

## Appendix 4D -Half year report

### Results for announcement to the market

Name of Entity	MEC Resources Limited
ABN	44 113 900 020
Half Year Ended	31 December 2020
Previous Corresponding Reporting Period	31 December 2019

\$A'000

Revenues from ordinary activities	Up	100%	to	
(Loss) from ordinary activities after tax attributable to members	Up	80%	to	(476)
Net (loss) for the period attributable to members	Up	80%	to	(476)
<b>Dividends (distributions)</b>		<b>Amount per security</b>		<b>Franked amount per security</b>
Final dividend		Nil		Nil
Interim dividend				
Previous corresponding period		N/A		N/A

Please refer to attached accounts for commentary on the results

### Other notes to the condensed financial statements

	Current period	Previous corresponding Period
<b>Ratios</b>		
<b>Loss before tax / revenue</b>		
Consolidated (loss) from ordinary activities before tax as a percentage of revenue	0%	(130,048)%
<b>Loss after tax / equity interests</b>		
Consolidated net (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(30.98)%	(28.39)%

	Current period	Previous corresponding Period
<b>NTA Backing</b>		
Net tangible asset backing per ordinary security	(1.15) cps	(1.25) cps

Directors' Report.....	1
Auditor Independence Declaration.....	6
Directors' Declaration .....	7
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	8
Consolidated Statement of Financial Position .....	9
Consolidated Statement of Changes in Equity .....	10
Consolidated Statement of Cash Flows .....	11
Notes to the Financial Statements .....	12
Independent Auditor's Review Report .....	17

## Company Information

### Directors

Douglas Verley – Non-Executive Director  
(appointed 11 February 2020)

Andrew Jones – Non-Executive Director  
(appointed 23 September 2020)

David Breeze – Non-Executive Director  
(appointed 23 October 2020)

Anthony Hudson – Non-Executive Director  
(appointed 23 October 2020)

Geoffrey Murray – Non-Executive Director  
(appointed 23 October 2020)

Andrew Bald – Non-Executive Director (resigned  
23 September 2020)

Michael Sandy – Non-Executive Chairman  
(resigned 31 July 2020)

Anthony Hamilton – Non-Executive Director  
(resigned 23 September 2020)

Stephen Harrison - Non-Executive Director  
(resigned 2 September 2020)

### Auditor

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

### Share Registry

Boardroom Pty Ltd  
Level 12  
225 George St  
SYDNEY NSW 2000

### Australian Securities Exchange Listing

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

### Australian Business Number

44 113 900 020

### Company Secretary

Robert Marusco

### Registered Office

Level 1  
9 Bowman Street  
SOUTH PERTH WA

### Principal Business Address

Level 1,  
9 Bowman Street  
SOUTH PERTH WA 6151  
Telephone: (08) 9217 2400  
Facsimile: (08) 9217 2401  
Website: [www.mecresources.com.au](http://www.mecresources.com.au)  
E-mail: [admin@mecresources.com.au](mailto:admin@mecresources.com.au)

# Directors' Report

MEC Resources Ltd and its controlled entities

---

The directors of MEC Resources Ltd ("**MEC Resources**") submit herewith the financial report for the half year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

## Directors

The names of the directors of the company during or since the end of the period are:

D Verley (appointed 11 February 2020)  
A Jones (appointed 23 September 2020)  
D Breeze (appointed 23 October 2020)  
A Huston (appointed 23 October 2020)  
G Murray (appointed 23 October 2020)  
R Marusco (appointed 23 September 2020 – resigned 23 October 2020)  
M Sandy (resigned 31 July 2020)  
A Bald (resigned 23 September 2020)  
A Hamilton (resigned 23 September 2020)  
S Harrison (resigned 2 September 2020)

## Review of Operations

Operating loss for the entity after tax for the half-year ended 31 December 2020 was \$475,577 (2019: \$2,429,300).

### MEC Resources Ltd

- On 17 January 2020, the securities of MEC Resources were suspended from quotation on the ASX. The Company has been in dialogue with the ASX following its two announcements made on 14 December 2020 (note below). On 16 December 2020, the Company made a formal submission to the ASX which included a shareholder meeting seeking approval of various resolutions the aim of which is to have MEC readmitted to trading status. The Company remains in discussions with the ASX and awaiting a reply from the ASX. The shares in MEC Resources remain suspended from trading.
- Following suspension from the ASX from the 1 July 2020 to 31 December 2020 the Company has provided the market with Voluntary Suspension updates on 3 July 2020, 20 July 2020, 3 August 2020, 14 August 2020, 31 August 2020, 14 September 2020, 8 October 2020, 26 October 2020, 6 November 2020 and 15 December 2020.
- On 20 July 2020, the Company announced that 1,111,110 unlisted Options with an exercise price of \$0.04 had expired.
- On 31 July 2020 the Company announced a Board restructure with both Stephen Harrison and Anthony Hamilton joining the Board and Micheal Sandy concurrently resigning. Following this on 2 September 2020 Stephen Harrison resigned as a director.
- On 13 August 2020 the Company received a notification under Sec 249D of the Corporations Act calling for a meeting of shareholders to remove Messrs Andrew Bald, Stephen Harrison and Anthony Hamilton from the Board and appoint Messrs Roderick Corps, Andrew Jones and Andrew Coloretti as directors of the Company. Following this the Sec 249D notification was withdrawn on 11 September 2020 and the proposed shareholder meeting was cancelled.

# Directors' Report

MEC Resources Ltd and its controlled entities

---

- On 27 August 2020 the Company announced it had received a writ of summons from Asset Energy Pty Ltd in the amount of \$593,796 following notices of demand issued by Advent Energy Ltd and Asset Energy Pty Ltd as announced 24 June 2020.
- On 7 September 2020 the Company received a notification under Sec 249F of the Corporations Act that a group of Convening Shareholders intend to call a meeting of shareholders to remove Messrs Andrew Bald, Stephen Harrison and Anthony Hamilton from the Board and appoint Messrs Geoffrey Murray, Andrew Jones, David Breeze and Anthony Huston as directors of the Company. Following changes to the Board announced on 22 October 2020 the Convening Shareholders withdrew the Sec 249F requisition notice on 26 October 2020.
- On 8 September 2020 the Company announced it had received a writ of summons from Advent Energy Ltd in the amount of \$242,155 following notices of demand issued by Advent Energy Ltd and Asset Energy Pty Ltd as announced 24 June 2020.
- On 23 September 2020 the Company announced a Board restructure with both Anthony Hamilton and Andrew Bald resigning from the Board and Robert Marusco and Andrew Jones concurrently joining the Board.
- On 2 October 2020 the Company and Advent Energy Ltd and Asset Energy Pty Ltd entered into a standstill agreement in relation to the Advent and Asset writs. The intention of which was to allow the parties time to negotiate a resolution of the pending claims. Following this on 14 December 2020 the Company announced a settlement whereby subject to shareholder approval Advent and Asset would be issued shares in the Company as debt for equity conversion in the sum of a total of \$872,288. The settlement would be completed in the following manner;
  - by issue of 124,708,409 Shares (subject to Shareholder approval) at a deemed issue price of \$0.0044 per Share to clear \$511,972 plus interest and costs of \$36,790 of the Advent Debt; and
  - by allowing Advent to participate in a future rights issue to the extent of 73,528,636 Shares (subject to Shareholder approval) at a deemed issue price of \$0.0044 per Share to settle the remaining balance of the Advent Debt being \$323,526.
- On 22 October 2020 the Company announced a Board restructure with both Messrs David Breeze, Geoffrey Murray and Anthony Huston joining the Board and Robert Marusco concurrently resigning from the Board. Mr Breeze was appointed as Managing Director.
- On 14 December 2020 the Company announced that it had been informed by Advent Energy Ltd of its intention to withdraw its prior request for an in-specie distribution of the shares held by MEC Resources in Advent subject to the settlement of its writs as noted above, which are subject to shareholder approval.
- During the half year MEC Resources investment in Advent Energy Ltd reduced to 48.2% (from 49.3%) as a result of the issue of additional shares by Advent thereby diluting MEC Resource's interest in Advent.

## Advent Energy Limited

Investee 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. MEC Resources holds a 48.2% interest in Advent.

# Directors' Report

MEC Resources Ltd and its controlled entities

---

## **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).

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

Advent 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 km<sup>2</sup>) 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.

# Directors' Report

MEC Resources Ltd and its controlled entities

---

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 prospect for 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.

Advent 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 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.

In February 2021 the NSW Deputy Premier stated that he has provided a response to the Federal Minister for Resources, Hon. Keith Pitt MP, in his role as the Joint Authority under the relevant legislation, opposing the application. Senator Pitt, who holds the final decision making authority in respect of the application, has been quoted that his 'preference for the decision on the permit extension to be made soon'. Senator Pitt has also been quoted as confirming 'that under the provisions of the Offshore Petroleum and Greenhouse Gas Storage Act 2006, the existing permit will continue until a decision is made'.

Advent is proposing with its Joint Venture partner Bounty to use the drilling program at Baleen to investigate the potential for CCS - Carbon Capture and Storage (geo-sequestration of CO<sub>2</sub> emissions) in PEP11. CCS can capture CO<sub>2</sub> fossil fuel emissions. Both the International Energy agency and the Intergovernmental Panel on Climate change believe that CCS can play an important role in helping to meet global emission reduction targets. CCS is part of a suite of solutions with the potential to mitigate greenhouse gas emissions and help address climate change. The Sydney Basin is a major contributor to Australia's greenhouse gas emissions and contributes up to 34% of the total national emissions. Independent Government published research has indicated at least 2 TCF (Trillion Cubic Ft) of CO<sub>2</sub> storage may be feasible in the offshore Sydney Basin.

Advent announced the appointment of Professor Peter Cook as an advisor on geosequestration for its project in the Offshore Sydney Basin. Professor Peter Cook is an eminent Australian and international earth scientist. He is a leader in the development and application of carbon capture and storage (CCS) technologies and has published more than 30 papers and articles on greenhouse gas technologies, including the books "Clean Energy Climate and Carbon" and "Geologically Storing Carbon", and was an IPCC co-ordinating Lead Author. He first drew attention to Australia's CCS opportunity more than 20 years ago, then going on to establish national CCS programs and research facilities through the Petroleum CRC and the Cooperative Research Centre for Greenhouse Gas Technologies (CO<sub>2</sub>CRC). In 2011, the University of Melbourne established the Peter Cook Centre for CCS Research.

## **Onshore Bonaparte Basin**

Advent Energy Ltd, through wholly owned subsidiary Onshore Energy Pty Ltd ("Onshore"), 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.

# Directors' Report

MEC Resources Ltd and its controlled entities

---

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.

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 this decision with the State Administrative Tribunal (SAT).

## **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.

## **Offer Information Statement – Entitlement Issue**

On 30 December 2020 Advent issued commenced a capital raise by way of 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.

The proposed closing date of the Offer is the end of March 2021 noting that the Advent 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.

## **Key Announcements concerning Advent**

The key market announcements made by MEC Resources concerning its investee company Advent are as follows.

- On 14 August 2020 Advent reported geochemical support for the planned exploration well within PEP11 in the offshore Sydney Basin.
- On 8 September 2020 Advent reported that the Baleen well program in PEP11 in the offshore Sydney Basin offers significant potential environmental benefits in carbon capture and storage (carbon reduction) for the great Sydney/Newcastle area.
- On 14 December 2020 Advent appointed eminent scientist Professor Peter Cook as an advisor on the geosequestration (the geological storage of carbon dioxide) for its project in the offshore Sydney Basin.

# Directors' Report

MEC Resources Ltd and its controlled entities

---

## Subsequent Events

On 5 February 2021 MEC Resources announced that it was notified by the Innovation Investment Committee of Innovation and Science Australia that the Committee has revoked MEC's PDF registration as a result of the Company contravening ss19(1), 27, 27A and 42 of the Pooled Development Fund Act 1992 ("PDF Act"). MEC will complete a further review of the alleged contraventions and in doing so will also seek legal advice with a view to submitting its position to request Innovation and Science Australia reconsider the decision. MEC's intention is to vigorously pursue the matter and seek out all appropriate avenues of review.

## 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.

## Auditor's Independence

The directors received a declaration of independence from the auditor. This is included in the financial report on page 7.

Signed in accordance with a resolution of the directors made pursuant to s306(3) of the *Corporations Act 2001*.

On behalf of the Directors



David Breeze  
Managing Director  
PERTH,  
26 February 2021



**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION  
307c OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS  
OF MEC RESOURCES LIMITED**

As lead auditor for the review of MEC Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



NEIL PACE  
PARTNER



MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 26<sup>th</sup> day of February 2021.

# Directors' Declaration

MEC Resources Ltd and its controlled entities

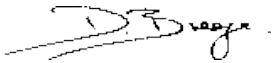
---

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



David Breeze  
Managing Director  
PERTH, 26 February 2021

# Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2020

MEC Resources Ltd and its controlled entities

		Consolidated	
	Note	31 December 2020 \$	31 December 2019 \$
<b>Revenue</b>			
Revenue from ordinary activities	3	-	1,868
Other losses	3	-	(346,514)
Other income	3	-	-
Administration expenses		(134,418)	(44,714)
Consulting and legal expenses	3	(210,367)	(344,921)
Employee Benefits expense		(102,989)	(98,857)
Interest expense		-	(875)
Insurance expenditure		-	(3,636)
Exploration expenditure write off		-	(62,365)
Other expenses		(27,803)	(62,687)
Traveling expense		-	(10,388)
Loss before income tax		(475,577)	(972,817)
Income tax expense		-	-
Loss from continuing operations		(475,577)	(972,817)
Profit and loss from Discontinued Operations		(475,577)	(1,456,513)
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		-	-
Loss attributable to non-controlling interest		-	-
Loss attributable to members of the parent entity		<b>(475,577)</b>	<b>(2,429,300)</b>
Total Comprehensive Loss attributable to non-controlling interest		-	-
Total Comprehensive Loss attributable to parent		<b>(475,577)</b>	<b>(2,429,300)</b>
Earnings Per Share -			
Basic and Diluted (cents per share)		(0.07)	(0.40)

The accompanying notes form part of these financial statements.

## Consolidated Statement of Financial Position as at 31 December 2020

MEC Resources Ltd and its controlled entities

		Consolidated	
Note		31 December 2020 \$	30 June 2020 \$
<b>Current Assets</b>			
Cash and cash equivalents	4	189,925	438,110
Other current assets		2,164	2,164
<b>Total Current Assets</b>		192,089	440,274
<b>Non-Current Assets</b>			
Financial Assets	9	8,872,756	8,630,234
Property, plant & equipment		2,404	3,435
<b>Total Non-Current Assets</b>		8,875,160	8,633,669
<b>Total Assets</b>		9,067,249	9,073,943
<b>Current Liabilities</b>			
Trade and other payables		595,919	163,827
Financial liabilities	10	630,586	593,796
<b>Total Current Liabilities</b>		1,226,506	757,623
<b>Total Liabilities</b>		1,226,506	757,623
<b>Net Assets</b>		<b>7,840,743</b>	<b>8,316,320</b>
<b>Equity</b>			
Issued capital	5	30,644,378	30,644,378
Option Reserve		442,273	442,273
Accumulated losses		(23,245,909)	(22,770,332)
Total Equity Attributable to Owners		7,840,743	8,316,320
Non-controlling Interest		-	-
<b>Total Equity</b>		<b>7,840,743</b>	<b>8,316,320</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity as at 31 December 2020

MEC Resources Ltd and its controlled entities

	Issued Capital \$	Accumulated losses \$	Option Reserve \$	Contribution Reserve \$	Total attributable to owners \$	Non- Controlling Interest \$	Total Equity \$
<b>Balance at 1 July 2019</b>	29,336,134	(37,941,446)	531,466	15,736,679	7,662,833	2,015,040	9,677,873
Loss attributable to continuing operations	-	(972,817)	-	-	(972,817)	-	(972,817)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(972,817)	-	-	(972,817)	-	(972,817)
Shares issued during the period	1,375,644	-	-	-	189,437	-	189,437
Capital raising costs	(67,400)	-	-	-	(67,400)	-	(67,400)
Net movements on deconsolidation (i)	-	16,384,399	(89,193)	(15,736,679)	558,527	(2,015,040)	(1,456,513)
<b>Balance at the half year ended 31 December 2019</b>	<b>30,644,378</b>	<b>(22,529,864)</b>	<b>442,273</b>	<b>-</b>	<b>8,556,787</b>	<b>-</b>	<b>8,556,787</b>
<b>Balance at 1 July 2020</b>	30,644,378	(22,770,332)	442,273	-	8,316,320	-	8,316,320
Loss attributable to members of the consolidated entity	-	(475,577)	-	-	(475,577)	-	(475,577)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(475,577)	-	-	(475,577)	-	(475,577)
Shares issued during the period	-	-	-	-	-	-	-
Capital raising costs	-	-	-	-	-	-	-
<b>Balance at the half year ended 31 December 2020</b>	<b>30,644,378</b>	<b>(23,245,909)</b>	<b>442,273</b>	<b>-</b>	<b>7,840,743</b>	<b>-</b>	<b>7,840,743</b>

The accompanying notes form part of these financial statements.

**Consolidated Statement of Cash Flows  
for the half year ended 31 December 2020**

MEC Resources Ltd and its controlled entities

	Note	Consolidated	
		31 December 2020 \$	31 December 2019 \$
<b>Cash Flows From Operating Activities</b>			
Payments to suppliers and employees		(247,818)	(439,552)
Research and Development incentives		-	-
Interest received		-	1,264
<b>Net cash used in operating activities</b>		<b>(247,818)</b>	<b>(438,288)</b>
<b>Cash Flows From Investing Activities</b>			
Payment for PPE		-	-
Repayment of loans to other entities		(367)	(35,422)
Loans to other entities		-	100,000
Deferred exploration costs		-	-
<b>Net cash used in investing activities</b>		<b>(367)</b>	<b>(64,578)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds from share issues		-	929,090
<b>Net cash used in financing activities</b>		<b>-</b>	<b>929,090</b>
<i>Net increase/(decrease) in Cash Held</i>		(248,185)	426,224
<i>Cash at the Beginning Of The Period</i>		437,880	260,409
<b>Cash at The End Of The Period</b>	4	<b>189,925</b>	<b>686,633</b>

The accompanying notes form part of these financial statements

## **1. CORPORATE INFORMATION**

The financial report of MEC Resources Ltd (the company) and its controlled entities for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 26 February 2021.

MEC Resources Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Basis of preparation**

The half-year financial report is a general-purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of MEC Resources Ltd as at 30 June 2020. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

It is also recommended that the half-year financial report be considered together with any public announcements made by MEC Resources Ltd and its controlled entities during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX Listing Rules.

### **(b) Significant Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for those as described in note 2(d) below.

### **(c) Financial Position/Going Concern**

The entity has incurred losses for the half year ended 31 December 2020 of \$475,577 and has cash assets of \$189,925 as at 31 December 2020. The company also has a working capital deficiency as at 31 December 2020. Notwithstanding this, the directors are satisfied that the going concern basis of accounting is appropriate and that the company will be able to continue normal business activities and realise its assets and settle its liabilities in the ordinary course of business. This assessment is based on their judgement that the company should be able to manage its' obligations either from existing cash reserves or by raising additional equity funds should the need arise.

Despite the above assessment there remains significant doubt as to whether the company will be able to continue as a going concern for at least the next 12 months from the date of this half year report. Should the company not be able to continue as a going concern then it may not be able to realise its assets and discharge its liabilities at the amounts stated in the half year financial report.

**(d) Application of New and Revised Accounting Standards**

***Standards and Interpretations applicable to the 31 December 2020 Interim Period***

In the half year ended 31 December 2020, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half year reporting periods beginning on or after 1 July 2020.

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

***Standards and Interpretations issued but not yet adopted by the Group***

The Directors have also reviewed all of the new and revised Standards and Interpretations Issued but not yet adopted that are relevant to the Company and effective for the half year reporting periods beginning on or after 1 January 2021.

None of the above standards are expected to have a significant impact on the Group.

**(e) Presentation of Accounts/Deconsolidation of Advent Energy Ltd**

Advent Energy Ltd was deconsolidated from MEC Resources Ltd from 6 August 2019. Accordingly, the financial results and cashflows for the half year ended 31 December 2020 reflect those of MEC Resources Ltd only, whilst the comparative financial results and cashflow represent those of MEC Resources Ltd consolidated with Advent Energy Ltd (up until 6 August 2019). The statements of financial position as at 31 December 2020 and 30 June 2020 reflect that of MEC Resources Ltd only as a stand alone entity.



### 3. REVENUE, INCOME AND EXPENSES

	Consolidated	
	31 December 2020 \$	31 December 2019 \$
<b>Revenue</b>		
Interest revenue: other entities	-	1,868
	-	1,868
<b>Other gains and losses</b>		
Loss on Legal Settlement	-	(346,514)
	-	(346,514)
<b>Expenses</b>		
Consulting and legal expenses		
Consulting	66,914	163,581
Legal	143,453	181,340
	210,367	344,921

### 4. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
For the purpose of the half-year condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	189,925	438,110
	189,925	438,110

## 5. CONTRIBUTED EQUITY

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Ordinary shares (i)	30,644,378	30,711,778
Less: Capital Raising Costs	-	(67,400)
	<u>30,644,378</u>	<u>30,644,378</u>

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

	<b>Number</b>	<b>\$</b>
Movement in ordinary shares on issue		
As at 1 July 2020	684,451,176	30,644,378
Balance as at 31 December 2020	<u>684,451,176</u>	<u>30,644,378</u>

## 6. CONTINGENT ASSETS AND LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

## 7. COMMITMENTS

There were no capital commitments at balance date.

## 8. EVENTS AFTER THE BALANCE DATE

On 5 February 2021 MEC Resources announced that it was notified by the Innovation Investment Committee of Innovation and Science Australia that the Committee has revoked MEC's PDF registration as a result of the Company contravening ss19(1), 27, 27A and 42 of the Pooled Development Fund Act 1992 ("PDF Act"). MEC will complete a further review of the alleged contraventions and in doing so will also seek legal advice with a view to submitting its position to request Innovation and Science Australia reconsider the decision. MEC's intention is to vigorously pursue the matter and seek out all appropriate avenues of review.

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2020</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>9. FINANCIAL ASSETS</b>		
<b>Non-Current</b>		
Loan receivables – Advent Energy Ltd (a)	4,166,472	3,924,317
Investment in Advent Energy Ltd	4,705,917	4,705,917
Loan receivables – Catalyst 1 Pty Ltd	367	-
	8,872,756	8,630,234

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

## 10. FINANCIAL LIABILITIES

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2020</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loans payable		
Loan from Asset Energy	630,586	593,796
	630,586	593,796

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

### **Report on the Half-Year Financial Report**

#### **Conclusion**

We have reviewed the accompanying half-year financial report of MEC Resources Limited (the company), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Material Uncertainty Related to Going Concern**

In forming our opinion on the half-year financial report, which is not modified, we have considered the adequacy of the disclosure made in Note 2(c) to the financial report concerning the Company's ability to continue as a going concern. The conditions explained in Note 2(c) to the financial report indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. The Company's half-year financial report does not include any adjustments that would result if the Company were unable to continue as a going concern.

#### **Material Uncertainty - Carrying Value of Loans Receivable from and Investment in Advent Energy Limited**

We draw attention to Note 10 to the half-year financial report and specifically to the loans receivable from Advent Energy Limited amounting to \$4,166,473. We also draw attention to the Investment in Advent Energy Limited of \$4,705,917. The ability of the Company to recover the book values of the investment in and loans to Advent Energy Limited and its controlled entities is largely dependent upon the ability of Advent Energy Limited to successfully commercialise and /or sell its core exploration assets, thereby realising sufficient value from which the Company can recoup the value of its loans and investment in Advent Energy Limited, the outcome and timing of which is subject to significant uncertainty. Our opinion is not modified in respect of this matter.

#### **Directors' Responsibility for the Half-Year Financial Report**

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

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF MEC RESOURCES LIMITED (CONTINUED)****Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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 provided to the directors as at the time of this auditor's review report.



NEIL PACE  
PARTNER



MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 26<sup>th</sup> day of February 2021.