



30th December 2020

ADVENT ENERGY LIMITED
ACN 109 955 400

OFFER INFORMATION STATEMENT
ENTITLEMENT ISSUE

For a non-renounceable entitlement issue of two (2) Shares for every three (3) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.05 (5 cents) per Share to raise up to \$6,525,108 (based on the number of Shares on issue as at the date of this Offer Information Statement) (**Offer**).

It is proposed that the closing date of the Offer is 5:00pm (WST) on 26 February 2021. The Directors reserve the right to extend this date without notice.

The Offer is partially underwritten by Grandbridge Securities Pty Ltd (ABN 84 087 432 353) (AFSL 517246) (**Grandbridge** or **Underwriter**) up to the amount of \$1,000,000.

Grandbridge Securities Pty Ltd is also Lead Manager to the Offer.

IMPORTANT NOTICE

This is an important document and requires your immediate attention. It should be read in its entirety and in conjunction with the Company's Financial Report for the year ended 30 June 2020.

Please note that an Offer Information Statement (**OIS**) is not a prospectus and has a lower level of disclosure requirements than a prospectus. Investors should read this Offer Information Statement in its entirety (including the key risks summarised in Section 7 of this OIS and obtain appropriate professional investment advice before accepting the Offer.

If you are in doubt about what to do, you should consult your professional adviser without delay.

The Shares offered by this Offer Information Statement should be considered speculative.

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1. CORPORATE DIRECTORY

Directors

David Breeze
Chairman

Stephen Kelemen
Non-Executive Director

Steve James
Non-Executive Director

Tony Huston
Non-Executive Director

Tom Fontaine
Non-Executive Director

Company Secretary

David Breeze

Registered Office

14 View Street
NORTH PERTH WA 6060

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Email: david@grandbridge.com.au
Website: www.adventenergy.com.au

***Auditor**

Moore Australia Audit (WA)
Level 15, Exchange Tower
2 The Esplanade
PERTH WA 6000

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

2. OFFER INFORMATION SUMMARY

Offer Price for a Share	\$0.05
Entitlement	Two (2) Shares for every three (3) Shares held by those Shareholders registered at the Record Date
Lodgement Date	30 December 2020
Record Date	5:00pm (WST) 30 December 2020
Exposure Period ends ⁴	12 January 2021
Offer opens ¹	12 January 2021
Proposed closing date of Offer ¹	5:00pm (WST) on 26 February 2021
Shares on issue at date of this OIS	195,753,234
Number of Shares to be issued under OIS ^{2,3}	130,502,156
Total Shares on issue after Offer ^{2,3}	326,255,390
Gross proceeds of Offer ²	\$6,525,108

Notes

1. These dates are indicative only and are subject to change.
2. These numbers are approximate and subject to rounding.
3. Assuming all entitlement shares are taken up.
4. Unless extended by ASIC.

3. INVESTMENT OVERVIEW

Item	Summary	Further information
Offer Details		
Who is the issuer of this OIS?	Advent Energy Limited (ACN 109 955 400) (Advent or Company).	Offer Information Summary
Who is the Company?	<p>Advent is an unlisted oil and gas exploration and development company with onshore and offshore exploration and near-term development assets around Australia. Advent's assets include RL1 (100%) in the onshore Bonaparte Basin in the Northern Territory and PEP11 (as defined below) in the offshore Sydney Basin.</p> <p>The Offshore Sydney Basin offers a solution to the east coast gas supply crisis as well as providing potential environmental benefits in carbon capture and storage (carbon reduction) within the greater Sydney and Newcastle area.</p>	Section 5
Summary of the Company's Business Model	The principal activity of Advent is to maximise its oil and gas resources. Advent's permits are located next to a ready market considered by the Company as an excellent infrastructure, thereby maximising Advent's ability to optimise any resources.	Section 5
What are the key objectives of the Company?	The Company's key objectives are to acquire and to optimise a range of hydrocarbon permits which contain near term production opportunities with pre-existing infrastructure and exploration upside.	Section 6.1
What are the key risks in the investment in the Company	<p>This OIS contains a number of risk factors as set out in detail in Section 7 and you must read these risks in full.</p> <p>Relevantly, the Company has a "going concern" emphasis of matter in its annual financial report period ended 30 June 2020 (Financial Report).</p> <p>Should the Company not be successful in raising additional funds through the issue of new equity should the need arise there is a material uncertainty that may cast significant doubt as to whether or not the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities as and when they fall due and in the normal course of business and at the amounts stated in the Financial Report.</p> <p>Further, the Company has a material uncertainty that may affect the ability of the Company to realise the carrying value of its loans receivable and its exploration</p>	Important Information, Sections 4.1, 5.4 and 7

Item	Summary	Further information																		
	<p>expenditure. Advent is continually seeking and reviewing potential sources of both equity and debt funding. Advent is now embarking on a fresh marketing campaign to attract new investors and/or joint venture partners. Management has confidence that a suitable outcome will be achieved however there is no certainty at this stage that this will result in further funding being made available.</p> <p>Advent, through its wholly owned subsidiary Asset Energy Pty Ltd, has invested over \$25 million in the PEP11 permit. Together with JV partner Bounty Oil and Gas NL, Advent is committed to explore for and ultimately exploit any petroleum accumulations which may be identified in this title area. If Advent is unable to source further funding for each of PEP11 and RL1 each of these permits are at risk.</p> <p>Accordingly, the above indicates a material uncertainty that may affect the ability of Advent to realise the carrying value of the exploration assets in the ordinary course of business.</p>																			
Who are the Directors?	<p>The current Board of the Company is:</p> <ul style="list-style-type: none"> (a) David Breeze (<i>Executive Director</i>) (b) Stephen Kelemen (<i>Non-Executive Director</i>) (c) Steve James (<i>Non-Executive Director</i>) (d) Tony Huston (<i>Non-Executive Director</i>) (e) Tom Fontaine (<i>Non-Executive Director</i>) 	Corporate Directory																		
What is the Offer?	The Company is offering a non-renounceable entitlement issue of two (2) Shares for every three (3) Share held at \$0.05 per Share to raise up \$6,525,108 (Offer).	Offer Information Summary and Section 5.5																		
What are the significant interests of Directors in the Company?	<table border="1"> <thead> <tr> <th>Director</th><th>Shares</th><th>Options</th></tr> </thead> <tbody> <tr> <td>Stephen Kelemen</td><td>-</td><td>2,000,000</td></tr> <tr> <td>David Breeze</td><td>2,000,000</td><td>-</td></tr> <tr> <td>Steve James</td><td>-</td><td>2,000,000</td></tr> <tr> <td>Tony Huston</td><td>-</td><td>2,000,000</td></tr> <tr> <td>Tom Fontaine</td><td>-</td><td>2,000,000</td></tr> </tbody> </table>	Director	Shares	Options	Stephen Kelemen	-	2,000,000	David Breeze	2,000,000	-	Steve James	-	2,000,000	Tony Huston	-	2,000,000	Tom Fontaine	-	2,000,000	Section 5.18
Director	Shares	Options																		
Stephen Kelemen	-	2,000,000																		
David Breeze	2,000,000	-																		
Steve James	-	2,000,000																		
Tony Huston	-	2,000,000																		
Tom Fontaine	-	2,000,000																		

4. IMPORTANT INFORMATION & KEY DATES

This Offer Information Statement (**OIS**) is dated 30 December 2020 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. ASIC and its officers take no responsibility for the contents of this OIS or the merits of the investment to which this OIS relates.

This OIS is subject to an exposure period of 14 days (due to public holidays) from the date of this OIS (**Exposure Period**). No Applications for Shares will be accepted until the Exposure Period has expired and no preference will be given to Applicants who lodge their Acceptance Forms during the Exposure Period. The Company will make this OIS generally available to the public during the Exposure Period by placing a copy on the Company's website **www.adventenergy.com.au**. The Company will provide a copy of this OIS to any person on request.

The following are key dates relating to the Offer that you need to be aware of:

- (a) Record Date for Entitlement to participate in the Entitlement Issue: 5:00pm (WST) on 30 December 2020.
- (b) Closing Date: 5:00pm (WST) on 26 February 2021.

These dates are indicative only and are subject to change. The Company reserves the right to amend this indicative timetable at any time and in particular, subject to the *Corporations Act 2001* (Cth) (**Corporations Act**), to extend the latest date for receipt of Entitlement and Acceptance Forms, to accept late Entitlement and Acceptance Forms either generally or in particular cases or to cancel the Entitlement Issue without prior notice.

In accordance with the *Corporations Act 2001*, no Shares will be issued on the basis of this OIS after that date which is 13 months after the date of this OIS.

The Company's Financial Report for the period ended 30 June 2020 is included in this OIS.

Certain words and terms used in this OIS have defined meanings, which are described in the Glossary of this OIS. Money as expressed in this OIS is in Australian dollars unless otherwise indicated. Any discrepancies between totals in tables and sums of components in tables in this OIS and between those figures and figures referred to in the other parts of this OIS are due to rounding. All references to time in this OIS are to Western Standard Time (WST) unless otherwise stated.

4.1 Risk Factors

This OIS contains a number of risk factors in Section 7 and you must read these risks in full. Relevantly, the Company has a "going concern" emphasis of matter in its Financial. Details of the "going concern" emphasis of matter is set out below and in detail at Section 7 of this OIS.

Should the consolidated entity not be successful in raising additional funds through the issue of new equity, should the need arise there is a material uncertainty that may cast significant doubt as to whether or not the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities as and when they fall due and in the normal course of business and at the amounts stated in the Financial Report.

Further, the Company has reported in its Financial Report a material uncertainty regarding its carrying value of its exploration expenditure. Advent is continually seeking and reviewing potential sources of both equity and debt funding. Advent is now embarking on a fresh marketing campaign to attract new investors and/or joint venture partners.

Management has confidence that a suitable outcome will be achieved however there is no certainty at this stage that this will result in further funding being made available.

Asset Energy Pty Ltd has invested over \$25 million in its petroleum exploration permits title, along with its JV partner Bounty Oil Limited & Gas (**Bounty Oil**), is committed to continuing to explore for and ultimately exploit any petroleum accumulations which may be identified in this title area. If Advent is unable to source further funding for each of PEP11 and RL1 each of these permits are at risk.

Accordingly, the above indicates a material uncertainty that may affect the ability of Advent to realise the carrying value of the exploration assets in the ordinary course of business.

There is no guarantee that any active market in the Shares will develop or that the price of these Shares will increase. There may be relatively few buyers or sellers of these Shares as the Company is not listed. For this reason, any investment in these Shares is illiquid.

4.2 No Representations

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this OIS. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this OIS.

4.3 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this OIS.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended will not be issued to Shareholders with a registered address which is outside Australia and New Zealand.

4.4 Future performance and forward-looking statements

Any forward-looking statements, opinions and estimates (which are identified by words such as 'may', 'believes', 'expects' or 'intends' and other similar words) provided in this OIS are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company and its officers, employees, agents and advisers, which may cause actual results to differ materially from those expressed or implied in any forward-looking statements. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this document will actually occur and potential investors are cautioned not to place undue reliance on these forward looking statements. The Company will not update or revise forward looking statements in the future regardless of any new information received, except where required by law.

4.5 Privacy

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as an investor and to facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so, please contact the Share Registry at the relevant contact numbers set out in this Offer Information Statement.

Collection, maintenance and disclosure of certain personal information is governed by legislation, including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain other rules. You should note that if all information required on the Application Form is not provided, the Company may not be able to accept or process your Application.

5. COMPANY UPDATE AND DETAILS OF THE ENTITLEMENT ISSUE

5.1 Company Update

The Company, through its wholly owned subsidiary Asset Energy Pty Ltd (**Asset**) holds an 85% interest in the Petroleum Exploration Permit 11 (**PEP11**), an exploration permit prospective for natural gas located in the Offshore Sydney Basin. The remaining 15% interest in PEP11 is held by ASX listed company Bounty Oil & Gas NL (**Bounty Oil**).

Advent further holds a 100% interest in Retention Licence L1 (**RL1**) located in the onshore Bonaparte Basin situated in the Northern Territory. Further details are set out in Section 5.4 below.

5.2 PEP11 Oil and Gas Permit

The Company considers PEP11 to be a significant structural target capable of comprising multi-tier natural gas resources. The offshore Sydney Basin has been lightly explored to date. Based on its location and it being the only New South Wales offshore petroleum title, the Company is of the view that it provides a significant opportunity should commercial natural gas be discovered.

The Company considers that the PEP11 permit offers significant offshore exploration potential with large scale structuring offering potentially multi-Trillion cubic feet (**Tcf**) gas charged Permo-Triassic reservoirs. Mapped prospects and leads within the Offshore Sydney Basin are located generally less than 50km from the Sydney-Wollongong-Newcastle metropolitan area.

PEP11 covers 4,576 sq. km of the offshore Sydney Basin immediately adjacent to the largest gas market in Australia and is a high impact exploration project. PEP11 remains one of the most significant untested gas plays in Australia.

Key indicators of hydrocarbon accumulation features have been interpreted following review of the 2004 seismic data (reprocessed in 2010). The seismic features include apparent Hydrocarbon Related Diagenetic Zones (**HRDZ**), Amplitude Versus Offset (**AVO**) anomalies and potential flat spots.

The Company considers that there is strong support for a potential exploration well in PEP11 having conducted hydrocarbon analysis on sediment samples obtained in PEP11 during 2010. The 2010 geochemical investigation utilised a proprietary commercial hydrocarbon adsorption and laboratory analysis technique to assess the levels of naturally occurring hydrocarbons in the seabed sediment samples.

The Company further considers that the location of PEP11 affords excellent port and power infrastructure should production commence at PEP11.

5.3 Northern Territory – Onshore Bonaparte Basin

Advent's wholly owned subsidiary, Onshore Energy Pty Ltd (**Onshore Energy**), holds a 100% interest in RL1. RL1 is situated in the onshore Bonaparte Basin in northern Australia. The Bonaparte Basin is in the Company's view one of Australia's most prolific hydrocarbon producing basins with significant oil and gas reserves.

Most of the basin is located offshore, covering 250,000 square kilometres, compared to just over 20,000 square kilometres onshore.

5.4 MEC Dispute

(a) Deed of Settlement

On 9 August 2019, the Company settled a long-standing legal dispute with MEC Resources Limited (**MEC**).

The Company agreed to repay its loans payable to MEC totalling \$4,125,155 (**Outstanding Loans**), one month prior to the scheduled commencement date of any works on PEP 11 by the issue of shares in itself in the event of drilling in PEP11.

The Share value to be determined based on the face value of the Outstanding Loans and calculated at 80% of:

- (i) the volume-weighted average price of Advent Shares over the 5 days trading immediately prior to that date; or
- (ii) should Advent not be listed on any securities exchange, the price at which ordinary shares in Advent were last issued,

(**MEC Settlement Payment**).

(b) MEC Research and Development Claim

On 17 June 2020, Advent and Asset each served notices of demand on MEC in respect of costs incurred by Advent and its subsidiaries but claimed by MEC for the 30 June 2018 and 2019 periods, lodging research and development (**R&D**) tax incentive claims with the Australian Taxation Office (**ATO**) for conducting R&D activities in the PEP11 permit (**Dispute**).

Collectively, Advent and Asset demanded the repayment of the sum of approximately \$835,498 from MEC.

The parties have now agreed to settle the Dispute. It was agreed that the total value of the Outstanding Loans (inclusive of interest and costs) was \$872,288 (**Advent Debt**) and that, subject to the receipt of shareholder approval, as a full and final settlement, MEC:

- (i) issue 124,718,636 shares to Advent at a deemed issue price of \$0.0044 per Share; and
- (ii) undertake a rights issue, under which Advent be permitted take part in the offer and acquire an additional 73,528,636 MEC shares at a deemed issue price of \$0.0044 per MEC share as part of taking up its entitlement under the rights issue.

MEC is finalising the notice of meeting to seek the required approval for the settlement of the Advent Debt.

5.5 The Offer

The Offer is being made as a non-renounceable entitlement issue of two (2) Shares for every three (3) Shares held by eligible Shareholders at the Record Date, at an issue price of \$0.05 per Share. Fractional elements will be rounded up to the nearest whole number.

The number of Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

The Board also invites all Eligible Shareholders to apply for Shortfall Shares in excess of their Entitlements (Refer to Sections 5.17 for further details).

Based on the capital structure of the Company as at the date of this OIS, a maximum of 130,502,156 Shares will be issued pursuant to this Offer to raise up to \$6,525,108.

A description of the rights associated with the Shares is set out in Section 5.22 below. To participate in the Offer, you must submit a completed Entitlement and Acceptance Form together with the application money.

Entitlements to Shares are non-renounceable. This means that Eligible Shareholders are not able to renounce (sell) their Entitlements which they do not wish to accept.

Pursuant to section 709(4) of the Corporations Act, the maximum amount that can be raised by an entity pursuant to an offer information statement is \$10 million. As the Company has not previously issued an OIS, it is entitled to raise this amount in aggregate now or in the future using an OIS.

5.6 Underwriting and sub underwriting

(a) Underwriting and Lead Manager

The Offer is partially underwritten by the Underwriter up to \$1,000,000 (**Underwritten Amount**).

By an underwriting agreement (**Underwriting Agreement**), between the Company and Grandbridge, Grandbridge has been appointed Lead Manager to the Offer and has agreed to partially underwrite the Offer for 20,000,000 Shares (**Underwritten Shares**).

In consideration for its engagement, the Company has agreed to pay Grandbridge:

- (i) a lead manager fee of 1% of the total amount of funds raised under the Offer; and
- (ii) an underwriting fee of \$60,000 (being 6% of the Underwritten Amount (excluding GST) plus an additional 6% of any additional funds raised by Grandbridge in its own right under the Offer.

Mr David Breeze, a Director, is a director of Grandbridge. The Directors, other than Mr David Breeze (due to his directorship of Grandbridge), who do not have a material personal interest in Grandbridge consider the engagement to be on arm's length terms as the fee charged is comparable to unrelated licensed securities dealers.

Grandbridge, as the appointed lead manager will be responsible for paying all commissions that they and the Company agree with any other licenced securities dealers or Australian financial services licensees out of the fees paid by the Company to Grandbridge.

The Company has also agreed to pay the Underwriter for all out of pocket expenses reasonably incurred in relation its engagement as Lead Manager and Underwriter to the Offer.

The Underwriting Agreement otherwise contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

(b) **Sub-Underwriting**

BPH Energy Limited (**BPH**) (a substantial shareholder of the Company), has entered into an agreement with the Underwriter to sub underwrite the Offer up to the Underwritten Amount. The Underwriter will pay BPH a fee of 3% of the sub-underwritten amount for these services.

5.7 Minimum Subscription

The minimum subscription is equal to the Underwritten Amount.

5.8 Use of funds

- (a) The following is a summary of the proposed use of funds raised pursuant to the Offer and is indicative only. The amounts in the table may be subject to variation of quantum and timing.
- (b) The Company's growth plan will be scaled accordingly to ensure it operates within the constrained cash available at any given time.

Intended Use	Underwritten Amount	Maximum Subscription
Drilling and contract services	\$460,000	\$460,000
Well planning and engineering	\$240,000	\$240,000
Drilling services and equipment	\$83,076	\$1,050,000
Drill rig operations	-	\$3,960,758
Working capital	\$100,000	\$540,000
Offer costs ¹	\$116,924	\$274,350
Total funds	\$1,000,000	\$6,525,108

Notes:

1. Refer to Section 5.9 below for further details with respect to the costs of the Offer.

The Company expects that if all the Shares are subscribed for, the funds raised will be sufficient to meet the Company's short-term objectives over the next 18 – 24 months.

The above table is a statement of present intentions as at the date of this OIS. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied.

If less than the full subscription is raised and more than the Underwritten Amount, funds raised will first be applied to the expenses of the Offer and then to the other line items noting that the Company will scale back production activities and

continue to focus its cash resources on drilling and exploration services and general working capital costs.

5.9 Costs of the Offer

The Company shall pay for the costs associated with the Offer. Costs associated with the Offer are estimated to be approximately \$116,924 (excluding GST) and are expected to include the following:

- (a) ASIC fees (\$1,924);
- (b) Legal fees (\$15,000);
- (c) Costs of lead manager and Underwriters (\$90,000); and
- (d) Printing and miscellaneous fees (\$10,000).

The additional costs based on the maximum subscription are increased to \$274,350 based on the additional estimated raising fees of \$157,426

5.10 Effect of the Offer

The principal effect of the Offer, assuming Entitlements are accepted, will be to:

- (a) increase the cash reserves by \$6,250,758 after deducting the expenses of the Offer, to be expended by the Company in line with the use of funds outlined in Section 5.8 above; and
- (b) increase the number of Shares on issue from 195,753,234 Shares to 326,255,390 Shares following completion of the Offer. Please refer to Section 5.13 for further details on the Company's capital structure.

5.11 Pro-forma balance sheet

The audited balance sheet as at 30 June 2020 and the unaudited pro-forma balance sheet are set out in Appendix 2 and have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Shares under the OIS are issued.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

5.12 Annual Financial Report

The Company's Annual Financial Report for the financial year ended 30 June 2020 is included as Appendix 1 to this OIS and has been prepared on the basis of the accounting policies normally adopted by the Company.

5.13 Effect on Capital Structure

The effect of the Offer on the capital structure of the Company, assuming all Shares are taken up, is set out below:

Shares

	Number
Shares currently on issue	195,753,234
Shares to be issued pursuant to the Offer	130,502,156
Total Shares on issue after completion of the Offer	326,255,390

Options

	Number
Options currently on issue ¹	10,000,000
Total Options on issue after completion of the Offer	10,000,000

Notes:

1. Comprising of 10,000,000 options exercisable at \$0.10 each on or before 30 November 2024.

5.14 Eligible Shareholders

To qualify for the Entitlement Issue, a Shareholder must be registered as a Shareholder at 5:00pm (WST) on the Record Date.

Eligible Shareholders may, in addition to their Entitlement, apply for Shortfall Shares regardless of the size of their present holding.

The Offer has been extended to Shareholders in the Company at the Record Date with registered addresses in Australia and New Zealand.

The distribution of this OIS in any jurisdiction other than Australia or New Zealand may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. This OIS does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this OIS.

5.15 Substantial Holders

As at the date of this OIS, the Shareholders which have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholders	Shares	%	Entitlement Shares	Entitlement \$
BPH Energy Limited	43,371,320	22.16%	28,914,213	\$1,445,711
Grandbridge Limited	21,856,500	11.17%	14,571,000	\$728,550
MEC Resources Ltd	94,118,320	48.08%	62,745,546	\$3,137,277

Shareholders	Shares	%	Entitlement Shares	Entitlement \$
Talbot Group Holdings	14,000,000	7.15%	9,333,333	\$466,667

In the event that all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

5.16 Potential dilution to Shareholders

Shareholders should note that if they do not participate in the Offer their holdings, upon the future conversion of Shares, are likely to be diluted by approximately 50% (as compared to their holdings and number of Shares on issue as at the date of the OIS). Examples of how the dilution may impact Shareholders (assuming the conversion of all Shares) is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlement under the Offer	Holdings if Offer not taken up	% post Offer
Shareholder 1	10,000,000	5.10%	6,666,667	10,000,000	3.06%
Shareholder 2	5,000,000	2.05%	3,333,333	5,000,000	1.53%
Shareholder 3	1,500,000	0.76%	1,000,000	1,500,000	0.46%
Shareholder 4	400,000	0.20%	266,667	400,000	0.12%
Shareholder 5	50,000	0.03%	50,000	50,000	0.01%
	195,753,234		130,502,156		326,255,390

5.17 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. The Shortfall Offer is a separate offer pursuant to this OIS and will remain open for up to 13 months after the date of this OIS. The Directors reserve the right to close the Shortfall Offer at any time.

Eligible Shareholders (including Directors) who take up their Entitlement can apply for Shortfall Shares over and above their Entitlement at the same price as the Shares offered under the Offer. The issue price for each Shortfall Share shall be \$0.05 being the price at which the Shares have been offered under the Offer.

Should there be a Shortfall the Underwriter in consultation with the Company will exercise its discretion to allocate the Shortfall Shares firstly, to Eligible Shareholders seeking Shortfall Shares. The Board does not intend to refuse an application for Shortfall Shares from Eligible Shareholders other than in circumstances of oversubscription or where acceptance may result in a breach of the Corporations Act. If the number of Shortfall Shares applied for by Eligible Shareholders exceeds the total of the Shortfall allocated to Eligible Shareholders, the Shortfall Shares will be allocated among applying Eligible Shareholders proportionate to their existing holdings at the Directors discretion.

All decisions regarding the allocation of Shortfall Shares will be made by the Directors and will be final and binding on all applicants under the Shortfall Offer and as such there is no guarantee that any Shortfall Shares applied for will be issued to Eligible Shareholders. The Company will have no liability to any Applicant who receives less than the number of additional Securities they applied for under

the Shortfall Offer. If the Company scales back any applications for Shares under the Shortfall Offer any application monies will be returned (without interest) as soon as practicable.

5.18 Directors Interest in Securities

- (a) The relevant interest of each of the Directors in the securities of the Company as at the date of this OIS, together with their respective Shares that each is to take up pursuant to the Offer is set out in the table below.

Director	Shares	Options	Post Completion of Offer
Stephen Kelemen	-	2,000,000	-
David Breeze	2,000,000	-	3,333,333
Steve James	-	2,000,000	-
Tony Huston	-	2,000,000	-
Tom Fontaine	-	2,000,000	-

- (b) The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	2019	2020	Proposed 2021
Stephen Kelemen	\$34,932	\$25,000	\$25,000
David Breeze	-	\$124,570	\$97,000
Steve James	-	\$57,344	\$25,000
Tony Huston	-	\$57,344	\$25,000
Tom Fontaine	-	\$57,344	\$25,000

5.19 Issue of Shares

The Shares issued under the Offer are expected to be issued by 26 February 2021 (subject to variation at the discretion of the Company).

Any Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

5.20 Application Monies

Pending the issue of the Shares or payment of refunds pursuant to this OIS, the Company will hold Application Monies on trust in a separate bank account as required by the Corporations Act.

Any interest accrued on Application Monies will be retained by the Company and will not be paid to the relevant Applicant including if the Offer is cancelled or withdrawn.

Where Application Monies are to be returned, they will be returned as soon as practicable.

5.21 Application for Shortfall Shares

Eligible Shareholders who wish to subscribe for Shortfall Shares should complete the relevant field on their Entitlement and Acceptance Form accompanying this OIS and return it to the Company together with appropriate payment of \$0.05 per Share.

Other investors who wish to subscribe for Shortfall Shares should complete the relevant fields on the Shortfall Application Form accompanying this OIS and return it to the Company together with appropriate payment of \$0.05 per Share.

The Company notes that no Shares will be issued to an applicant under this OIS or via the Shortfall Offer if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act.

5.22 Rights and Liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to the Constitution and to any rights and restrictions attaching to any class of shares, at meetings of shareholders or other classes of shareholder, each shareholder entitled to attend and vote may attend and vote in person or by proxy or by attorney and, where the shareholder is a body corporate, by representative.

On a show of hands every Shareholder present having the right to vote at the meeting has one vote. On a poll every Shareholder present has one vote for each fully paid Share and, in the case of partly paid Shares or Shares held by the Shareholder, a fraction of a vote equivalent to the proportion which the amount paid (but not credited) is of the total amounts paid and payable (excluding amounts credited) on the Share or Shares held.

(c) Dividends

All Shareholders have a right to receive any dividends declared and paid by the Company. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the Corporations Act (for example, they cannot pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is

declared and where it may materially prejudice the Company's ability to pay its creditors).

(d) **Winding-up**

If the Company is wound up and there are any assets left over after all the Company's debts have been paid, the surplus is distributed to holders of ordinary shares after secured and unsecured creditors of the Company. Holders of fully-paid ordinary voting shares rank ahead of other classes of shares (if any).

(e) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(f) **Partly paid shares**

The Directors may, subject to compliance with the Constitution and the Corporations Act, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

(g) **Directors**

The Constitution states that the minimum number of Directors is three.

(h) **Powers of the Board**

Except as otherwise required by the Corporations Act, any other law, or the Constitution, the Directors have power to manage the business of the Company and may exercise every right, power or capacity of the Company to the exclusion of the members (except to sell or dispose of the main undertaking of the Company).

(i) **Capital reduction**

Subject to the Corporations Act, the Company may reduce its share capital.

5.23 Speculative Investment

The Shares to be issued pursuant to this OIS carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply Shares pursuant to this OIS.

5.24 Taxation Implications

Investors should be aware that there may be taxation implications of participating in the Offer and subscribing for the Shares. The taxation consequences of participating in the Offer and/or acquiring the Shares may vary depending on the individual circumstances of each investor. Investors should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and their personal circumstances.

5.25 Risks

There are a number of risks associated with an investment in the Company which may affect its financial performance, financial position, cash flows, distributions, growth prospects and Share value.

The key risk factors have been summarised in Section 7 of this OIS.

6. DESCRIPTION OF THE BUSINESS OF THE COMPANY

6.1 Company Overview

The Company's key objectives are to acquire and to optimise a range of hydrocarbon permits which contain near term production opportunities with pre-existing infrastructure and exploration upside. The Company's most recent activities have centred on the development of Advent's current assets.

6.2 PEP11

In or about January 2020, Asset submitted to the National Offshore Petroleum Titles Administrator (**NOPTA**) an application to enable the drilling of the Baleen drill target in the PEP11 permit offshore NSW.

The PEP11 permit expiry date is February 2021. The application to NOPTA includes the extension of the permit title for up to two years to enable the drilling and includes an application for the removal of the requirement for a 500 sq. km 3D seismic program.

NOPTA has confirmed that the application is now in the final decision phase and the Company expects to have a decision shortly.

Subject to NOPTA approval, Bounty Oil and Asset are moving to a drill ready status for PEP11.

Advent has completed a 200-line km 2D seismic survey in PEP11 in the second quarter of 2018 at Baleen as a precursor to drilling of this target approximately km south east of Newcastle. The high resolution 2D seismic survey covering approximately 200-line km was performed in 2018 to assist in the drilling of the Baleen target.

A drilling target on the Baleen prospect at a depth of 2150 metres subsea has been identified in a review of previous seismic data. Intersecting 2D lines suggest an extrapolated 6000 acre (24.3 km²) seismic amplitude anomaly area at that drilling target. The Company considers that the previous 2D seismic data showed that the Permian aged section of the Bowen Basin has the potential to discover producing conventional gas fields at a similar time and depth to PEP11 at the Triassic/Permian age boundary.

6.3 RL1 Extension

On 19 September 2019 Advent was advised that it has been granted a renewal of the RL1 in the Northern Territory by the NT Department of Primary Industry and Resources for a five-year term concluding July 2023.

6.4 Corporate Structure

Advent has two 100% owned subsidiary companies, Asset Energy Pty Ltd and Offshore Energy Pty Ltd.

6.5 Future Plans

(a) PEP11

Heightening the prospectively and critical positioning of PEP11, the Australian Energy Market Operator (AEMO) has warned that the developed gas reserves in eastern and south-eastern Australia can only

meet forecast demand for a short period of time. The supply of gas into NSW has historically been from gas fields in the Bass Strait and Cooper Basin in South Australia. These gas reserves are declining.

There is continuing uncertainty about the longer-term gas supply outlook. AEMO has warned about potential supply shortages emerging on the east coast within five years, particularly in the southern states.

The gas supply crisis on the east coast of Australia has created a significant market opportunity to raise the funding to drill with the objective of developing the PEP11 project.

PEP11 is a significant offshore exploration area with large scale structuring and potentially multi-Trillion cubic feet (Tcf) gas charged Permo-Triassic reservoirs located less than 50km from the Sydney-Wollongong-Newcastle greater metropolitan area and gas pipeline network.

(b) **RL1**

Potential commercialisation of Advent gas fields in the Bonaparte area may be via the virtual pipeline methodology, whereby gas produced at the wellhead is liquefied (or compressed) and trucked to end users as liquefied natural gas (LNG) or compressed natural gas (CNG). This method allows multiple customers to be connected to the one gas field, without the need for construction of permanent gas pipelines.

The Company has also conducted its own investigations with respect to the demand of power throughout Northern Australia and has identified significant market demand of power generation capacity across the Kimberley region.

The rapid development of the Kununurra region in northern Western Australia/Northern Territory, including the Ord River irrigation area and its future potential expansion, the township of Kununurra, and numerous regional resource projects in the Company's opinion provides an exceptional opportunity for Advent to potentially develop its nearby gas resources. Flow rates observed from testing of the discovery wells in RL1 demonstrate potentially commercial flow rates from a natural pressure depletion drive of the reservoirs encountered. Scope for enhanced and sustained flow rates from the existing cased and suspended well in RL1 is intended to be evaluated via a well intervention program, commencing at the earliest opportunity

7. RISK FACTORS

7.1 Introduction

The Shares offered under this OIS are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this OIS and to consult their professional advisers before deciding whether to apply for Shares pursuant to this OIS.

The Company's business is subject to risk factors, both specific to its business activities and of a general nature. Individually, or in combination, these might affect the future operating performance of the Company and the value of an investment in the Company. There can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statements or forecasts will eventuate. An investment in the Company should be considered in light of relevant risks, both general and specific. Each of these risks set out below could, if it eventuates, have a material adverse impact on the Company's operating performance and profits.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company Specific

(a) Going concern

As set out in the Financial Report, the group has incurred a net profit before tax for the year ended 30 June 2020 of \$3,901,465 (2019: loss of \$251,774) and has a working capital surplus of \$662,970 (2019: restated surplus of \$142,376).

Included in trade and other payables are balances totalling \$764,200 (2019: \$519,483) payable to current and former directors. The directors have reviewed their expenditure and commitments for the consolidated entity and have implemented methods of costs reduction. The directors, as a part of their cash monitoring, have voluntarily suspended cash payments for their directors' fees to conserve cash resources until such time that the consolidated entity has sufficient cash resources.

Should the consolidated entity not be successful in raising additional funds through the issue of new equity, should the need arise there is a material uncertainty that may cast significant doubt as to whether or not the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities as and when they fall due and in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or, to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

(b) Ability of Advent to realise the carrying value of the exploration assets in the ordinary course of business

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration. Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of

natural gas. Capitalised costs net of reimbursements amounting to \$49,939 (2019: \$83,478) have been included in cash flows from investing activities in the statement of cash flows.

In the prior year capitalised costs were assessed for impairment by reference to the value implied for PEP11 by virtue of a conditional farmin agreement entered into with RL Energy Pty Ltd. Based on this assessment the asset was considered to be impaired and an adjustment to the fair value was booked at 30 June 2018. This farmin agreement was terminated on 17 September 2019 and therefore the write down of \$18,780,680 booked to the fair value at 30 June 2018 was considered to be pre-emptive. In the current period, the directors have assessed the valuation of the PEP11 permit against what they consider a comparable transaction with the result that a prior year PEP11 impairment has been reversed to the extent of \$6,882,247.

Onshore made an application for suspension and extension of the permit conditions in EP386 which was not accepted by the Department (DMIRS). Onshore sought a review of the decision by the Minister of Resources who responded setting out a course of action in relation to that decision which Onshore is following. Onshore has lodged an appeal against that decision with the WA State Administrative Tribunal (SAT). The Directors consider it prudent to make an impairment provision against the permit exploration costs at this time.

The exploration costs have been provisioned for.

Advent is continually seeking and reviewing potential sources of both equity and debt funding. Advent is now embarking on a fresh marketing campaign to attract new investors and/or joint venture partners. Management has confidence that a suitable outcome will be achieved however there is no certainty at this stage that this will result in further funding being made available. Asset Energy Pty Ltd has invested over \$25 million in the PEP11 title and, along with its JV partner Bounty Oil, is committed to continuing to explore for and ultimately exploit any petroleum accumulations which may be identified in this title area. If Advent is unable to source further funding for each of PEP11 and RL1 each of these permits are at risk.

The above conditions indicate a material uncertainty that may affect the ability of Advent to realise the carrying value of the exploration assets in the ordinary course of business.

(c) **PEP 11 Status**

In or about January 2020, Asset submitted to the National Offshore Petroleum Titles Administrator (**NOPTA**) an application to enable the drilling of the Baleen drill target in the PEP11 permit offshore NSW.

The PEP11 permit expiry date is February 2021. The application to NOPTA includes the extension of the permit title for up to two years to enable the drilling and includes an application for the removal of the requirement for a 500 sq. km 3D seismic program.

NOPTA has confirmed that the application is now in the final decision phase and the Company expects to have a decision shortly.

Subject to NOPTA approval, Bounty Oil and Asset are moving to a drill ready status for PEP11.

There is a risk that NOPTA does not approve this application and extend the permit date and in these circumstances the Company will need to consider its next steps in respect of PEP11 or any further action it could take to preserve the permit.

(d) **Geopolitical, Regulatory and Sovereign Risk**

Exploration for and development, exploitation, production and sale of oil and natural gas is subject to laws and regulations, including complex tax laws and environmental laws and regulations, employment law and other laws. Existing laws or regulations, as currently interpreted or reinterpreted in the future, or future laws or regulations could adversely affect the Company. Certain of these laws may have material penalties and fines for instances of non-compliance. In addition to governmental legal action, private parties may pursue legal actions to enforce these laws and regulations against industry participants.

Changes in government regulations and policies may also adversely affect the financial performance or the current and proposed operations generally of the Company. The ability to explore and develop oil and gas leases can be affected by changes in government regulations, policies or legislation in different jurisdictions, that are beyond the control of the Company and these changes may also adversely affect the financial performance or the current and proposed operations of the Company. In order to be compliant, certain permits, approvals, and certificates must be obtained and maintained and the cost of any of these may substantially increase from current levels.

(e) **Commodity prices fluctuations**

It is anticipated that any future revenues, other than sales of assets, will be derived from the sale of oil and or natural gas. The prices of crude oil, natural gas and refined products are outside the control of the Company and fluctuate and impact the opportunities available to the Company.

Future revenues, profitability, cash flow and rate of growth will be significantly affected by the prices of, and demand for, crude oil, natural gas and refined products as well as production costs, global economic conditions and expectations for inflation and interest rates.

In the event the Company becomes a producer of oil and or natural gas, any substantial and extended decline in the market prices of oil and gas could have an adverse effect on future revenues, profitability, cash flow from operations, carrying value of future reserves, and borrowing capacity amongst other measures of its financial performance and economic viability.

On a global scale, oil and gas commodity prices depend on a variety of factors including stability in the Middle East, actions taken by the OPEC, and global economic growth. All of these factors, both global and domestic, are beyond the Company's control and may substantially impact its ability to generate revenue from the production of oil or natural gas.

If the Company begins producing and the market price of oil and gas sold by the Company were to be below the costs of production and remain at such a level for any sustained period, the Company would experience losses and might have to curtail or suspend some or all of its proposed activities. In such circumstances, the Company would also have to assess the economic impact of any sustained lower commodity prices on the feasibility of advancing its projects to production and the commercial recoverability of any existing reserves.

(f) **Exploration**

Oil and gas exploration and production is a speculative investment and involves a high degree of risk.

There is no guarantee that exploration and development of the oil and gas concessions or any projects that the Company may acquire in the future, can be profitably exploited.

Oil, condensate, natural gas liquids and natural gas exploration and production activities are subject to numerous risks, including the risk that drilling will result in dry holes or not result in commercially feasible oil or natural gas production. In terms of exploration, selecting a drilling location is influenced by the interpretation of geological, geophysical, and seismic data, which is a subjective science and has varying degrees of success. Other factors, including land ownership and regulatory rules, may impact the Company's decisions with respect to well locations. Further, no known technologies provide conclusive evidence prior to drilling a well that oil or natural gas is present or may be produced economically. New wells drilled may not be productive or may not recover all or any portion of the Company's investment in such wells. Decisions to purchase, explore, develop or otherwise exploit prospects or properties will depend, in part, on the evaluation of production data, engineering studies, and geological and geophysical analyses, the results of which are typically inconclusive or subject to varying interpretations. The cost of drilling, completing, equipping and operating wells is typically uncertain before drilling commences.

(g) **Liquidity Risk**

There is no guarantee that any active market in the Shares will develop or that the price of these Shares will increase. There may be relatively few buyers or sellers of these Shares as the Company is not listed. For this reason, any investment in these Shares is illiquid.

(h) **Oil and gas estimates**

Reservoir engineering is a subjective process that only provides an educated estimate of the value of underground reserves. Oil and gas estimates are not precise and are based on knowledge, experience, interpretation and industry practice. Petroleum engineering is a subjective process of estimating accumulations of oil and/or gas that cannot be measured in an exact manner and which involves the use of assumptions which may ultimately not prove to be accurate. Different variables can impact whether these reserves are economically recoverable, including changes with respect to governmental regulations, commodity prices, and taxes. Resource estimates may change significantly when new information becomes available. The

Company's actual revenues, expenses, and production will likely vary from such estimates and such differences could be substantial.

There is a risk that the Company's Prospective and Contingent Resources will not convert to Reserves, and also that any future actual production with respect to Reserves may vary from such estimates. Such variances could be material to the Company and its future profitability.

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

(i) **Exchange rate risk**

The revenues, expenses, earnings, assets and liabilities of the Company and, accordingly, your investment in the Company, may be exposed adversely to exchange rate fluctuations.

The majority of the Company's expected expenditure and revenues when producing will be in United States dollars (**USD**). The Company also has transactions in AUD (Australia). Any appreciation in the exchange rates between these currencies and the USD may have a detrimental impact on use of USD funds raised.

(j) **Environmental risk**

The Company is subject to a number of laws and regulations to minimise the environmental impact of any operations as well as rehabilitation of any areas affected by the Company's operations. These laws can be costly to operate under and can change further adversely affecting the Company. No assurance can be given that current or future requirements under environmental laws will not result in the cessation of exploration or production activities, the curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects. Penalties for failure to adhere to the laws or in the event of environmental damage the penalties and remediation costs can be substantive.

In the areas in which the Company holds oil and gas interests, there exists regulations that include amongst other requirements, the need for permits for drilling operations, drilling bonds and reports concerning operations. In addition, there are rules and regulations governing conservation matters, including abandonment of drilled wells.

The Company may require approval from relevant authorities before it can undertake activities that may impact the environment, including drilling wells. Failure to obtain such approvals may prevent the Company from achieving its business objectives.

Regulations may limit the rate at which oil and gas could otherwise be produced from the Company's interests and may restrict the number of wells that may be drilled on a particular lease or in a particular field.

(k) **Competition**

The Company competes with numerous other organisations in the search for, and the acquisition of, oil and gas assets. The Company's competitors include oil and gas companies that have substantially greater financial resources, staff and facilities than those of the Company and a longer operating history. The Company's ability to increase its reserves in the future will depend not only on its ability to explore and develop its current acreage and concession areas, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling.

There is a risk that the Company is unable to acquire assets due to, amongst other factors, competition.

(l) **Contract risk**

The Company is a party to various contracts.

Whilst the Company will have various contractual rights in the event of non-compliance by a contracting party, no assurance can be given that all contracts to which the Company is a party will be fully performed by all contracting parties. Additionally, no assurance can be given that if a contracting party does not comply with any contractual provision, the Company will be successful in enforcing compliance. There are also counterparty bankruptcy, creditor, termination and operational risks.

Contracts to which the Company and its subsidiaries are party, contain various termination rights that could be triggered in the event that either party does not fulfil their obligations under the applicable contract.

There is no guarantee the Company will be able to secure purchasers for any oil and gas produced, on favourable terms or at all. Where there are limited number of purchasers, exposure to the credit risk of each such purchaser and any outstanding accounts receivable from such purchaser may be material. Additionally, should any such purchaser elect to reduce or curtail the volumes of oil and natural gas it purchases, revenues may decline.

(m) **Operating risks and insurance**

Any future operations of the Company may be delayed or adversely affected by factors which are beyond the control of the Company including but not limited to surface access restrictions, compliance with current and new governmental requirements, technical issues, access to equipment, supplies, personnel and transportation, delays in the commissioning of plant and equipment, adverse weather conditions, environmental hazards, labour dispute or industrial accidents.

The overall nature of the oil and gas industry is hazardous and entails many inherent risks, including (among other things) well blowouts, cratering, explosions, uncontrollable flows of hydrocarbons, fires, formations with abnormal pressures, water shortages, crude oil spills, natural gas leaks, pipeline and tank rupture, unauthorised discharges or certain pollutants, encountering naturally occurring radioactive material, and other hazards, risk, and pollutants. All of these hazards and risks create substantial liabilities and may result in substantial losses.

Even if the Company maintains insurance on par with industry standards, such insurance will not fully protect against all risks inherent in the

Company's activities, as full insurance coverage may not be available or may be cost prohibitive. As a result, any losses the Company sustains may only be partially covered by insurance, if at all.

(n) **Ability to exploit discoveries**

It may not always be possible for the Company to participate in the exploitation of successful discoveries made in the areas in which it has an interest. Such exploitation may involve the need to obtain licences or approvals, including environmental approvals and authorisations, from relevant authorities and may require conditions to be satisfied or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied.

(o) **Risk of impairment write-downs**

Accounting rules may require the Company to write-down the value of its properties for certain impairments such as declining crude oil and natural gas prices, increased development costs, or poor drilling results. This could substantially impact the Company ability to borrow funds for future capital expenditures and may negatively impact the ability to distribute funds.

(p) **No basis for forecast financial information**

Due to the fact that the Company has not commenced production, the Company has no basis on which to prepare forecast financial information in this OIS.

7.3 General Risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in

general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this OIS.

(e) **Risk of litigation, claims and disputes**

The Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of claims by joint venture partners, personal injury and property damage claims, environmental and indemnity claims, employee claims and other litigation and disputes. There is a risk that such litigation, claims and disputes could materially and adversely affect the Company's operating and financial performance due to the cost of defending and/or settling such claims, and could affect the Company's reputation.

7.4 Speculative Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this OIS.

Therefore, the Shares to be issued pursuant to this OIS carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply Shares pursuant to this OIS.

8. REQUIRED ACTIONS

8.1 Application Form

The number of Shares to which you are entitled (your **Entitlement**) is shown on the accompanying personalised Entitlement and Acceptance Form. You may:

- (a) take up some or all of your Shares;
- (b) take up more than your Entitlement to Shares by applying for Shortfall Shares; or
- (c) not take up any of your Entitlement to Shares.

8.2 Payment by EFT

The details for Application Monies paid by EFT by Australian Investors is as follows:

Account Name:	Advent Energy Ltd Trust Account
Bank:	National Australia Bank
Account BSB:	086-006
Account Number:	17-704-6231
Branch Address:	48 Howe St. Osborne Park WA 6017

Enquiries about the Offer should be directed to David Breeze, the Company Secretary, on 0409 150 953 during business hours.

8.3 Payment by cheque, bank draft or money order

Application Monies may be paid by cheque, bank draft, money order or EFT. Applications for Shares can only be made by filling out an Acceptance Form and providing the Application Monies. Please follow the directions on the Acceptance Form carefully.

Cheques and bank drafts must be made payable to "**Advent Energy Limited**" and crossed "**Not Negotiable**".

Applications (and accompanying cheques, bank drafts or money orders (if applicable)) should be:

Posted or delivered to 14 View Street, North Perth WA 6006.

8.4 Declining all or part of your Entitlement

If you decide not to take up all or part of your Entitlement, the Entitlement which is unexercised will lapse and the relevant Shares with respect to that part of the Entitlement will not be issued to you. You will not receive any payment for Entitlements not taken up. If you decide not to participate in the Offer, you do not need to fill out or return the accompanying Entitlement and Acceptance Form. Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.

Shares which are not taken up by Shareholders or other investors under the Shortfall Offer will not be issued and you will not receive a benefit under the Offer.

9. ADDITIONAL INFORMATION

9.1 Litigation

The Company confirms that other than the litigation referred to in Section 5.4, the Company is not involved in any further legal proceedings pending or threatened against the Company.

9.2 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, the persons named in the Offer Information statement with their consent as proposed directors of the Company, any underwriters, persons named in the Offer Information Statement with their consent having made a statement in the Offer Information Statement and persons involved in a contravention in relation to the Offer Information Statement, with regard to misleading and deceptive statements made in the Offer Information Statement. Although the Company bears primary responsibility for the Offer Information Statement, the other parties involved in the preparation of the Offer Information Statement can also be responsible for certain statements made in it.

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this OIS other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this OIS other than a reference to its name and a statement included in this OIS with the consent of that party as specified in this Section.

Specifically:

- (a) Steinepreis Paganin has given its written consent to being named as solicitors to the Offer in this OIS, in the form and context in which it is named. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this OIS with the ASIC;
- (b) Moore Australia Audit (WA) (**Moore WA**) has given its written consent to being named as auditor to the Company in this OIS, in the form and context in which it is named and to the inclusion of the Financial Report in this OIS. Moore WA has not withdrawn its consent prior to the lodgement of this OIS with the ASIC and to the inclusion of the Financial Report in this OIS; and
- (c) Grandbridge has given its written consent to being named as Lead Manager and Underwriter to the Company in this OIS, in the form and context in which it is named. Grandbridge has not withdrawn its consent prior to the lodgement of this OIS with the ASIC.

9.3 Fees and Commissions

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services.

10. DIRECTORS' AUTHORISATION

Each of the Directors of the Company has consented to the lodgement and issue of this Offer Information Statement.

This OIS is issued by the Company and its issue has been authorised by a resolution of the Directors.

Signed in accordance with a resolution of the Directors by:

A handwritten signature in black ink, appearing to read 'D. Breeze', with a horizontal line extending from the end of the signature.

David Breeze
Executive Director
For and on behalf of
Advent Energy Limited

11. GLOSSARY

\$ means Australian dollar.

Acceptance Form means the form by that name which is included in or accompanies this Offer Information Statement.

Applicant is used interchangeably with investor and means a person who applies for Shares in accordance with this Offer Information Statement.

Application means an application for a specified number of Shares by an Applicant under this Offer Information Statement made by completing and returning an Acceptance Form by the Closing Date.

Application Form means an Acceptance Form.

Application Monies means funds accompanying a completed Application.

ASIC means the Australian Securities and Investments Commission.

Board means the board of Directors of the Company.

Closing Date means the date on which the Offer closes, intended to be 26 February 2021.

Company or **Advent** means Advent Energy Limited (ACN 109 955 400).

Director means a director of the Company.

Eligible Shareholder means all Shareholders who are registered on the Shareholder register as at the 5:00pm (WST) on the Record Date.

Entitlement means the number of Shares each Eligible Shareholder is offered under the Offer as designated on their personalised Entitlement and Acceptance Form.

Entitlement Issue means the entitlement to Shares available for issue under this Offer Information Statement.

Entitlement and Acceptance Form means the form by that name which is included in or accompanies this Offer Information Statement.

Existing Shares means Shares on issue at the Record Date.

Group means the Company and its subsidiaries.

Offer means the offer of Shares under this Offer Information Statement.

Offer Price means the price payable for one Share under this Offer Information Statement is \$0.05.

OIS or **Offer Information Statement** means this Offer Information Statement.

Option means an option to acquire a Share.

Record Date means 30 December 2020.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share as recorded on the Share register for the Company.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this OIS.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Share Registry means the share register maintained by the Company.

WST means Western Standard Time as observed in Perth, Western Australia.

Advent Energy Ltd

ACN 109 955 400

Annual Financial Report
30 June 2020

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Advent Energy Ltd and its controlled entities

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Directors

David Breeze – Executive Chairman
Stephen Kelemen – Non-Executive Director
Steve James – Non-Executive Director (appointed 6 August 2019)
Tony Huston – Non-Executive Director (appointed 6 August 2019)
Tom Fontaine – Non-Executive Director (appointed 6 August 2019)

Company Secretary

David Breeze – (appointed 6 August 2019)

Registered Office

14 View Street
North Perth
WA 6006

Principal Business Address

14 View Street
North Perth
WA 6006
Telephone: (08) 9328 8711
Facsimile: (08) 9328 8733
Website: www.adventenergy.com.au

Auditor

Moore Australia Audit (WA)
Level 15,
Exchange Tower
2 The Esplanade
PERTH WA 6000

Australian Business Number

39 109 955 400

Directors' Report

Advent Energy Ltd and its controlled entities

The directors of Advent Energy Ltd ("Advent") or ("Company") present their report on the Company and its controlled entities ("consolidated entity" or "group") 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:

Stephen Kelemen – Non-Executive Director
David Breeze – Executive Chairman
Steve James – Non-Executive Director (appointed 6 August 2019)
Tony Huston – Non-Executive Director (appointed 6 August 2019)
Tom Fontaine – Non-Executive Director (appointed 6 August 2019)
Matthew Battrick – Non-Executive Director (appointed 27 March 2019, resigned 7 August 2019)
Tobias Foster – Non-Executive Director (appointed 27 March 2019, resigned 7 August 2019)

Mr Breeze was appointed a director of Advent on 10 November 2005 and was removed from the ASIC register by Advent directors on 26 November 2016. He neither resigned nor was removed by shareholders and disputes the actions taken by the Advent directors at that time. His continuing appointment as a director from 26 November 2016 was ratified by the Company's directors on 8 August 2019.

Company Secretary

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

David Breeze – (appointed 6 August 2019)
Andrew Bald – (appointed 29 April 2019, resigned 7 August 2019)

Information on Directors

D Breeze

Executive Chairman (appointed 10 November 2005 and Company Secretary (appointed 6 August 2019)

David Breeze is a Corporate Finance Specialist with extensive experience in the stock broking industry and capital markets. He has been a corporate consultant to Daiwa Securities; and held executive and director positions in the stock broking industry. David has a Bachelor of Economics and a Masters of Business Administration, and is a Fellow of the Financial Services Institute of Australasia, and a Fellow of the Institute of Company Directors of Australia. He has published in the Journal of Securities Institute of Australia and has also acted as an Independent Expert under the Corporations Act. He has worked on the structuring, capital raising and public listing of over 70 companies involving in excess of \$250M. These capital raisings covered a diverse range of areas including oil and gas, gold, food, manufacturing and technology. In the past three years David has also held the following listed company directorships:

Grandbridge Limited (from December 1999 to present)
BPH Energy Limited (from February 2001 to present)
MEC Resources Limited (from April 2005)*

*David Breeze was a Director of MEC Resources Limited ("MEC") from April 2005 and was removed from the ASIC register by MEC directors on 23 November 2016. He has neither resigned nor been removed by shareholders and disputes the actions taken by the Directors of MEC. David is also a

Directors' Report

Advent Energy Ltd and its controlled entities

director of Cortical Dynamics Limited, Molecular Discovery Systems Limited, Diagnostic Array Systems Limited, and Advent subsidiaries Asset Energy Pty Limited and Offshore Energy Pty Limited.

S Kelemen

Non-Executive Director (appointed 8 February 2018)

Stephen Kelemen has 40 years of experience in the upstream petroleum industry, primarily with Santos Ltd where he had leading roles involving exploration, development, field operations, reservoir engineering, drilling, geology, and mergers & acquisitions across conventional and unconventional assets. He oversaw Santos' investment in Bayu-Undan & DLNG, and was responsible for the company's entry into CSG and the concept of CSG to LNG. He has evaluated many of the Australian basins for the potential to deliver reserves.

Stephen is a Non-Executive Director for Galilee Energy, Elixir Energy as well as Advent Energy. He is also Adjunct Professor - Centre for CSG at University of Queensland, Deputy Chair Petroleum - Queensland Exploration Council, and on the Technical Advisory Council for Core Energy & Resources. Stephen has a BE from University of Adelaide.

T Huston

Non-Executive Director (appointed 6 August 2019)

Anthony (Tony)Huston has been involved for over 40 years in engineering and hydrocarbon industries for both on and off shore exploration/development. Early career experience commenced with Fitzroy Engineering Ltd, primarily working on development of onshore oil fields. During the 1990's Tony managed JFP NZ International, a Texas based exploration company that included a Jack Up rig operating in NZ waters. In 1994 Tony oversaw the environmental consent process required to drill a near inshore well that was drilled from "land" into the offshore basin during 1995. In 1996 Tony formed his own E&P Company to focus re-entry of onshore wells, primarily targeting shallow pay that had been passed or ignored from previous operations. This was successful and the two plays opened up 20 years ago are still in operation. Recent focus (12 years) has been to utilise new technology for enhanced resource recovery and has been demonstrated in various fields, including US, Mexico, Oman, Italy and Turkmenistan. During the last 3 years Tony has been a director of listed company BPH Energy Limited from June 2017 to present and is a non-executive Director of Advent Energy Ltd.

T Fontaine

Non-Executive Director (appointed 6 August 2019)

Tom is a reservoir engineer with over 25 years of experience in project evaluation management, development and capital raising. Tom has been part owner of petroleum engineering companies Epic Consulting in Canada and Focal Petroleum in Australia and has provided technical services to many companies worldwide. He is also primarily responsible for the startup and subsequent listing on ASX of Bounty Oil & Gas NL in 2002, and Coal Bed Methane Company Pure Energy Resources Pty Ltd in 2006 which was acquired in 2009 by BG Group Plc in a \$1 billion takeover. Tom is also currently involved with several small exploration companies in Canada, Russia, Cuba, Nepal, Timor Leste and Africa. During the last 3 years Tom has held the following listed company directorships: BPH Energy Limited (from April 2015 to October 2017)

S James

Non-Executive Director (appointed 6 August 2019)

Steve has over 30 years' experience in the financial services industry having worked for Australia's largest banks as well as European and American institutions. Steve has a thorough knowledge across foreign exchange trading, financial planning, capital raisings and stockbroking where he was a key figure in developing Australia's largest wholesale broking business.

Directors' Report

Advent Energy Ltd and its controlled entities

Steve is a highly experienced company director across both listed and unlisted entities in diverse operations from sporting bodies, financial services organisations and the property industry. Steve holds a Masters Degree in Financial Services Law, a Master Stockbroker Qualification, a Diploma of Financial Markets and is a graduate of the Australian Institute of Company Directors.

M Battrick

Non-executive Director (appointed 27 March 2019, resigned 7 August 2019)

T Foster

Non-Executive Director (appointed 27 March 2019, resigned 7 August 2019)

Meetings of Directors

During the financial year, four meetings of directors was held. The Board meets 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 Breeze	2	2
T Fontaine	2	2
S James	2	2
T Huston	2	2
M Battrick	2	2
T Foster	2	2
S Kelemen	4	4

Indemnifying Officers or Auditors

During or since the end of the financial year the company has not given an indemnity or entered an agreement to indemnify Company officers or the auditors. The Company does not hold a Directors and Officers insurance policy.

Operating Results

The operating profit for the group after tax for the year was \$3,901,465 (2019: \$251,774).

Non-Audit Services

No fees for non-audit services were paid or payable to the external auditors during the year ended 30 June 2020 (2019: nil).

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.

Directors' Report

Advent Energy Ltd and its controlled entities

Financial Position

The net assets of the group have increased by \$4,912,891 to \$9,898,837 at 30 June 2020 primarily as a result of the reversal of a \$6,882,248 writedown booked on the PEP 11 permit in a prior period (2019: \$Nil) net of an impairment loss of \$2,302,000 on EP386 (2019: \$Nil).

Principal Activities

Company Focus and Developments

Advent Energy Ltd is an unlisted oil and gas exploration and development company with onshore and offshore exploration and near-term development assets around Australia. Advent's assets include PEP11 (85%) in the offshore Sydney Basin and RL1 (100%) in the onshore Bonaparte Basin in the Northern Territory.

PEP 11 Oil and Gas Permit

Advent, through wholly owned subsidiary Asset Energy Pty Ltd, holds 85% of Petroleum Exploration Permit PEP 11 – an exploration permit prospective for natural gas located in the Offshore Sydney Basin.

PEP 11 is a significant offshore exploration area with large scale structuring and potentially multi-Trillion cubic feet (Tcf) gas charged Permo-Triassic reservoirs. Mapped prospects and leads within the Offshore Sydney Basin are generally located less than 50km from the Sydney-Wollongong-Newcastle greater metropolitan area and gas pipeline network.

The offshore Sydney Basin has been lightly explored to date, including a multi-vintage 2D seismic data coverage and a single exploration well, New Seaclem-1 (2010). Its position as the only petroleum title offshore New South Wales provides a significant opportunity should natural gas be discovered in commercial quantities in this petroleum title. It lies adjacent to the Sydney-Newcastle region and the existing natural gas network servicing the east coast gas market. The total P50 Prospective Resource calculated for the PEP11 prospect inventory is 5.9 Tcf with a net 5 Tcf to Advent Energy (85%WI). The two largest prospects in the inventory are Fish and Baleen.

Advent has previously interpreted significant seismically indicated gas features in PEP11. Key indicators of hydrocarbon accumulation features have been interpreted following review of the 2004 seismic data (reprocessed in 2010). The seismic features include apparent Hydrocarbon Related Diagenetic Zones (HRDZ), Amplitude Versus Offset (AVO) anomalies and potential flat spots.

In addition, a geochemical report has provided support for a potential exploration well in PEP11. The report reviewed the hydrocarbon analysis performed on sediment samples obtained in PEP11 during 2010. The 2010 geochemical investigation utilised a proprietary commercial hydrocarbon adsorption and laboratory analysis technique to assess the levels of naturally occurring hydrocarbons in the seabed sediment samples.

The report supports that the Baleen prospect appears best for hydrocarbon influence relative to background samples. In addition, the report found that the Baleen prospect appears to hold a higher probability of success than other prospects.

Importantly, "a recent review of more than 850 wildcat wells – all drilled after geochemical surveys – finds that 79% of wells drilled in positive anomalies resulted in commercial oil and gas discoveries." (Surface geochemical exploration for oil and gas: New life for an old technology, D. Schumacher, 2000, *The Leading Edge*).

Directors' Report

Advent Energy Ltd and its controlled entities

Advent has demonstrated considerable gas generation and migration within PEP11, with the mapped prospects and leads highly prospective for the discovery of gas.

Advent Energy has conducted a focused seismic campaign around a key drilling prospect in PEP11 at Baleen, in the offshore Sydney Basin. The high resolution 2D seismic survey covering approximately 200-line km was performed to assist in the drilling of the Baleen target approximately 30 km south east of Newcastle, New South Wales. A drilling target on the Baleen prospect at a depth of 2150 metres subsea has been identified in a review of previous seismic data. Intersecting 2D lines suggest an extrapolated 6000 acre (24.3 km²) seismic amplitude anomaly area at that drilling target. The report on this drilling target noted previous 2D seismic data showed that the Permian aged section of the Bowen Basin has producing conventional gas fields at a similar time and depth to PEP11 at the Triassic/Permian age boundary.

Advent's prior presentation 'Strategic Summary: Tactics to Success ' confirmed the strategy of "Complete current 2D seismic commitment to deliver shallow hazard survey work ...to deliver 'drill ready' gas prospectfor early drilling ,capturing near-term rig availability off Australia's coast."

The high resolution 2D seismic data over the Baleen prospect designed to evaluate (amongst other things) shallow geohazard indications including shallow gas accumulations that can affect future potential drilling operations. It is a drilling prerequisite that a site survey is made prior to drilling at the Baleen location. On 31 December 2018 MEC announced that there were "no 'seismically defined shallow gas hazards "at the proposed well location on the Baleen Prospect.

Onshore Bonaparte Basin

Advent Energy Ltd ("Advent"), through wholly owned subsidiary Onshore Energy Pty Ltd, holds 100% of RL 1 in the onshore Bonaparte Basin in northern Australia. The Bonaparte Basin is a highly prospective petroliferous basin, with significant reserves of oil and gas. Most of the basin is located offshore, covering 250,000 square kilometres, compared to just over 20,000 square kilometres onshore.

In the Northern Territory, Advent holds Retention Licence RL1 (166 square kilometres in area), which covers the Weaber Gas Field, originally discovered in 1985. Advent has previously advised that the 2C Contingent Resources for the Weaber Gas Field in RL1 are 11.5 billion cubic feet (Bcf) of natural gas following an independent audit by RISC. Significant upside 3C Contingent Resources of 45.8 Bcf have also been assessed by RISC.

The current rapid development of the Kununurra region in northern Western Australia, including the Ord River Irrigation Area phase 2, the township of Kununurra, and numerous regional resource projects provides an exceptional opportunity for Advent to potentially develop its nearby gas resources. Market studies have identified a current market demand of up to 30.8 TJ per day of power generation capacity across the Kimberley region that could potentially be supplied by Advent Energy's conventional gas project RL1.

Unconventional Resources within RL1

The prospectivity of the Bonaparte Basin is evident from the known oil and gas fields in both the offshore and onshore portions of the basin. Advent has identified significant shale areas in RL1.

Significant Changes in State Of Affairs

- In August 2019 the Company entered into a Deed of Settlement and Release ("Deed") with BPH Energy Limited (BPH"), MEC Resources Limited ("MEC"), Grandbridge Limited, Trandcorp and Mr David Breeze and other relevant parties. As part of the settlement it was agreed that Messrs Matthew Battrick and Tobias Foster would appoint Messrs Steven James, Tony Huston

Directors' Report

Advent Energy Ltd and its controlled entities

and Thomas Fontaine as directors of Advent, and that Messrs Matthew Battrick and Tobias Foster would then resign from the Board of Advent. The incoming directors have since confirmed and acknowledged Mr David Breeze as a duly elected director of Advent.

The other key terms of the settlement are as follows:

- MEC provided an irrevocable proxy to BPH on the voting rights attaching to 100% of the shares held by MEC in Advent at any meeting of shareholders of the Company up to 23 July 2021.
- Until 23 July 2021, MEC agrees to not directly or indirectly interfere with the board composition and/or management of Advent.
- For a period of one year commencing from 6 August 2019 MEC must not sell or otherwise dispose of any shares it holds in Advent, other than by an in-specie distribution to MEC if requested in writing to do so by Advent. If notice is given, MEC must do all that is required to effect and support the In-Specie Distribution.
- The loans owed by Advent to MEC will be recoverable by MEC only by the following means and only in the following circumstances:

One month prior to the scheduled commencement date for the drilling of a well within the PEP 11 Permit Area, Advent will issue to MEC ordinary shares to the face value of the debt calculated at 80% of (a) the volume-weighted average price of Advent shares over the 5 days trading immediately prior to that date; or (b) if as at that date Advent shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

- On 28 September 2018, MEC announced the signing of a binding term sheet for the majority sale of Onshore Energy Pty Ltd ("OE") to Bonaparte Petroleum Pty Ltd ("BP"). This agreement was terminated on 10 August 2019.
- Onshore Energy ("Onshore") made an application for suspension and extension of the permit conditions in EP386 which was not accepted by the Department (DMIRS). Onshore sought a review of the decision by the Minister of Resources who responded setting out a course of action in relation to that decision which Onshore is following, being an appeal to the State Administrative Appeals Tribunal (SAT).
- The conditional farmin agreement to PEP11 between Asset Energy Pty Ltd and RL Energy Pty Ltd was registered as a dealing by the National Offshore Petroleum Titles Administrator in September 2018. This registration was a condition precedent to the farmin agreement. This farmin agreement was terminated on 17 September 2019.
- On 17 September 2019 BPH announced that Advent has now terminated by mutual consent the RL Energy Joint Venture Agreement for the PEP11 permit. As a result Advent, through wholly owned subsidiary Asset Energy Pty Ltd, now holds an 85% interest and is operator of the permit (and RL Energy has no further interest). Bounty Oil and Gas NL (ASX: BUY) holds the remaining 15%.
- Advent Energy Ltd has submitted to the National Offshore Petroleum Titles Administrator (NOPTA) an application to enable the drilling of the Baleen drill target in the PEP11 permit offshore NSW. The PEP11 Joint Venture has reviewed the work program and now proposes to proceed with the drilling of a well at Baleen subject to approvals from NOPTA and other regulatory authorities and financing and has now made application to NOPTA to change the current Permit conditions. The current permit expiry date is in March 2021. The application to NOPTA includes the extension of the permit title for up to two years to enable the drilling and includes an application for the removal of the requirement for a 500 sq. km 3D seismic program. NOPTA has confirmed that this application is now in the final decision phase.

Directors' Report

Advent Energy Ltd and its controlled entities

- On 19 September 2019 BPH announced Advent has 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 its wholly owned subsidiary Onshore Energy Pty Ltd, holds a 100 % interest in RL1 and is operator of the Retention Licence.
- In November 2019 it became apparent that the Company's previous management, who were also the management of MEC prior to the Deed entered into in August 2019 between the Company and other relevant parties, had lodged a Research and Development Tax Incentive claim for the year ending 30 June 2018 in the name of MEC in respect of work performed on the PEP 11 permit, the majority of which costs had been borne by Advent. MEC owned only 53% of Advent.

MEC noted in their December 2018 quarterly Appendix 4C cash flow report lodged with ASX on 31 January 2019 that they had been "granted a Research and Development ("R & D") incentive in the quarter ended 31 December 2018 after recent seismic activities within PEP 11. An amount of \$384k was received under the scheme in Q2". Subsequent to the Deed the Company's new management questioned why the R and D claim not been submitted in the name of Advent. As a result of these enquiries the \$728,563 costs incurred by Advent in respect of the PEP 11 June 2018 R and D claim, together with \$68,408 costs in respect of a proposed June 2019 R and D claim by MEC, have been recharged to MEC and are showing as a current asset of the Company at 30 June 2020. The Company has commenced legal action to recover these amounts from MEC.

The legality of MEC's conversion of \$532,500 of debt into Company shares in March 2019 at a time when, given the R and D recharges that should have been booked, potentially no such convertible debt existed, is currently under review.

- On 7 February 2020 BPH Energy Limited ("BPH") announced that in accordance with shareholder approval received by Advent shareholders on 29 November 2019, it intends to now convert a receivable of \$162,566 into 3,251,320 shares in Advent at a conversion price of \$0.05 per share and that Grandbridge Limited ("GBA"), in accordance with shareholder approval received by Advent shareholders on 29 November 2019, intends to now convert a receivable of \$505,325 into 10,106,500 shares in Advent at a conversion price of \$0.05 per share. The effect on the capital structure of the Company will be to increase the number of shares on issue from 177,595,234 to 190,953,234 shares representing a 7.52 % dilution effect to existing Advent shareholders including MEC Resources Limited ("MEC"). The receivables were converted to shares on 11 February 2020. As a result of these conversions BPH's direct shareholding in Advent increased from 22.6% to 22.7%, GBA's direct shareholding in Advent increased from 6.6% to 11.4%, and MEC's direct shareholding in Advent decreased from 53% to 49.3%
- During the year the Company issued 3,400,000 shares at \$0.05 for \$170,000 cash. A further \$15,000 had been received at year end for shares issued subsequent to year end.

Future Developments

The Company will continue to develop its investee portfolio projects including PEP11 and RL1 and may evaluate and invest in a range of resource projects.

Subsequent Events

There have not been any other matters or circumstance that have arisen since the end of the period, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Directors' Report

Advent Energy Ltd and its controlled entities

Options

At the date of this report there were the following share options on issue:

Issued	Number	Exercise Price	Expiry Date
15/1/2020	10,000,000	\$0.10	30/11/24

During the year ended 30 June 2020 no ordinary shares of Advent were issued on the exercise of options granted under the Advent Energy Limited Employee Option Plan (2019: Nil). No options have been granted since year end. 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.

Environmental Issues

Advent Energy published its Environmental Performance Report for the PEP11 2D Baleen HR Seismic Survey which was undertaken in April 2018. The report confirmed that procedures were undertaken in accordance with the requirements of the *Environmental Protection and Biodiversity Conservation (EPBC) Act* Policy Statement 2.1 describing the interaction between offshore seismic exploration and whales. No non-compliance events were documented in relation to marine fauna interactions, mitigation or source operational procedures. No environmental matters have occurred in the period.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 9.

Signed in accordance with a resolution of the Board of Directors.



David Breeze

Chairman

Dated this 21st day of September 2020

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS
OF ADVENT ENERGY 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
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 21st day of September 2020.

Consolidated Statement of Financial Position

as at 30 June 2020

Advent Energy Ltd and its controlled entities

		Consolidated	
	Note	2020 \$	2019 \$
Revenue	2	32	4,481
Other income		-	2,727
Finance costs		(25)	(664)
Administration expenses		(122,750)	(7,981)
Consulting and legal expenses		(15,292)	(123,557)
Director related fees		(243,806)	(34,932)
Accounting and auditing		(27,445)	(10,522)
Exploration costs written off	9	(95,852)	-
Impairment reversal / (impairment)	3	4,540,207	(22,674)
Provision for doubtful debts		-	(8,494)
Share based payments expense		(173,534)	-
Termination fees		-	(128,640)
Share sale agreement written back		-	81,844
Depreciation	11	(110)	(199)
Traveling expenses		-	(3,163)
Operating profit before income tax		3,901,465	(251,774)
Income tax expense	8	-	-
Operating profit from continuing operations		3,901,465	(251,774)
Other Comprehensive Income			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
Total Comprehensive Profit		3,901,465	(251,774)
Basic and diluted earnings / (loss) per share (cents per share)	25	2.1	(0.1)

The accompanying notes form part of and should be read in conjunction with these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2020

Advent Energy Ltd and its controlled entities

		Consolidated	
		(Restated)	
	Note	2020 \$	2019 \$
Current Assets			
Cash and cash equivalents	6	24,349	40,225
Trade and other receivables	7	4,880	1,570
Other assets		21,411	-
Financial assets	10	796,971	796,971
Total Current Assets		847,611	838,766
Non-Current Assets			
Exploration and evaluation expenditure	9	14,010,190	9,475,857
Financial assets	10	50,000	50,000
Property plant and equipment	11	-	110
Total Non-Current Assets		14,060,190	9,525,967
Total Assets		14,907,801	10,364,733
Current Liabilities			
Trade and other payables	12	179,637	28,499
Financial liabilities	14	5,004	667,891
Total Current Liabilities		184,641	696,390
Non-Current Liabilities			
Trade and other payables	12	702,168	519,483
Financial liabilities	14	4,122,155	4,162,914
Total Non- Current Liabilities		4,824,323	4,682,397
Total Liabilities		5,008,964	5,378,787
Net Assets		9,898,837	4,985,946
Equity			
Issued capital	15	43,034,038	42,196,146
Option reserve	13	965,553	792,019
Accumulated losses		(34,100,754)	(38,002,219)
Total Equity		9,898,837	4,985,946

The accompanying notes form part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2020

Advent Energy Ltd and its controlled entities

	Consolidated			
	Issued Capital \$	Accumulated losses \$	Option Reserve \$	Total Equity \$
Balance at 30 June 2018	41,191,646	(37,990,170)	792,019	3,993,495
Loss attributable to members of the consolidated entity	-	(251,774)	-	(251,774)
Total comprehensive loss	-	(251,774)	-	(251,774)
Transactions with owners in their capacity as owners:				
Shares issued in extinguishment of debt	1,004,500	-	-	1,004,500
Balance at 30 June 2019	42,196,146	(38,241,944)	792,019	4,746,221
Research and development costs recharged to MEC (note 10)	-	239,725	-	239,725
Balance at 30 June 2019 (restated)	42,196,146	(38,002,219)	792,019	4,985,946
Profit attributable to members of the consolidated entity	-	3,901,465	-	3,901,465
Total comprehensive profit	-	3,901,465	-	3,901,465
Transactions with owners in their capacity as owners:				
Shares issued in extinguishment of debt	667,892	-	-	667,892
Shares issued for cash	170,000	-	-	170,000
Share based payments expense	-	-	173,534	173,534
Balance at 30 June 2020	43,034,038	(34,100,754)	965,553	9,898,837

The accompanying notes form part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2020

Advent Energy Ltd and its controlled entities

		Consolidated	
Note		2020 \$	2019 \$
Cash Flows From Operating Activities			
	Payments to suppliers and employees	(100,190)	(283,924)
	Finance costs	(25)	(664)
	Interest Received	32	4,481
16	Net cash used in operating activities	(100,183)	(280,107)
Cash Flows From Investing Activities			
	Exploration expenditure (net of reimbursements)	(49,938)	(83,478)
	Loans received from other entities	5,004	-
	Net cash provided by investing activities	(44,934)	(83,478)
Cash Flows From Financing Activities			
16(b)	Loans (repaid to) / received from MEC	(40,759)	146,000
	Proceeds from shares issued	170,000	-
	Net cash provided by financing activities	129,241	146,000
	Net (decrease) in cash held	(15,876)	(217,585)
	Cash at the beginning of the financial year	40,225	307,810
6	Cash at the end of the financial year	24,349	90,225

The accompanying notes form part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

1. Statement of Significant Accounting Policies

Corporate Information

The financial report includes the consolidated financial statements and the notes of Advent Energy Ltd and its controlled entities ('consolidated entity' or 'group'). Advent Energy Ltd is an unlisted public company, incorporated and domiciled in Australia. The financial report was authorised for issue on 21 September 2020 by the board of directors.

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001. Advent Energy 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 consolidated financial statements of the Advent Energy Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Financial Position / Going Concern

The group has incurred a net profit before tax for the year ended 30 June 2020 of \$3,901,465 (2019: loss of \$251,774) and has a working capital surplus of \$662,970 (2019: restated surplus of \$142,376) (refer note 14 (b)) at that date.

Included in non-current liabilities are loans payable to MEC of \$4,122,155 which will be recoverable by MEC only by the following means and only in the following circumstances; one month prior to the scheduled commencement date for the drilling of a well within the PEP 11 Permit Area, Advent will issue to MEC ordinary shares to the face value of the debt calculated at 80% of: (a) the volume-weighted average price of Advent shares over the 5 days trading immediately prior to that date; or (b) if as at that date Advent shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

Included in trade and other payables are balances totalling \$764,200 (2019: \$519,483) payable to current and former directors. The directors have reviewed their expenditure and commitments for the consolidated entity and have implemented methods of costs reduction. The directors, as a part of their cash monitoring, have voluntarily suspended cash payments for their directors' fees to conserve cash resources until such time that the consolidated entity has sufficient cash resources.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

1. Statement of Significant Accounting Policies (continued)

Financial Position / Going Concern (continued)

In November 2019 it became apparent that the Company's previous management, who were also the management of MEC prior to the Deed entered into in August 2019 between the Company and other relevant parties, had lodged a Research and Development Tax Incentive claim for the year ending 30 June 2018 in the name of MEC in respect of work performed on the PEP 11 permit, the majority of which costs had been borne by Advent. MEC owned only 53% of Advent. MEC noted in their December 2018 quarterly Appendix 4C cash flow report lodged with ASX on 31 January 2019 that they had been "granted a Research and Development ("R & D") incentive in the quarter ended 31 December 2018 after recent seismic activities within PEP 11. An amount of \$384k was received under the scheme in Q2". Subsequent to the Deed the Company's new management questioned why the R and D claim not been submitted in the name of Advent.

As a result of these enquiries the \$728,563 costs incurred by Advent in respect of the PEP 11 June 2018 R and D claim, together with \$68,408 costs in respect of a June 2019 R and D claim by MEC, have been recharged to MEC and are showing as a current asset of the Company at 30 June 2020 and 30 June 2019.

Included in trade and other payables are balances totalling \$764,200 (2019: \$519,483) payable to current and former directors. The directors have reviewed their expenditure and commitments for the consolidated entity and have implemented methods of costs reduction. The directors, as a part of their cash monitoring, have voluntarily suspended cash payments for their directors' fees to conserve cash resources until such time that the consolidated entity has sufficient cash resources. The directors have prepared cash flow forecasts that indicate that the group will have sufficient cash flows to meet its non-exploration commitments and a portion of exploration commitments for a period of at least 12 months from the date of this report. Based on the cash flow forecasts and the monitoring of operational costs, the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Should the consolidated entity not be successful in raising additional funds through the issue of new equity, should the need arise there is a material uncertainty that may cast significant doubt as to whether or not the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities as and when they fall due and in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or, to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

1. Statement of Significant Accounting Policies (continued)

Accounting Policies

(a) Principles of Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

A list of controlled entities is contained in Note 20 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.

The purchase method of accounting is used to account for business combinations by the group (see Note 1 (b) below).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

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

(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.

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

1. Statement of Significant Accounting Policies (continued)

(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.

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 substantively enacted by the statement of financial position date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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.

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 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 or tax credits can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. 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.

Advent Energy Ltd and its wholly-owned Australian subsidiaries formed an income tax consolidated group under the tax consolidation regime on 1 July 2010.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

1. Statement of Significant Accounting Policies (continued)

(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 is measured on the cost basis.

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.

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 and 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.

(e) Exploration, Evaluation and Development Expenditure

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

1. Statement of Significant Accounting Policies (continued)

(e) Exploration, Evaluation and Development Expenditure (continued)

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 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.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

1. Statement of Significant Accounting Policies (continued)

(h) Revenue and Other Income

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 time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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.

(j) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(k) 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.

(l) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

1. Statement of Significant Accounting Policies (continued)

(m) 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 recognized 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 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 non-tradeable nature of the option, 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 group 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.

(n) Critical accounting estimates and judgments

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.

Key Judgments —Impairment of capitalised and carried forward exploration expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at statement of financial position date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(e).

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

1. Statement of Significant Accounting Policies (continued)

(o) Application of New and Revised Accounting Standards

Standards and Interpretations in issue not yet adopted

The Directors have reviewed new accounting standards and interpretations that have been published that are not mandatory for 30 June 2020 reporting periods. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is likely to company accounting policies.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework.

At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

Standards and Interpretations applicable to 30 June 2020

In the 12 month period ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

There is no material impact to profit or loss or net assets on the adoption of this new standard in the current or comparative years.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

1. Statement of Significant Accounting Policies (continued)

(q) Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

1. Statement of Significant Accounting Policies (continued)

(q) Financial Instruments (continued)

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains an equity investment. The group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

(iii) Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139. Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

(iv) Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI. The group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is to "hold to collect" the associated cash flows and sell financial assets; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

1. Statement of Significant Accounting Policies (continued)

(q) Financial Instruments (continued)

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Recognition of credit losses is no longer dependent on the group first identifying a credit loss event. Instead the group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Notes to the Financial Statements
for the year ended 30 June 2020
Advent Energy Limited and its controlled entities

	Consolidated	
	2020	2019
	\$	\$
2. Revenue		
Interest Revenue	32	4,481
	<u>32</u>	<u>4,481</u>

3. Expenses		
<i>Impairment (reversal) / impairment</i>		
Impairment reversal PEP11 (i)	(6,882,247)	-
Provision against EP386 exploration costs (ii)	2,302,000	-
Impairment of intangibles	-	22,674
	<u>(4,580,247)</u>	<u>22,674</u>

(i) 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 this assessment the asset was considered to be impaired and an adjustment to the fair value was booked at 30 June 2018. This farmin agreement was terminated 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 have assessed the valuation of the PEP 11 permit against what they consider a comparable transaction with the result that the prior year PEP 11 impairment has been reversed to the extent of \$6,882,247.

(ii) Onshore Energy ("Onshore") made an application for suspension and extension of the permit conditions in EP386 which was not accepted by the Department (DMIRS). Onshore sought a review of the decision by the Minister of Resources who responded setting out a course of action in relation to that decision. Onshore is lodging an appeal against that decision with the WA State Administrative Tribunal (SAT). The Directors consider it prudent to make an impairment provision against the permit exploration costs at this time.

	Consolidated	
	2020	2019
	\$	\$
4. Auditors' Remuneration		
Remuneration of the auditor of the parent entity for:		
Moore Australia Audit (WA)	19,424	7,322
	<u>19,424</u>	<u>7,322</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

5. Key Management Personnel Compensation

Names and positions held of consolidated entity key management personnel in office at any time during the financial year are as follows. They were appointed for the whole year unless stated otherwise:

Key Management Personnel

David Breeze – Executive Chairman

Stephen Kelemen – Non-Executive Director

Steve James – Non-Executive Director (appointed 6 August 2019)

Tony Huston – Non-Executive Director (appointed 6 August 2019)

Tom Fontaine – Non-Executive Director (appointed 6 August 2019)

Matthew Battrick – Non-Executive Director (appointed 27 March 2019, resigned 7 August 2019)

Tobias Foster – Non-Executive Director (appointed 27 March 2019, resigned 7 August 2019)

Directors	Amount Owning 30 June 2020 (\$)	Short Term Benefit 2020 – Fees (\$)	Short Term Benefit 2019 – Fees (\$)	Share based payment expense - 2020(\$)
D Breeze	222,881	89,863	-	-
S Kelemen	54,932	25,000	34,932	34,707
T Fontaine	22,637	22,637	-	34,707
T Huston	22,637	22,637	-	34,707
S James	22,637	22,637	-	34,707
Previous Directors	416,476	-	-	-
	767,200	247,806	34,932	138,828

David Breeze has a holding in the Company of 2,000,000 shares. Share based payments to each person listed represent 2 million options each with an exercise price of \$0.10 per share and an expiry date of 30 November 2024. There was no share based payments expense in the prior year.

Mr Breeze was appointed a director of Advent on 10 November 2005 and was removed from the ASIC register by Advent directors on 26 November 2016. He neither resigned nor was removed by shareholders and disputes the actions taken by the Advent directors at that time. His continuing appointment as a director from 26 November 2016 was ratified by the Company's directors on 8 August 2019.

6. Cash and cash equivalents

Cash at bank and in hand

24,349 90,225

The average effective interest rate on short-term bank deposits was 1.25%: (2019: 1.25%)

7. Trade and other receivables

Current

Other receivables

4,880 1,570

4,880 1,570

Notes to the Financial Statements

for the year ended 30 June 2020
Advent Energy Limited and its controlled entities

	Consolidated	
	2020	2019
	\$	\$
8. Income Tax Expense		
a. <i>The prima facie tax benefit on profit / (loss) from ordinary activities before income tax is reconciled to the income tax as follows:</i>		
Prima facie tax benefit on profit / (loss) from ordinary activities before income tax at 27.5% (2019: 27.5%)	1,072,903	(69,237)
Add tax effect of:		
- Other non-assessable items	(1,259,568)	-
- Revenue losses and other deferred tax balances not recognised	186,665	69,237
Income tax expense	-	-
b. <i>Deferred tax recognised at 27.5% (2019: 27.5%):</i>		
<i>Deferred tax liabilities:</i>		
Exploration expenditure	3,852,802	2,759,103
<i>Deferred tax assets:</i>		
Carry forward revenue losses	3,852,802	2,759,103
Net deferred tax	-	-
c. <i>Unrecognised deferred tax assets at 27.5% (2019: 27.5%):</i>		
Carry forward losses	9,022,928	9,994,629
	9,022,928	9,994,629

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

Notes to the Financial Statements

for the year ended 30 June 2020
Advent Energy Limited and its controlled entities

	Consolidated (Restated)	
	2020 \$	2019 \$
9. Exploration and Evaluation Expenditure		
Exploration and evaluation expenditure	14,010,190	9,475,857
	<u>14,010,190</u>	<u>9,475,857</u>
Reconciliation of the movement during the year:		
Opening balance at 1 July	9,475,857	9,926,841
Impairment reversal – PEP 11 (i)	6,882,247	-
Capitalised expenditure – PEP 11	6,829	50,842
Capitalised expenditure – EP 386 / RL 1	43,109	55,420
Impairment provision - EP 386 (ii)	(2,302,000)	-
Exploration costs written off – EP325 (iii)	(95,852)	-
Research and development costs recharged to MEC (note 10)	-	(557,246)
Balance at 30 June	<u>14,010,190</u>	<u>9,475,857</u>

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of natural gas. Capitalised costs net of reimbursements amounting to \$49,939 (2019: \$83,478) have been included in cash flows from investing activities in the statement of cash flows.

- (i) 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 this assessment the asset was considered to be impaired and an adjustment to the fair value was booked at 30 June 2018. This farmin agreement was terminated 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 have assessed the valuation of the PEP 11 permit against what they consider a comparable transaction with the result that a prior year PEP 11 impairment has been reversed to the extent of \$6,882,247.
- (ii) Onshore Energy ("Onshore") made an application for suspension and extension of the permit conditions in EP386 which was not accepted by the Department (DMIRS). Onshore sought a review of the decision by the Minister of Resources who responded setting out a course of action in relation to that decision which Onshore is following. Onshore is lodging an appeal against that decision with the WA State Administrative Tribunal (SAT). The Directors consider it prudent to make an impairment provision against the permit exploration costs at this time.
- (iii) The consolidated entity no longer have title to this permit and the exploration costs have been written off.

Refer to Note 24 for capital expenditure commitments at period end.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

9. Evaluation Exploration Expenditure (continued)

Advent is continually seeking and reviewing potential sources of both equity and debt funding. Advent is now embarking on a fresh marketing campaign to attract new investors and/or joint venture partners. Management has confidence that a suitable outcome will be achieved however there is no certainty at this stage that this will result in further funding being made available. Asset Energy Pty Ltd has invested over \$25 million in the PEP11 title and, along with its JV partner Bounty Oil and Gas NL, is committed to continuing to explore for and ultimately exploit any petroleum accumulations which may be identified in this title area. If Advent is unable to source further funding for each of PEP11 and RL1 each of these permits are at risk.

The above conditions indicate a material uncertainty that may affect the ability of Advent to realise the carrying value of the exploration assets in the ordinary course of business and may affect the ability of the Company to realise the carrying value of its loan receivables and its investment in Advent in the ordinary course of business.

	Consolidated (Restated)	
	2020	2019
	\$	\$
<i>Current</i>		
Loan receivable from MEC (i)	796,971	787,046
	<u>796,971</u>	<u>787,046</u>
<i>Non-Current</i>		
Cash held as security (ii)	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

- (i) In November 2019 it became apparent that the Company's previous management, who were also the management of MEC prior to the Deed entered into in August 2019 between the Company and other relevant parties, had lodged a Research and Development Tax Incentive claim for the year ending 30 June 2018 in the name of MEC in respect of work performed on the PEP 11 permit, the majority of which costs had been borne by Advent. MEC owned only 53% of Advent.

MEC noted in their December 2018 quarterly Appendix 4C cash flow report lodged with ASX on 31 January 2019 that they had been "granted a Research and Development ("R & D") incentive in the quarter ended 31 December 2018 after recent seismic activities within PEP 11. An amount of \$384k was received under the scheme in Q2". Subsequent to the Deed the Company's new management questioned why the R and D claim not been submitted in the name of Advent. As a result of these enquiries the \$728,563 costs incurred by Advent in respect of the PEP 11 June 2018 R and D claim, together with \$68,408 costs in respect of a proposed June 2019 R and D claim by MEC, have been recharged to MEC and are showing as a current asset of the Company at 30 June 2020 and 30 June 2019. Of these costs, \$557,246 relate to capitalised exploration costs and \$239,725 to retained earnings.

- (i) The cash security deposit is held in trust by Department of Primary Industry and Resources.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

	Consolidated	
	2020	2019
	\$	\$

11. Property Plant and Equipment

Plant and equipment:

At cost

21,073 21,133

Accumulated depreciation

(21,073) (21,023)

Total Property, plant and equipment

- 110

Movements in carrying value:

Balance at the beginning of the year

110 309

Depreciation expense

(110) (199)

Carrying amount at the end of the year

- 110

12. Trade and other payables

Current:

Trade payables - unsecured

156,635 28,499

Sundry payables and accrued expenses - unsecured

23,002 -

179,637 28,499

Non-current:

Sundry payables and accrued expenses - unsecured

702,168 519,483

702,168 519,483

The average credit period on trade payables is 105 days.

13. Reserves

Option Reserve

The option reserve records items recognized as expenses on the valuation of director, employee and consultant share options.

Opening balance 1 July

792,019 792,019

Share based payments expense

173,534 -

Closing balance 30 June

965,533 792,019

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

14. Financial liabilities

	Consolidated	
	2020	2019
	\$	\$
<i>Current</i>		
Unsecured loan payable to BPH Energy Limited (b) (c)	5,004	162,566
Unsecured loan payable to Grandbridge Limited (c)	-	505,325
	5,004	667,891
<i>Non-Current</i>		
Unsecured loan payable to MEC Resources Ltd (a)	3,600,000	3,600,000
Unsecured loan payable to MEC Resources Ltd (a)	522,155	562,914
	4,122,155	4,162,914

(a) Unsecured loans - MEC

Advent entered into a secured loan agreement with MEC Resources Ltd in November 2010. The principal amount of the loan is \$1 million, with further advances of up to an additional \$3 million payable at MEC Resources' discretion. The loan was secured by a second ranking charge over Advent's present and future undertakings, assets and rights. An amount of \$3.6 million has been drawn down at period end. MEC's security is in the process of being released as part of a legal settlement reached in August 2019. As part of the same 6 August 2019 legal settlement loans owed by Advent to MEC will be recoverable by MEC only by the following means and only in the following circumstances: One month prior to the scheduled commencement date for the drilling of a well within the PEP 11 Permit Area, Advent will issue to MEC ordinary shares to the face value of the debt calculated at 80% of: (a) the volume-weighted average price of Advent shares over the 5 days trading immediately prior to that date; or (b) if as at that date Advent shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

During the year MEC Resource withdrew net \$40,759 cash from Advent. The legality of MEC's conversion of \$532,500 of debt into Company shares in the prior year (March 2019) at a time when, given the research and development recharges that should have been booked (refer note 10), potentially no such convertible debt existed, is currently under review.

(b) Unsecured loans – BPH and GBA

In accordance with shareholder approval received by Advent shareholders on 29 November 2019 BPH converted a receivable of \$162,566 into 3,251,320 shares in Advent at a conversion price of \$0.05 per share and GBA converted a receivable of \$505,325 into 10,106,500 shares in Advent at a conversion price of \$0.05 per share.

Notes to the Financial Statements

for the year ended 30 June 2020
Advent Energy Limited and its controlled entities

15. Issued Capital

194,353,234 (2019: 177,595,414) fully paid ordinary shares of no par value

	2019	2019	2019	2019
	\$	\$	Number	Number
(a) Ordinary Shares				
1 July	42,196,146	41,191,646	177,595,414	157,505,414
Shares issued on conversion of debt	667,892	1,004,500	13,357,820	20,090,000
Shares issued for cash	170,000	-	3,400,000	-
30 June	43,034,038	42,196,146	194,353,234	177,595,414

Fully Paid Ordinary Share Capital

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

(b) Capital risk management

The group's objectives when managing capital are to safeguard their ability to continue as a going concern. 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. 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 at 30 June 2020 and 30 June 2019 is as follows:

	Consolidated	
	2020 \$	2019 \$
Cash and cash equivalents	24,349	90,225
Trade and other receivables	4,880	1,570
Other assets	21,411	-
Financial assets	796,971	-
Trade and other payables	(179,637)	(28,499)
Financial liabilities	(5,004)	(667,891)
Working capital position	662,970	(604,595)

Refer to Note 1 for disclosure on financial position.

Notes to the Financial Statements
for the year ended 30 June 2020
Advent Energy Limited and its controlled entities

	Consolidated	
	2020	2019
	\$	\$
16. Cash Flow Information		
<i>a) Reconciliation of Cash Flow from Operations with Profit / (Loss) after income tax</i>		
Operating profit / (loss) after income tax	3,901,465	(251,774)
<i>Non-cash items:</i>		
Impairment (reversal) / impairment of intangibles	(4,580,247)	22,674
Exploration expenditure written off	95,852	
Share based payments	173,534	-
Termination fees	-	128,640
Depreciation	110	199
Provision for doubtful debts	-	8,494
<i>Changes in net assets and liabilities</i>		
(Increase) / decrease in trade and other receivables	(24,721)	143,486
Increase / (decrease) in trade payables and accruals	333,824	(249,982)
(Decrease) in provisions	-	(81,844)
Net cash outflow from operating activities	(100,183)	(280,107)
<i>(a) Reconciliation of cash</i>		
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	24,349	90,225
<i>(b) Changes in liabilities arising from financing activities – unsecured borrowings</i>		
Balance 1 July	562,914	1,414,414
Net cash (repaid)/ received from MEC	(40,759)	146,000
Conversion of debt to equity	-	(1,004,500)
Other	-	7,000
Balance 30 June	522,155	562,914

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

17. Financial Instruments

a) Financial Risk Management

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

i. Financial Risks

The main risks that the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The group's financial assets that are affected by interest rate risk are the group's cash and cash equivalents and term deposits held. The group's financial liabilities are currently not exposed to interest rate risk as the group has no variable rate interest bearing financial liabilities.

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.

Foreign currency risk

The group is not exposed to any material risks in relation to fluctuations in foreign exchange rates.

Equity price risk

The group is not currently exposed to any risks in relation to equity prices.

Notes to the Financial Statements

for the year ended 30 June 2020
Advent Energy Limited and its controlled entities

17. Financial Instruments (continued)

b) Financial Instruments

i. Interest rate risk

The economic entity'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:

Consolidated

2020	Effective Average Interest Rate %	Floating Interest Rate \$	Non- Interest Bearing \$	Total \$
Financial Assets				
Cash and cash equivalents	1.25	74,349	-	74,349
Trade and other receivables	-	-	4,880	4,880
Other assets	-	-	21,411	21,411
Financial assets	-	-	796,971	796,971
		74,349	823,262	897,611
Financial Liabilities				
Trade and other payables	-	-	881,805	881,805
Financial liabilities	-	-	4,127,159	4,127,159
		-	5,008,964	5,008,964

Consolidated

2019	Effective Average Interest Rate %	Floating Interest Rate \$	Non- Interest Bearing \$	Total \$
Financial Assets				
Cash and cash equivalents	1.25	90,225	-	90,225
Trade and other receivables	-	-	1,570	1,570
Financial assets	-	-	796,971	796,971
		90,225	798,541	888,766
Financial Liabilities				
Trade and other payables	-	-	547,982	547,982
Financial liabilities	-	-	4,830,805	4,830,805
		-	5,378,787	5,378,787

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

17. Financial Instruments (continued)

b) Financial Instruments (continued)

ii. 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.
- Other assets and liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form. Aggregate fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>Financial Assets</i>				
Cash and cash equivalents	74,349	74,349	90,225	90,225
Trade and other receivables	4,880	4,880	1,570	1,570
Other assets	21,411	21,411	-	-
Financial assets	796,971	796,971	796,971	796,971
	897,611	897,611	888,766	888,766
<i>Financial Liabilities</i>				
Financial liabilities	4,127,159	4,127,159	4,830,805	4,830,805
Trade and other payables	881,805	881,805	547,982	547,982
	5,008,964	5,008,964	5,378,787	5,378,787

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.

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	
	2020	2019
<i>Change in profit</i>		
— Increase in interest rate by 1%	743	902
— Decrease in interest rate by 0.5%	(371)	(451)

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

17. Financial Instruments (continued)

b) Financial Instruments (continued)

iv. Liquidity risk

Liquidity is the risk that the group 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	Carrying amount	Total	2 mths or less	2-12 mths	2-5 years
Financial liabilities					
Trade and other payables	881,805	881,805	179,637	-	702,168
Unsecured loan	5,004	5,004	5,004	-	-
Unsecured loans (i)	4,122,155	4,122,155	-	4,122,155	-
	<u>5,008,964</u>	<u>5,008,964</u>	<u>184,641</u>	<u>4,122,155</u>	<u>702,168</u>

(i) Refer to Note 14(a) with respect to the conversion rights attaching to these loans

30 June 2019	Carrying amount	Total	2 mths or less	2-12 mths	2-5 years
Financial liabilities					
Trade and other payables	547,982	547,982	28,499	-	519,483
Unsecured loans	1,230,805	1,230,805	-	667,891	562,914
Secured loan	3,600,000	3,600,000	-	-	3,600,000
	<u>5,378,787</u>	<u>5,378,787</u>	<u>28,499</u>	<u>667,891</u>	<u>4,682,397</u>

18. Subsequent Events

There have not been any other matters or circumstance that have arisen since the end of the period, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

19. Related Party Transactions

(a) Key Management Personnel Remuneration & Equity Holdings

Details of key management personnel remuneration and retirement benefits are disclosed in note 5 to the financial statements.

(b) Related Entities

Refer to notes 10 and 14 in respect of financial asset and financial liability balances with related parties.

The amount payable by the group to MEC reduced by \$40,759 during the period as a result of cash withdrawals from the group by MEC management during the period they were in control of Advent's financial affairs.

Advent has entered into a Services Agreement with GBA effective 6 August 2019 at a rate of \$10,720 per month for an initial term of three years, with the potential for the monthly fee to increase based on certain capital raising parameters. Should Advent terminate the Services Agreement at any time it will be liable for a 12 month termination fee to GBA.

Advent has entered into an agreement with Trandcorp effective 6 August 2019 for the provision of Mr David Breeze as Managing Director at a rate of \$6,000 per month for an initial term of two years, with the potential for the issue of 3 million share options based on certain capital raising parameters. Should Advent terminate the agreement with Trandcorp it will be liable for a termination / notice period fee to Trandcorp of up to 18 months. Trade creditors at period end include \$62,032 owing to Trandcorp.

(c) Parent Entity

The parent entity in the group is Advent Energy Ltd.

(d) Ultimate parent Entity

The company with majority ownership in the economic entity is MEC Resources Limited, however as part of the terms of the Deed MEC entered into with Advent in August 2019:

- MEC provided an irrevocable proxy to BPH on the voting rights attaching to 100% of the shares held by MEC in Advent at any meeting of shareholders of the Company up to 23 July 2021.
- For a period of one year commencing from 6 August 2019 MEC must not sell or otherwise dispose of any shares it holds in Advent, other than by an in-specie distribution to MEC shareholders if requested in writing to do so by Advent. If notice is given, MEC must do all that is required to effect and support the in-specie distribution. Advent requested the in-specie Distribution on 6 August 2019 and MEC has yet to comply with this request.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

20. Controlled Entities

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest	
			%	
			2020	2019
Parent Entity				
Advent Energy Ltd	Oil and Gas exploration	Australia		
Subsidiaries of Advent Energy Ltd				
Asset Energy Pty Ltd	Oil and Gas exploration	Australia	100	100
Onshore Energy Pty Ltd	Oil and Gas exploration	Australia	100	100

21. Share-Based Payments

The movement in unlisted options over the period is as follows:

	2020		2019	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
1 July	-	-	-	-
Issued	10,000,000	0.10	-	-
30 June	10,000,000	0.10	-	-
Exercisable at year-end	10,000,000	0.10	-	-

The following share-based payment arrangements existed at 30 June 2020:

Total number	Grant Date	Exercise price	Fair value at grant date	at	Expiry date
10,000,000	15 January 2020	\$0.10	\$0.017		30 November 2024

The fair value of the options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used. A 30% discount has been applied to achieve the valuation stated to reflect that Advent is not listed on any stock exchange.

Fair value at grant date	\$0.017
Share price at grant date	\$0.05
Exercise price	\$0.10
Expected volatility	78%
Expected life	5 years
Expected dividends	Nil
Risk-free interest rate	2.5%
Valuation	\$173,534

Notes to the Financial Statements

for the year ended 30 June 2020
Advent Energy Limited and its controlled entities

(Restated)

2020 2019
\$ \$

22. Parent Entity Disclosures

Financial Position

Assets

Current assets	268,524	291,547
Non-current assets	16,664,964	11,930,879
Total asset	16,933,488	12,222,426

Liabilities

Current liabilities	152,736	537,676
Non-current liabilities	4,863,303	4,681,850
Total liabilities	5,016,039	5,219,526

Issued Capital	43,034,038	42,196,146
Accumulated Losses	(32,082,142)	(35,985,265)
Option Reserve	965,553	792,019
Total equity	11,917,449	7,002,900

Financial Performance

Profit / (loss) for the year	3,903,123	(237,908)
Other comprehensive income	-	-
Total comprehensive income	(3,903,123)	(237,908)

23. Contingent Liabilities

The Company and consolidated entity have no contingent liabilities.

Notes to the Financial Statements

for the year ended 30 June 2020

Advent Energy Limited and its controlled entities

24. Commitments

In order to maintain an interest in the exploration tenements in which the Company is involved, the Company is committed to meet the conditions under which the tenements were granted. Capital expenditure forecasted for at the reporting date but not recognised as liabilities as follows:

	Consolidated	
	2020	2019
	\$	\$
Work Program Commitments – Exploration permits Payable:		
Within one year	1,200,000	12,750,000
Greater than one year less than five years	17,025,000	5,475,000
Total	<u>18,225,000</u>	<u>18,225,000</u>

An application has been made to NOPTA for the extension of the permit title for up to two years to enable drilling of PEP11 including an application for the removal of the requirement for a 500 sq. km 3D seismic program.

25. Earnings per Share

	Consolidated	
	2020	2019
	\$	\$
Total earnings / (loss) attributable to ordinary equity holders of the Company	3,901,465	(251,774)
Earnings / (loss/ used in the calculation of basic earnings per share and diluted earnings per share	<u>3,901,465</u>	<u>(251,774)</u>
Earnings / (loss) per share (cents per share)		
From continuing operations	2.1	(0.1)
Total basic earnings per share and diluted earnings per share	<u>2.1</u>	<u>(0.1)</u>
	Number	Number
Weighted average number of ordinary shares outstanding during the year		
used in calculating EPS	<u>184,641,466</u>	<u>169,743,372</u>

Directors' Declaration

Advent Energy Ltd and its controlled entities

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 10 to 42 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. 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.



.....
David Breeze
Chairman

Dated this 21st day of September 2020

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ADVENT ENERGY LIMITED****Report on the Audit of the Financial Report****Opinion**

We have audited the financial report of Advent Energy 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, 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 Group financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group is dependent upon the deferral of specified amounts payable to directors and various funding initiatives to provide working capital sufficient to discharge its liabilities in the normal course of business. This condition as explained in Note 1 to the financial statements indicates the existence of a material uncertainty which casts significant doubt about the Group's ability to continue as a going concern. The Group financial statements do not include any adjustments, which might be material, that would result if the Group were unable to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVENT ENERGY LIMITED (CONTINUED)

Material Uncertainty Regarding Carrying Value of Exploration Expenditure

The ability to realise the carrying value of exploration and evaluation assets is dependent upon the Company's ability to do all things necessary to maintain tenure of the underlying tenements and to successfully develop and or sell its interest in the tenements. We also draw attention to Note 9 to the financial statements which describes the uncertainty around the basis of continuing to recognise the carrying value of exploration and evaluation assets. These matters and uncertainties may affect the ability of the Group to realise the carrying value of the exploration and evaluation assets in the ordinary course of business and at amounts recorded in the accounts. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVENT ENERGY LIMITED (CONTINUED)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



NEIL PACE
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 21st day of September 2020.

APPENDIX 2 – PRO FORMA BALANCE SHEET 30 JUNE 2020

	Jun-20 Audited	Equity	Offer costs	Jun-20 Proforma
Current Assets				
Cash and cash equivalents	24,349	6,525,108	(274,350)	6,275,107
Trade and other receivables	4,880			4,880
Other assets	21,411			21,411
Financial assets	796,971			796,971
Total Current Assets	847,611	6,525,108	(274,350)	7,098,369
Non- Current Assets				
Exploration and evaluation expenditure	14,010,190			14,010,190
Financial assets	50,000			50,000
	14,060,190			14,060,190
Total Assets	14,907,801	6,525,108	(274,350)	21,158,559
Current Liabilities				
Trade and other payables	179,637			179,637
Financial liabilities	5,004			5,004
Total Current Liabilities	184,641			184,641
Non-Current Liabilities				
Trade and other payables	702,168			702,168
Financial liabilities	4,122,155			4,122,155
Total Non-Current Liabilities	4,824,323			4,824,323
Total Liabilities	5,008,964			5,008,964
Net Assets / (Liabilities)	9,898,837	6,525,108	(274,350)	16,149,595
Equity				
Issued capital	43,034,038	6,525,108	(274,350)	49,284,796
Option Reserves	965,553			965,553
Accumulated losses	(34,100,754)			(34,100,754)
Total	9,898,837	6,525,108	(274,350)	16,149,595