

Appendix 4E - Preliminary Final Report

Name of Entity	MEC Resources Ltd
ABN	44 113 900 020
Financial Year Ended	Year ended 30 June 2021
Previous Corresponding Reporting Period	Year ended 30 June 2020

Results for announcement to the market

SA

Revenues and other income from ordinary activities	Down	100%	to	0
Loss from ordinary activities after tax attributable to members	Down	29.24%	to	(858,550)
Net loss for the financial year attributable to members	Down	29.29%	To	(858,550)
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend		Nil		Nil
Interim dividend				
Previous corresponding period		N/A		N/A

Other notes to the condensed financial statements

	Current period	Previous corresponding Period
Ratios		
Profit before tax / revenue		
Consolidated profit (loss) from ordinary activities before tax as a percentage of revenue	(0)%	(1,330.01)%
Profit after tax / equity interests		
Consolidated net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(0)%	(17.49)%

	Current period	Previous corresponding Period
NTA Backing		
Net tangible asset backing per ordinary security	(0.013) cps	(0.002) cps



	Current period	Previous corresponding period
Statement of Retained Earnings		
Balance at beginning of the year	(22,770,332)	(21,557,046)
Net loss attributable to members of the parent entity	(858,550)	(1,213,286)
Issue of shares by subsidiary		
Total available for appropriation	(23,628,882)	(22,770,332)
Dividends paid	-	-
Balance at year end	(23,628,882)	(22,770,332)

Commentary on Results

The loss attributable to the owners of the Consolidated Group after tax for the year was \$858,550 (2020: Loss \$1,213,286).

The net assets of the Consolidated Group have decreased by \$858,551 to \$7,457,769 at 30 June 2021.

Developments during the year included:

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 notes that on 22 June 2021 the Company made an announcement to market indicating that the ASX had advised that "Should Advent be successful in the extension of its PEP11 oil and gas exploration lease and MEC be successful in its appeal to reinstate its status as a PDF, ASX could consider conditions for reinstatement on the basis of continuation of MEC's existing business". The shares in MEC Resources remain suspended from trading.
- Following suspension from the ASX from the 1 July 2020 to 30 June 2021 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, 15 December 2020, 5 January 2021 and 22 June 2021.
- 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.
- 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.
- On 25 January 2021 the Company announced that following various submissions, which included various supporting evidence, made to the ASIC regarding Mr Breeze's illegal removal from the Company as a director that on 4 January 2021 the ASIC accepted the submission and lodged a Notice of Revocation on the ASIC website document number 031113498. The practical effect of this Notice of Revocation is that a document lodged with the ASIC on 26 November 2016 by an officer of the Company at the time, document number 7E8563094, to remove Mr Breeze as a director of MEC is withdrawn.
- On 8 February 2021 the Company announced that it was notified by the Innovation Investment Committee of Innovation and Science Australia (the "Committee") that the Committee had 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"). This was followed by the Company exercising its right of review which was announced to market 1 March 2021 following which MEC made various additional submissions to the Department of Industry, Science, Energy and Resources.

- On 6 May 2021 the Company was notified that the Delegate of Innovation and Science Australia, as required by s55(5) of the PDF Act, has reconsidered the Committee's decision of 3 February 2021 and following review of further information provided by MEC on 18 March 2021 and 15 April 2021, the Delegate has informed MEC via letter dated 30 April 2021 that he confirms the Committee's decision of 3 February 2021 to revoke MEC's registration declaration as a PDF under s47 of the PDF Act.
- On 13 May 2021 MEC confirmed that it had applied, through its legal representative, to the Administrative Appeals Tribunal under the Administrative Appeals Tribunal Act 1975 for review of the decision by the PDF Board. This appeal notice was lodged on 12 May 2021 well within the lodgement deadline of 28th May 2021. The Company continues to develop and compile material for this appeal through its legal representative.

During the 2021 financial year MEC Resources investment in Advent Energy Ltd reduced to 47.6% (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

Advent Energy Ltd ("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 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 ("Asset"), 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 (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 southeast 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 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 Resources Limited (ASX: MMR) announced that there were "no 'seismically defined shallow gas hazards' at the proposed well location on the Baleen Prospect.

Onshore Bonaparte Basin

Advent, 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.

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.

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

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 (to be called Seablue-1) subject to approvals from NOPTA and other regulatory authorities, and financing, and has made an application to NOPTA to change the current Permit conditions. The current permit expiry date is in February 2021. The permit remains in place during this review period. 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.

On 5 February 2021 MEC advised that investee Advent has on behalf of the PEP11 joint venture submitted to the National Offshore Petroleum Titles Administrator (NOPTA) a further application to suspend and extend the PEP11 permit offshore NSW. The application has been made under the COVID-19 -Work Bid Exploration Permits announcement released by the Federal Government on 20 April 2020. In that release the Government recognised that the COVID-19 pandemic was having a significant impact on the offshore petroleum sector and that additional flexibility would be required to assist titleholders to manage the COVID -19 crisis. The Joint Authority confirmed in that release that it regarded the COVID-19 pandemic as a force majeure event. The application for a 24-month suspension of the Permit Year 4 work program commitments, with a corresponding 24-month extension of the permit term and was accepted for processing by NOPTA on 4 Feb 2021. Advent does not foresee this application interfering with the NOPTA application to extend the permit terms for PEP11.

The PEP 11 permit is in good standing as Advent's subsidiary, Asset Energy Pty Ltd (as the operator), continues preparations to drill the Baleen Gas Prospect including booking a semisubmersible drill rig for the program with the call for tender.

On 8 March 2021 MEC advised that its investee Advent had appointed a Drilling Manager to facilitate the Preliminary Well Services Agreement with Add Energy relating to the preparation for drilling of the Baleen well to undertake a phased approach to provide technical support in the following areas: -

- Review of current well design documentation
- Develop a suitable well design and cost estimates
- Develop drilling schedule and define a ready to drill tentative window

The scope of work to be conducted included review of existing data and latest geological prognoses for the well, documentation of the subsurface well design envelope and

compilation of a preliminary well design, project costs and schedule to complete the Seablue-1 Exploration well. The report received from Add Energy documents the Basis of Well Design (BOWD) and rationale for design of the well, the well cost compilation and the project schedule. The report addresses the revised drill target on the Baleen prospect initially announced with total depth of 2150 metres on seismic data line B4-18. Advent now intends, subject to approvals and funding, to undertake deeper drilling to also undertake evaluation of the Offshore Sydney Basin for carbon sequestration (storage). This has resulted in a revised specification of a well to target early Permian sandstones for both hydrocarbon and carbon sequestration potential with a revised total depth being set at 3150 metres.

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 CO₂ emissions) in PEP11. CCS can capture CO₂ 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 CO₂ storage may be feasible in the offshore Sydney Basin.

Advent is a strong supporter of plans for Net Zero by 2050 and sees the company playing a direct role in achieving that target, especially in New South Wales. It aims to do this in two ways. First, by finding gas closest to Australia's biggest domestic energy market, gas which can be used to provide reliable back- up for increased uptake of renewable energy in NSW. Second, through its plans to explore for opportunities in offshore NSW for CCS, a key clean energy technology. The significance of the carbon storage objective in addition to gas has been highlighted by the report from The Australian Financial Review (7 April 2021) "Carbon prices tipped to surge" which references dramatic action in Europe's carbon markets with "carbon prices almost doubling in the last four months from Euro 23 (A\$35) a tonne in November 2020 to Euro 41 (A\$62) in March 2021 as more ambitious (carbon) markets aligned with net zero emissions goals to drive prices higher."

Advent has signed a Preliminary Well Services Agreement (Agreement) with Add Energy (<https://addenergy.no>). Under the Agreement Add Energy will initiate a review of rig availability and engagement terms for the Baleen well program. Add Energy will also develop a scope of supply for regulatory and environmental compliance and review the drilling campaign schedule including a review of the program for geosequestration drilling research as part of the Baleen drill project. Add Energy provides drilling and well engineering specialized consultancy services and solutions to the energy industry on a global scale, including well design and environmental services. Add Energy is headquartered in Stavanger, Norway and operates in every region of the world from 15 locations including Europe, the Middle East, the Americas and Australia.

Add Energy will deliver phased approach services to Advent Energy for the preparation and drilling of the Baleen Well PEP11. In the first stage of the phased approach, Add Energy will provide technical support in the following areas:

- Review of current well design documentation.
- Develop a suitable well design and cost estimates.
- Develop drilling schedule and define a ready to drill tentative window.

The initial report received from Add Energy documents the Basis of Well Design (BOWD) and rationale for design of the well, the well cost compilation and the project schedule. The report addresses the revised drill target on the Baleen prospect initially announced with total depth of 2,150 metres on seismic data line B4-18. As advised Advent now intends, subject to approvals and funding, to undertake deeper drilling to also undertake evaluation of the Offshore Sydney Basin for carbon sequestration (storage). This has resulted in a revised specification of a well to target early Permian sandstones for both hydrocarbon and carbon sequestration potential with a revised total depth being set at 3,150 m.

On 26 February 2021 Advent had confirmed the engagement with Add Energy for the Xodus Group to undertake a preliminary environmental screening assessment of the proposed Seablue- 1 well in preparation for drilling of the Baleen well in offshore licence PEP11. Xodus Group are a leading global energy environmental consultancy with a strong track record in the Australian offshore sector where they are subject matter experts in environmental impact assessment and regulatory approvals. The report was facilitated by the pre-existing environmental information from the prior technical work in the licence including the Environmental Plan which was accepted by the authorities for a 2D Seismic survey which was commissioned by Advent and carried out in 2018. The report has confirmed the program required to undertake an environmental impact assessment to support the required approvals for the Seablue-1 well. The aims of the preliminary environmental impact assessment were to:

1. Produce a detailed summary of required technical inputs.
2. Produce a detailed summary of required environmental inputs.
3. Outline a proposed approach for stakeholder consultation; and
4. Identify key controls potentially required to manage the activity

Advent subsequently appointed Xodus under a lump sum contract to prepare the Environmental Plan for first submission to NOPSEMA. Xodus's appointment was based on their high quality of engagement, willingness to provide a staged lump sum proposal, and recent experience by their Principal Consultant in working for NOPSEMA.

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 (CO2CRC). In 2011, the University of Melbourne established the Peter Cook Centre for CCS Research.

Advent has appointed Mr Andrew Hogan as Contracts Manager for its PEP 11 Baleen well project in the Offshore Sydney Basin. Mr Hogan holds geoscience degrees from Trinity College Dublin and National University of Ireland, Galway and comes with over 30 years of Operational and Commercial experience in the upstream sector of the Energy industry. Prior to relocating to Perth in 2009 he spent 18 years based in Aberdeen working in the UK sector of the North Sea. He is well known in the Drilling and Completion community across Australia and New Zealand, having spent 24 years with one of the major oilfield Service Companies and 5 years with a major global offshore Drilling Contractor and will bring his experience to bear to assist and advise the board of Advent Energy in the procurement of key equipment and services for the safe and efficient drilling of the Baleen well in PEP11.

Advent's 100% owned subsidiary, Asset, has issued a Call for Tender for the provision of subsea wellhead equipment, materials and associated services for the Baleen drilling program. This equipment provides the 'foundation' for the Seablue-1 well and is the first stage of well construction. This is an important step in the preparation and planning for the Seablue--1 well ensures that Asset will be ready to commence drilling after relevant approvals have been received. When the well has reached total depth and been fully evaluated, the well will be plugged and abandoned in line with pre-drill planning as an exploration well, and the well head and associated equipment well be removed from the seabed.

A Call for Tender for the provision of drilling rig services the Seablue-1 exploration well has also been issued. The tender has been issued to multiple drilling contractors who have semi-submersible drilling units in the region. The Seablue-1 well is planned to be drilled in 125m of water approximately 26 km offshore and approximately 30 km SSE of the City of Newcastle. The drilling of the well is subject to regulatory approvals and is expected to take around 40 days to reach total depth. The Seablue-1 well has two objectives: (i) a gas target and (ii) evaluation for Carbon Capture Storage, subject to funding.

Advent's 100% subsidiary 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).

On 30 December 2020 Advent lodged an Offer Information Statement with ASIC for a non-renounceable entitlement issue of two (2) Shares for every three (3) shares held at an issue price of \$0.05 (5 cents) per Share to raise up to \$6,525,108. The Offer is partially underwritten by related party Grandbridge Securities Pty Ltd (ABN 84 087 432 353) (AFSL 517246) and sub-underwritten up to \$2,271,450. Grandbridge Securities Pty Ltd is also Lead Manager to the Offer.

The Directors of MEC announced during the year that it had entered into a settlement agreement with both Advent and its subsidiary, Asset Energy Pty Ltd (Asset) in relation to writs and demands issued by both Advent and Asset. On 2 October 2020 MEC had announced entering into a Standstill Agreement the effect of which was to allow the parties time to negotiate a resolution of the pending claims. Following legal and audit consultation by MEC directors Douglas Verley and Andrew Jones, and further negotiations with Advent and Asset, a resolution and settlement has been reached.

Key points to note are as follows;

- MEC holds a 47.6% interest in its investee company Advent, which is owed a total of \$242,155 by MEC. Further, Advent owns 100% of Asset which is owed a total \$593,343 plus interest and costs of \$36,790 by MEC giving a total of \$872,288 arising for outstanding loans owing (together known as the Advent Debt). Advent has informed MEC of its intention to withdraw its prior request for an in-specie distribution subject to settlement of its claim total of \$872,288.
- Following advice from its legal advisor and the Company auditors MEC has acknowledged the Advent Debt.

- MEC, Advent and Asset have agreed a debt for equity conversion for the Advent Debt pursuant to which the total \$872,288 of the Advent Debt will convert to equity in the Company, subject to Shareholder approval (Advent Debt Conversion).
- Under the Advent Debt Conversion, MEC has agreed (subject to Shareholder approval) to issue 198,237,045 Shares at a deemed issue price of \$0.0044 per Share to Advent to settle \$872,288 of the Advent Debt as a full and final settlement in the following manner (i) 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 (ii) by allowing Advent to participate in a future rights issue to the extent of 73,528,636 Shares at a deemed issue price of \$0.0044 per Share to settle the remaining balance of the Advent Debt being \$323,526.
- The Advent Debt Conversion allows MEC to improve its balance sheet position and pay down \$872,288 in outstanding debt which it would otherwise need to pay in cash.

MEC is currently in discussions with the ASX and concurrently working on a Notice of Meeting. MEC will release the Notice of Meeting once it is approved.

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

MEC Resources Ltd and its controlled entities

	2021 \$	2020 \$
Revenue	-	2,455
Other Losses	-	(508,627)
Other Income	-	25,140
Administration expenses	(130,759)	(92,491)
Consulting and legal expenses	(176,911)	(390,326)
Depreciation and amortisation expense	(1,452)	(610)
Employee expenses	(413,226)	(105,067)
Insurance expenses	(286)	313
Interest expenses	(36,790)	(655)
Exploration expenditures write off	-	(62,365)
Travelling expenses	-	(8,635)
Other expenses	(99,126)	(72,417)
Loss before Income Tax	(858,550)	(1,213,285)
Reclassified to Discontinued Operations	-	-
Income tax expense	-	-



Loss from continuing operations	(858,550)	(1,213,285)
Profit/(Loss) from Discontinued Operations	-	(1,456,513)
Profit/(loss) for the Period	-	(2,669,798)
Other Comprehensive Income	-	-
Total Comprehensive loss for the period	(858,550)	(2,669,798)
Loss attributable to non-controlling interest	-	-
Loss attributable to members of the parent entity	(858,550)	(2,669,798)
Total Comprehensive loss attributable to non-controlling interest	-	-
Total Comprehensive loss attributable to the owners of the company	(858,550)	(2,669,798)
<i>Earnings Per Share –</i>		
<i>Basic and diluted earnings per share (cents per share)</i>	(.00125)	(0.41)

Statement of Financial Position as at 30 June 2021

MEC Resources Ltd and its controlled entities

	2021 \$	2020 \$
Current Assets		
Cash and cash equivalents	130,517	438,110
Trade and other receivables	-	-
Financial assets	-	-
Other current assets	2,164	2,164
Total Current Assets	132,681	440,274
Non-Current Assets		
Intangible assets	-	-
Evaluation and exploration expenditure	-	-
Financial assets	8,872,755	8,630,234
Property, plant & equipment	1,983	3,435
Total Non-Current Assets	8,874,738	8,633,669
Total Assets	9,007,419	9,073,943
Current Liabilities		
Trade and other payables	676,909	163,827
Provisions	-	-

Financial liabilities	872,741	593,796
Total Current Liabilities	1,549,650	757,623
Total Liabilities	1,549,650	757,623
Net Assets	7,457,769	8,316,320
Equity		
Issued capital	30,644,378	30,644,378
Reserves	442,274	442,274
Accumulated losses	(23,628,883)	(22,770,332)
Total Equity Attributable to Owners	7,457,769	8,316,320
Non-controlling Interest	-	-
Total Equity	7,457,769	8,316,320

Statement of Changes in Equity for the year ended 30 June 2021

MEC Resources Ltd and its controlled entities

	Issued Share Capital \$	Accumulated losses \$	Option Reserve \$	Contribution Reserve \$	Total attributable to owners \$	Non- controlling Interest \$	Total Equity \$
Balance at 1 July 2020	30,644,378	(22,770,332)	442,274	-	8,316,320	-	8,316,320
Loss attributable to continuing operations	-	(858,550)	-	-	(858,550)	-	(858,550)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(858,550)	-	-	(858,550)	-	(858,550)
Shares issued during the period	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-
Capital raising costs	-	-	-	-	-	-	-
Net movements on deconsolidation	-	-	-	-	-	-	-
Balance at 30 June 2021	30,644,378	(23,628,882)	442,274	-	8,316,320	-	8,316,320

Statement of Cash Flows
for the year ended 30 June 2021
MEC Resources Ltd and its controlled entities

	2021	2020
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(353,639)	(719,023)
Research and Development incentives	-	65,140
Interest received	-	2,455
Net cash used in operating activities	(353,639)	(651,428)
Cash Flows from Investing Activities		
Payments for property plant and equipment	-	-
Repayment of loans from other entities	287,997	200,039
Loans to other entities	(241,919)	(300,000)
Deferred exploration costs		
Net cash used in investing activities	46,078	(99,961)
Cash Flows from Financing Activities		
Proceeds from share issue	-	929,090
Net cash provided by financing activities	-	929,090
<i>Net increase/(decrease) in Cash Held</i>	<i>(307,561)</i>	<i>177,701</i>
<i>Cash at the Beginning of the Period</i>	<i>438,110</i>	<i>260,409</i>
Cash at the End of the Period	130,286	438,110

Revenue & Expenses
for the year ended 30 June 2021

MEC Resources Ltd and its controlled subsidiaries

	2021	2020
	\$	\$
Revenue		
Interest revenue	-	2,455
Interest revenue: other entities	-	-
Total revenue	-	2,455

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

	2021	2020
	\$	\$
Expenses		
Employee Expenses		
Salary	407,146	114,100
Superannuation expense	6,080	4,473
Other payroll expenses	-	(13,506)
	413,226	105,067
Consulting and Legal		
Consulting fees	23,233	185,308
Legal fees	153,678	205,018
	176,911	390,326

Compliance Statement

1. This report has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to the ASX.
2. This report, and the accounts upon which the report is based (refer below), use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is based on accounts to which one of the following applies.

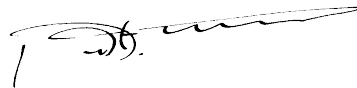
The accounts have been audited

The accounts are in the process of being audited or subject to review.

The accounts have been subject to review.

The accounts have not yet been audited.

Sign here:



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Company Secretary/ CFO

Date: 31 August 2021

Print name: Robert Marusco