22,000,000	3.21%
HSBC Custody Nominees (Australia) Limited	21,412,070	3.13%
Here Capital Pty Ltd	20,792,200	3.04%
Childress Super Pty Ltd <Dsc Super Fund A/C>	18,500,000	2.70%
Eastwood Financial & Investment Services P/L G & E Super Fund A/C	16,400,742	2.40%
Marusco Investments Pty Ltd <Marusco S/F A/C>	15,000,000	2.19%
Mr Adam Lee Conigliaro	15,000,000	2.19%
Hera Investments Pty Ltd	14,218,096	2.08%
Taplan Pty Ltd <Bartle Family A/C>	14,133,371	2.06%
Citicorp Nominees Pty Limited	13,038,048	1.90%
Mr Robert Anthony Healy	11,868,108	1.73%
Griffiths Sf Pty Ltd <Griffiths Super Fund A/C>	10,000,000	1.46%
Bujo Pty Ltd	10,000,000	1.46%
Mr Ross Coventry Barter	9,353,328	1.37%
Protax Nominees Pty Ltd <Richards Super Fund A/C>	9,000,000	1.31%
Mr Edward Yi	8,840,015	1.29%
Mr Michael John Sandy	8,800,000	1.29%
Mr Matthew Battrick & Mrs Jayne Battrick <The Battrick Family A/C>	8,800,000	1.29%
Goodheart Pty Ltd <GBH A/C>	8,000,000	1.17%
Ms Jessica Lanyon Brown	8,000,000	1.17%
	263,155,978	**38.45%**