MEC RESOURCES LTD

ABN 44 113 900 020

Directors' Report

MEC Resources Ltd

Directors
Douglas Verley – Non-Executive Director (appointed 11 February 2020)
Andrew Jones – Non-Executive Director (appointed 23 September 2020)
David Breeze – Managing Director (appointed 22 October 2020)
Anthony Hudson – Non-Executive Director (appointed 22 October 2020)
Geoffrey Murray – Non-Executive Director (appointed 22 October 2020)

Company Secretary
Robert Marusco

Registered Office
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South Perth WA 6151

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

Share Registry
Boardroom Pty Ltd
Level 12
225 George Street
Sydney NSW 2000

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

Australian Business Number
44 113 900 020

The directors of MEC Resources Ltd ("MEC" or the "Company") present their report on the Company for the financial year ended 30 June 2021.

Directors

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

D Breeze – Managing Director (appointed 22 October 2020)
D Verley – Non-Executive Director (appointed 11 February 2020)
A Jones - Non-Executive Director (appointed 23 September 2020)
A Huston - Non-Executive Director (appointed 22 October 2020)
G Murray - Non-Executive Director (appointed 22 October 2020)
R Marusco - Non-Executive Director (appointed 23 September 2020 – resigned 22 October 2020)
M Sandy - Non-Executive Director (resigned 31 July 2020)
A Bald - Non-Executive Director (resigned 23 September 2020)
A Hamilton - Non-Executive Director (resigned 23 September 2020)
S Harrison - Non-Executive Director (resigned 2 September 2020)

Company Secretary

Robert Marusco was appointed as company secretary 18 September 2019.

Principal Activities

MEC was formed to invest into a variety of industries, including companies in the energy and mineral resources sector. Up until 8 February 2021 it was registered as a Pooled Development Fund ("PDF") under the *Pooled Development Fund Act (1992*).

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

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

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 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. The Company continues to develop and compile material for this appeal through its legal representative with a Stay Hearing set for 18 October 2021.

Directors' Report

MEC Resources Ltd

Advent Energy Ltd - Oil and Gas

MEC has a non-controlling interest in the unlisted energy explorer Advent of 47.6%.
Advent holds a range of hydrocarbon permits which contain near term production opportunities with pre-existing infrastructure and exploration upside.

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

Operating Results

The loss attributable to the owners of the Company after tax for the year was $1,034,051 (2020: Loss $2,669,798).

Dividends

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

Financial Position

The net assets of the Company have decreased by $1,034,051 to $7,282,268 at 30 June 2021.

Going Concern

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

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

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

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

- the Company's operating cash requirements not exceeding its historical levels; and
- the Directors being successful in obtaining future funding to meet the Company's objectives and payment obligations as and when they fall due by engaging with parties in raising additional capital or issuing debt, in relation to which the Company has demonstrated a history of success in this regard.
- The Company has negotiated a satisfactory outcome in relation to the writs and demands issued by Advent Energy Ltd and Asset Energy Pty Ltd as announced to ASX on 14 December 2020, 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.

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

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

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

Developments during the year included:

MEC Resources Ltd

- On 17 January 2020, the securities of MEC 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 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 6 July 2020 9,696,476 unlisted Options with an exercise price of $0.04 had expired and on 17 July 2020 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. Mr Marusco remains as company secretary.

- 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 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 lodgment 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's 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'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 permits 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 kilometers, compared to just over 20,000 square kilometers onshore.

In the Northern Territory, Advent holds Retention Licence RL1 (166 square kilometers 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 the 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 meters 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 meters.

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 suit 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 meters 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 knows as the Advent Debt). Advent has informed MEC of its intension 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 issued a notice of meeting in relation to this matter on 11 November 2021 with the shareholder meeting to be held 13 December 2021.

After Balance Date Events

Various Announcements

The Company made a number of announcements in relation to various appointments made by its investee company Advent concerning PEP11 as follows;

- 5 July 2021 – Issuance of tender for Conductor and surface casing and associated services
- 21 July 2021 – Issuance of tender for drilling project management services
- 16 August 2021 – Issuance of letter of intent to award contract for provision of subsea wellhead equipment, materials, and associated services
- 7 September 2021 – Issuance of tender to award contract for provision of drilling project management services
- 15 September 2021 - Issuance of tender to award contract for provision of conductor and surface casing and associated services

Historical Directors Fees – David Breeze

No cash directors' fees have been paid to Mr Breeze since his appointment however director's fees of $65,000 per annum payable to Mr Breeze, which will be paid monthly in arrears.

On 22 October 2020 the Company made an ASX announcement which confirmed that the MEC board ratified the continued director appointment of Mr David Breeze on the MEC board. In doing so the current Board acknowledged and made special mention of the circumstances on and around 23 November 2016 at which time the record shows that Mr Breeze was removed as director in contravention to the Corporations Act from the ASIC register by the MEC directors at the time noting that he had neither resigned from the MEC board nor was removed at a meeting of shareholders. The Board is aware that under the Corporations Act a public company can only remove a director from office by passing a resolution of its shareholders. That is that a director of a public company cannot be removed by other directors. The Board had its understanding of the circumstance confirmed by legal counsel.

A submission, which included various supporting evidence, was made to the ASIC regarding Mr Breeze's illegal removal from the Company as a director. 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. The MEC board in considering Mr Breeze's unlawful removal as director note that contractual agreements for his role as director had not been honoured following his unlawful removal. This included his non-executive director fees, current year chairman's fees and other accrued fees from 2016 to 2020 totalling $171,000.

This total amount has been reflected as a liability in the financial statements of the Company for the year ended 30 June 2021.

The current Board members (excluding Mr Breeze) in carefully considering the circumstances resolved to make good the outstanding fees owing.

Future Developments

The Company continues to manage its investment in Advent and researching new opportunities to invest in private and/or public, listed and/or unlisted Australian companies within its field of activity.

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 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. The Company continues to develop and compile material for this appeal through its legal representative with a Stay Hearing set for 18 October 2021.

Information on Directors

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

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

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

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

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

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

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

A Jones (appointed 22 October 2020)
Non-Executive Director
Shares held in MEC – 4,000,000 shares held indirectly via AJ Superannuation Fund and 8,000,000 shares indirectly via Jessica Brown
Shares held in Advent – nil
Listed Options held – nil
Unlisted Options held MEC – nil

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

acquisitions, corporate finance, investor relations and corporate communications.

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

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

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

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

D Breeze (appointed 22 October 2020)
Managing Director
Shares held in MEC – 7,172,540 ordinary shares held directly. 7,497,362 ordinary shares held indirectly via Grandbridge Ltd of which David Breeze is a director & shareholder. 6,227,238 ordinary shares in Trandcorp Superannuation Fund of which David Breeze is a director and shareholder and 2,648,669 ordinary shares indirectly via Tandcorp Pty Ltd of which David breeze is a director & shareholder.
Shares held in Advent – 2,000,000
Listed Options held – nil Unlisted
Options held MEC – nil

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 Master 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, the company was delisted from ASX in February 2020)
BPH Energy Limited (from February 2001 to present) and is a executive Director of Advent Energy Ltd

The Company has also ratified the continued director appointment of Mr David Breeze on the MEC board. In doing so the current Board acknowledges and makes special mention of the circumstances on and around 23 November 2016 at which time the record shows that Mr Breeze was removed in contravention to the Corporations Act from the ASIC register by the MEC directors at the time noting that he had neither resigned from the MEC board nor was removed at a meeting of shareholders. The Board is aware that under the Corporations Act a public company can only remove a director from office by passing a resolution of its shareholders. That is that a director of a public company cannot be removed by other directors. The Board understanding has been confirmed by legal counsel.

A submission, which included various supporting evidence, was made to the ASIC regarding Mr Breeze's illegal removal from the Company as a director. 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.

A Huston (appointed 22 October 2020)
Non-Executive Director
Shares held in MEC – nil
Shares held in Advent – nil
Listed Options held – nil
Unlisted Options held MEC – nil

Anthony (Tony) Huston has been involved for over 40 years in engineering and hydrocarbon industries for both on and offshore 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.

G Murray (appointed 22 October 2020)
Non-Executive Director
Shares held in MEC – nil
Shares held in Advent – nil
Listed Options held – nil
Unlisted Options held MEC – nil

Mr Murray trained in mechanical and plastics engineering and technology management and is a product development specialist. He also has expertise in extended reach drilling technology and oil, gas and geothermal well optimization. He has been the founder or co-founder of eight tech start-ups. Mr Murray was the Engineering Manager of Fitzroy Engineering Ltd, Technical Manager of Austoil Group, Global Product-line Manager (extended reach technologies) at Weatherford International and Business Development Manager (NZ and PNG) for Weatherford International.

Mr Murray was engaged in assessing oil and gas properties and making recommendations as the investment Vice President of Stealth Oil & Gas, Houston a wholly owned subsidiary of Weatherford International.

He is currently the Managing Director of Avant-Garde Developments Ltd. Noting that Mr Murray is not a director of Advent Energy Ltd.

R Marusco (appointed 23 September 2020 resigned 22 October 2020)
Non-Executive Director
Shares held in MEC – 15,000,000 shares held indirectly via the Marusco Superannuation Fund of which Mr Marusco is a member, and 20,792,200 shares held indirectly via Here Capital Pty Ltd of which Mr Marusco is a director and shareholder therein.
Shares held in Advent – nil
Listed Options held – nil
Unlisted Options held MEC – nil

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

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

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

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

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

Remuneration Report (Audited)

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

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

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

D Breeze – Managing Director (appointed 22 October 2020)
D Verley – Non-Executive Director (appointed 11 February 2020)
A Jones - Non-Executive Director (appointed 23 September 2020)
A Huston – Non-Executive Chairman (appointed 22 October 2020)
G Murray – Non-Executive Director (appointed 22 October 2020)
R Marusco - (appointed 23 September 2020 – resigned 22 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)

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

Remuneration Policy

The remuneration policy of MEC has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives as determined by the Board and/or shareholders. The remuneration report, as contained in the 2021 financial accounts was adopted at the Company's 2021 annual general meeting. A total of 89% of shareholders voted for the adoption of this report, the Board noting that the remuneration policy is appropriate and effective in its ability to attract and retain the best executive and directors to run and manage the economic entity, as well as create goal congruence between the directors, executives, and shareholders.

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

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

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

Remuneration philosophy

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

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

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

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

Where agreed the executives receive a superannuation guarantee contribution required by the government, which is currently 10% post 30 June 2021, and do not receive any other retirement benefits.

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

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

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

Compensation Practices

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

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

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

Employment contracts of Directors

Details of Remuneration for the year ended 30 June 2021

2021

Key Management Person	Short-term Benefits				Post-employment Benefits
	Cash, Salary and Fees	Bonus	Non-cash benefit	Other	Superannuation
D Verley	-	-	-	46,083[1]	4,378
A Jones	-	-	-	38,083[2]	3,618
R Marusco (resigned)	-	-	-	8,000[3]	760
D Breeze	-	-	-	214,333[4]	3,602
A Huston	-	-	-	30,083[5]	2,858
G Murray	-	-	-	30,083[6]	2,858

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related	Compensation relating to options
	Other	Shares	Options	$	%	%
D Verley	-	-	-	50,461[1]	-	-
A Jones	-	-	-	41,701[2]	-	-
R Marusco	-	-	-	8,760[3]		
D Breeze	-	-	-	217,935[4]	-	-
M Huston	-	-	-	32,941[5]	-	-
G Murray	-		-	32,941[6]	-	-

1. No cash directors' fees have been paid to Mr Verley since his appointment however director's fees of $48,000 per annum payable to Mr Verley, which will be paid monthly in arrears. It was agreed that in the first 11 months that the director's fees be paid in the form of $4,000 per month plus SGC. However, the directors' fees were adjusted to $25,000 per annum plus super effective from 1 June 2021.
2. No cash directors' fees have been paid to Mr Jones since his appointment however director's fees of $48,000 per annum payable to Mr Jones, which will be paid monthly in arrears. It was agreed that in the first 11 months that the director's fees be paid in the form of $4,000 per month plus SGC. However, the directors' fees were adjusted to $25,000 per annum plus super effective from 1 June 2021.
3. No cash directors' fees have been paid to Mr Marusco since his appointment to date of his resignation being 22 October 2020 however director's fees of $48,000 per annum payable plus SGC to Mr Marusco, which will be paid monthly in arrears.
4. No cash directors' fees have been paid to Mr Breeze since his appointment however director's fees of $65,000 per annum payable to Mr Breeze, which will be paid monthly in arrears.

   On 22 October 2020 the Company made an ASX announcement which confirmed that the MEC board ratified the continued director appointment of Mr David Breeze on the MEC board. In doing so the current Board acknowledged and made special mention of the circumstances on and around 23 November 2016 at which time the record shows that Mr Breeze was removed as director in contravention to the Corporations Act from the ASIC register by the MEC directors at the time noting that he had neither resigned from the MEC board nor was removed at a meeting of shareholders. The Board is aware that under the Corporations Act a public company can only remove a director from office by passing a resolution of its shareholders. That is that a director of a public company cannot be removed by other directors. The Board had its understanding of the circumstance confirmed by legal counsel.

   A submission, which included various supporting evidence, was made to the ASIC regarding Mr Breeze's illegal removal from the Company as a director. 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. The MEC board in considering Mr Breeze's unlawful removal as director note that contractual agreements for his role as director had not been honoured following his unlawful removal. This included his non-executive director fees, current year chairman's fees and other accrued fees from 2016 to 2020 totalling $171,000.

   This total amount has been reflected as a liability in the financial statements of the Company for the year ended 30 June 2021. The current Board members (excluding Mr Breeze) in carefully considering the circumstances resolved to make good the outstanding fees owing.
5. No cash directors' fees have been paid to Mr Huston since his appointment however director's fees of $48,000 per annum payable to Mr Huston, which will be paid monthly in arrears. It was agreed that in the first 11 months that the director's fees be paid in the form of $4,000 per month plus SGC. However, the directors' fees were adjusted to $25,000 per annum plus super effective from 1 June 2021.
6. No cash directors' fees have been paid to Mr Murray since his appointment however director's fees of $48,000 per annum payable to Mr Murray, which will be paid monthly in arrears. It was agreed that in the first 11 months that the director's fees be paid in the form of $4,000 per month plus SGC. However, the directors' fees were adjusted to $25,000 per annum plus super effective from 1 June 2021.

2020

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

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

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

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

Shareholdings
Number of Shares Held by Key Management Personnel
2021

	Balance 1.7.2020	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2021
D Verley	22,792,200	-	-	-	22,792,200[1]
A Jones	12,000,000	-	-	-	12,000,000[2]
R Marusco (resigned)	35,792,200				35,792,200[3]
D Breeze	23,545,809	-	-	-	23,545,809[4]
A Huston	0	-	-	-	0
G Murray	0	-	-	-	0
A Bald (resigned)	14,218,096	-	-	-	14,218,096[5]
M Sandy (resigned)	8,800,000	-	-	-	8,800,000[6]
A Hamilton (resigned)	0	-	-	-	0
S Harrison (resigned)	0	-	-	-	0

1. Mr Verley holds 2,000,000 shares directly and noting he is a director and shareholder that owns an indirect non-controlling interest in Here Capital which itself holds 20,792,200 shares in MEC.
2. Mr Jones holds indirectly via the AJ Superfund 4,000,000 shares and his spouse Jessica Brown holds a direct interest in 8,000,000 shares.
3. Mr Marusco indirectly holds 15,000,000 via the Marusco Superannuation Fund noting he is a director and shareholder that owns an indirect non-controlling interest in Here Capital which itself holds 20,792,200 shares in MEC. Mr Marusco resigned as director on 22 October 2020 and remains as company secretary.
4. Mr Breeze Shares holds 7,172,540 shares held directly. 7,497,362 shares held indirectly via Grandbridge Ltd of which Mr Breeze is a director & shareholder. 6,227,238 shares are held indirectly in Trandcorp Superannuation Fund of which Mr Breeze is a director and shareholder and 2,648,669 ordinary shares indirectly via Tandcorp Pty Ltd of which Mr breeze is a director & shareholder.
5. Mr Bald holds indirectly via Hera Investments Pty Ltd 14,218,096 shares.
6. Mr Sandy directly holds 8,800,000 shares.

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

Company performance, shareholder wealth, and director and executive remuneration

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

	2017	2018	2019	2020[1]	2021[1]
Revenue	61,061	86,162	107,131	2,455	-
Net Profit/Loss	(1,030,674)	(19,914,101)	(1,339,670)	(2,669,798)	(1,034,051)
Share price at Year end	$0.03	$0.017	$0.005	$0.004	$0.004
Loss per share	($0.05)	($0.03)	$(0.004)	$(0.004)	$(0.001)

Note 1: The Company's shares have been suspended from trading on the ASX since 17 January 2020

End of remuneration report.

Meetings of Directors

During the financial year, 11 meeting of directors (including committees of directors) was held. The Board meets much more regularly by telephone to make day-to-day decisions with respect to the business of the Company. Attendances by each director during the year were:

	Directors' Meetings	
	Number eligible to attend	Number attended
D Verley (appointed 11/2/2020)	11	8
A Jones (appointed 23/9/2020)	5	5
D Breeze (appointed 22/10/2020)	3	3
G Murray (appointed 22/10/2020)	3	3
A Huston (appointed 22/10/2020)	3	3
R Marusco (appointed 23/9/2020 resigned 22/10/2020)	3	3
M Sandy (resigned 31/7/2020)	2	2
A Bald (resigned 23/9/2020)	7	7
M Battrick (resigned 11/2/2020)	4	4
A Hamilton (resigned 23/9/ 2020)	6	6
S Harrison (resigned 2/9/2020)	4	4

Indemnifying Officers or Auditors

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

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

Options

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

- During the year ended 30 June 2021, 1,111,110 unlisted Options with an exercise price of $0.04 had expired on 17 July 2020.
- During the year ended 30 June 2021, 9,696,476 unlisted Options with an exercise price of $0.04 had expired on 06 July 2020.

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.

Legal Proceedings on Behalf of Company

MEC entered into a settlement agreement with both Advent Energy Pty Ltd (Advent) and Asset Energy Pty Ltd (Asset) in relation to writs and demands issued by both Advent and Asset on 27 August 2020 and 8 September 2020.

On the 2 October 2020, the Company 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).
- Following advice from its legal advisor and the Company auditors MEC has acknowledged the Advent Debt as noted in the 2020 Annual Report.
- MEC, and 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, the Company 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;
    - 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.
- The Advent Debt Conversion allows the Company to improve its balance sheet position and pay down $872,288 in outstanding debt which it would otherwise need to pay in cash.

As at the date of this Annual Report no shareholder meeting has yet been held in relation to this matter and no shares have yet been issued to give effect to the settlement. The Company is working on to complete in the near future.

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 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. The Company continues to develop and compile material for this appeal through its legal representative with a Stay Hearing set for 18 October 2021.

Non-audit Services

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

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Fees for non-audit services paid/payable to the external auditors during the year ended 30 June 2021 were Nil, for preparation of an R & D claim and income tax returns (2020: Nil).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 26.

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

David Breeze
Managing Director
Dated this 17 November 2021

Moore Australia Audit (WA)

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

As lead auditor for the audit of MEC Resources Limited for the year ended 30 June 2021, 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 audit; and

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

Neil Pace

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 17th day of November 2021.

Corporate Governance Statement

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

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

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

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

MEC Resources Ltd

	Note	2021 $	2020 $
Revenue	**2**	-	2,455
Other Losses	**2**	-	(508,627)
Other Income	**2**	-	25,140
Administration expenses		(112,278)	(92,491)
Consulting and legal expenses	**3**	(176,911)	(390,326)
Depreciation and amortisation expense		(1,452)	(610)
Employee expenses	**5**	(592,208)	(105,067)
Insurance expenses		(286)	(313)
Interest expenses		(36,790)	(655)
Exploration expenditure write off		-	(62,365)
Travelling expenses		-	(8,635)
Other expenses		(114,126)	(72,417)
Loss before Income Tax		(1,034,051)	(1,213,285)
Income tax expense	**8**	-	-
Loss from continuing operations		(1,034,051)	(1,213,285)
Profit/(Loss) from Discontinued Operations	**24**	-	(1,456,513)
Profit/(loss) for the Period		(1,034,051)	(2,669,798)
Other Comprehensive Income		-	-
Total Comprehensive loss for the period		(1,034,051)	(6,669,798)
Loss attributable to non-controlling interest		-	-
Loss attributable to members of the parent entity		(1,034,051)	(2,669,798)
Total Comprehensive loss attributable to non-controlling interest		-	-
Total Comprehensive loss attributable to the owners of the company		(1,034,051)	(2,669,798)
Earnings Per Share – *Basic and diluted earnings per share (cents per share)*	**6**	(0.00)	(0.40)

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

Statement of Financial Position
as at 30 June 2021
MEC Resources Ltd

	Note	30 June 2021 $	30 June 2020 $
Current Assets			
Cash and cash equivalents	**7**	130,516	438,110
Trade and other receivables	**9**	-	-
Financial assets	**13**	-	-
Other current assets	**10**	2,164	2,164
Total Current Assets		132,680	440,274
Non-Current Assets			
Intangible assets	**11**	-	-
Evaluation and exploration expenditure	**12**	-	-
Financial assets	**13**	8,867,418	8,630,234
Property, plant & equipment	**14**	1,983	3,435
Total Non-Current Assets		8,869,401	8,633,669
Total Assets		9,002,081	9,073,943
Current Liabilities			
Trade and other payables	**15**	847,072	163,827
Provisions	**16**	-	-
Financial liabilities	**17**	872,741	593,796
Total Current Liabilities		1,719,813	757,623
Total Liabilities		1,719,813	757,623
Net Assets		**7,282,268**	**8,613,320**
Equity			
Issued capital	**18**	30,644,378	30,644,378
Reserves	**19**	442,274	442,274
Accumulated losses		(23,804,384)	(22,770,332)
Total Equity Attributable to Owners		7,282,268	8,316,320
Non-controlling Interest		-	-
Total Equity		**7,282,268**	**8,316,320**

The 30 June 2020 financial position is that of the consolidated group, whilst the 30 June 2021 financial position is that of MEC. The accompanying notes form part of these financial statements.

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

	Issued Share Capital $	Accumulated losses $	Option Reserve $	Contribution Reserve $	Total attributable to owners $	Non-controlling Interest $	Total Equity $
Balance at 1 July 2019	29,336,134	(37,941,446)	531,466	15,736,679	7,662,833	2,015,040	9,677,873
Loss attributable to members of the consolidated entity	-	(1,213,285)	-	-	(1,213,285)	-	(1,213,285)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(1,213,285)	-	-	(1,213,285)	-	(1,213,285)
Shares issued during the period	1,375,644	-	-	-	1,375,644	-	1,375,644
Capital raising costs	(67,400)	-	-	-	(67,400)	-	(67,400)
Net movements on deconsolidation	-	16,384,399	(89,192)	(15,736,679)	558,528	(2,015,040)	(1,456,513)
Balance at 30 June 2020	30,644,378	(22,770,332)	442,274	-	8,316,320	-	8,316,320
Balance at 1 July 2020	30,644,378	(22,770,332)	442,274	-	8,316,320	-	8,316,320
Loss attributable to continuing operations	-	(1,034,051)	-	-	(1,034,051)	-	(1,034,051)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(1,034,051)	-	-	(1,034,051)	-	(1,034,051)
Shares issued during the period	-	-	-	-	-	-	-
Capital raising costs	-	-	-	-	-	-	-
Net movements on deconsolidation	-	-	-	-	-	-	-
Balance at 30 June 2021	30,644,378	(23,804,383)	442,274	-	7,282,268	-	7,282,268

The accompanying notes form part of these financial statements.

	Note	2021 $	2020 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(350,585)	(719,023)
Research and Development incentives		-	65,140
Interest received		-	2,455
Net cash used in operating activities	**20**	(350,585)	(651,428)
Cash Flows from Investing Activities			
Payments for property plant and equipment		-	-
Repayment of loans from other entities		237,184	200,039
Loans to other entities		(279,945)	(300,000)
Net cash used in investing activities		42,761	(99,961)
Cash Flows from Financing Activities			
Proceeds from share issue		-	929,090
Net cash provided by financing activities		-	929,090
Net increase/(decrease) in Cash Held		(307,824)	177,701
Cash at the Beginning of the Period		438,110	260,409
Cash at the End of the Period	**7**	**130,286**	**438,110**

1. Statement of Significant Accounting Policies

Corporate Information

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

MEC is a public listed company on the ASX, which is incorporated and domiciled in Australia. The financial report was authorised for issue on 17 November 2021 by the Board of Directors.

Basis of Preparation

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

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

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

Compliance with IFRS

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

Financial Position/Going Concern Basis of Preparation

The Consolidated Group has incurred losses for the year ended 30 June 2021 of $1,034,051 (2020: $2,669,798) and has a net cash outflow from operating activities of $350,585 (2020: $651,428).

The Consolidated Group has a working capital deficit of $1,589,297 (Note 18b) as at 30 June 2021 (2020: $1,455,135) which includes cash assets of $130,286 as at 30 June 2021 (2020: $438,110), trade receivables of $nil (2020: nil), trade creditors and other payables of $847,072 (2020: $163,827) and financial liabilities of $872,741 (2020: $593,796)

Included in trade creditors and payables are director fee accruals of $404,740 (2020: $62,000). The directors have reviewed their expenditure and commitments for the Consolidated Group and have implemented methods of costs reduction. The directors as a part of their cash monitoring, have voluntarily suspended cash payments for their director's fees prior to and as at the date of this report to conserve cash resources of the Company.

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

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

1. Statement of Significant Accounting Policies (continued)

Financial Position/Going Concern Basis of Preparation (continued)

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

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

- the Company's operating cash requirements not exceeding its historical levels; and
- the Directors being successful in obtaining future funding to meet the Company's objectives and payment obligations as and when they fall due by engaging with parties in raising additional capital or issuing debt, in relation to which the Company has demonstrated a history of success in this regard.
- The Company has negotiated a satisfactory outcome in relation to the writs and demands issued by Advent Energy Ltd and Asset Energy Pty Ltd as announced to ASX on 14 December 2020, 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.

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

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

Accounting Policies

(a) Principles of Consolidation

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

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

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

1. Statement of Significant Accounting Policies (continued)
(a) Principles of Consolidation (continued)

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

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

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

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

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

(b) Business Combinations

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

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

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

(c) Income Tax

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

1. Statement of Significant Accounting Policies (continued)

(c) Income Tax (continued)

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

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

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

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

(d) Property, plant and equipment

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

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

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

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

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

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

1. Statement of Significant Accounting Policies (continued)

(e) Exploration and Development Expenditure

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

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

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

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

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

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

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

(f) Impairment of Assets

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

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

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

1. Statement of Significant Accounting Policies (continued)

(f) Impairment of Assets

from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Cash and Cash Equivalents

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

(h) Revenue

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

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

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

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

(i) Goods and Services Tax (GST)

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

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

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

1. Statement of Significant Accounting Policies (continued)

(j) Trade and other payables

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

(k) Share based payments

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

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

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

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

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

(l) Earnings per share

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

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

(m) Foreign Currency

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

1. Statement of Significant Accounting Policies (continued)

(m) Foreign Currency (continued)

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

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

(n) Employee Benefits

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

(o) Financial Instruments

Initial recognition and measurement

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

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

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

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

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

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

1. Statement of Significant Accounting Policies (continued)

(o) Financial Instruments (continued)

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

A financial liability is held for trading if:

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

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

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

A financial liability cannot be reclassified.

Financial assets
Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.
-

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows;and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

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

1. Statement of Significant Accounting Policies (continued)

(o) Financial Instruments (continued)

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

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

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

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

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

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

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

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

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

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

1. Statement of Significant Accounting Policies (continued)

(o) Financial Instruments (continued)

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

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

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

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

Loss allowance is not recognised for:

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

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

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

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

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

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

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

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

1. Statement of Significant Accounting Policies (continued)

(p) Critical Accounting Estimates and Judgements

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

(q) Critical Accounting Estimates and Judgements

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

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

(r) Application of New and Revised Accounting Standards

Standards and Interpretations applicable to the 30 June 2021 financial year

In the year ended 30 June 2021, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for reporting periods beginning on or after 1 July 2020.

New standards which have become effective for the financial period beginning 1 July 2020 have not impacted significantly on the Company.

1. Statement of Significant Accounting Policies (continued)

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

Standards and Interpretations issued but not yet adopted by the Company

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

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

2. Revenue

	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)

3. Loss for The Year

	Consolidated	
	2021 $	2020 $
Expenses		
Employee Expenses		
Wages & salary	592,208	114,100
Superannuation expense	-	4,473
Other payroll expenses	-	(13,506)
	592,208	105,067
Consulting and Legal		
Consulting fees	23,233	185,308
Legal fees	153,678	205,018
	176,911	390,326
Exploration expenditures write off	-	62,365

4. Auditors' Remuneration

	Consolidated	
	2021 $	**2020 $**
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report of the parent		
Moore Australia Audit (WA)	38,835	42,000
- Other services - Moore Australia Audit (WA)	-	12,290
Remuneration of the auditor of subsidiaries for:		
- auditing or reviewing the financial report of subsidiaries		
Moore Australia Audit (WA)	-	-
	38,835	54,290

5. Key Management Personnel Compensation

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

Key Management Personnel

D Verley - (appointed 11 February 2020)
A Jones - (appointed 23 September 2020)
D Breeze - (appointed 22 October 2020)
A Huston - (appointed 22 October 2020)
G Murray - (appointed 22 October 2020)
R Marusco - (appointed 23 September 2020 – resigned 22 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)

	Consolidated	
	2021 $	**2020 $**
Short term employee benefits	592,208	62,000
Share based payments (in lieu of directors' fees)	-	-
	592,208	62,000

Included in consolidated trade creditors and payables are director fee accruals of $404,740 (30 June 2020: $54,000).

5. Key Management Personnel Compensation (continued)

Director	MEC Resources Ltd Amount Owing 30 June 2021	MEC Resources Ltd Amount Owing 30 June 2020
Current Directors		
Douglas Verley	50,461	20,000
Andrew Jones	41,701	-
David Breeze	217,935	-
A Huston	32,941	-
G Murray	32,941	-
Previous Directors		
Robert Marusco	8,761	-
Andrew Bald	-	22,000
Micheal Sandy	-	12,000
Balance owing	$404,740	$54,000

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

6. Earnings per share

		Consolidated 2021 $	Consolidated 2020 $
(a)	Reconciliation of Earnings to Profit or Loss		
	Net loss attributable to members of the parent	(1,034,051)	(2,669,798)
	Earnings used to calculate basic and diluted EPS	(1,034,051)	(2,669,798)
(b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	645,824,071	645,824,071
	Loss per share (cents per share)	(0.00)	(0.40)
	The company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options will result in a decreased net loss per share.		

	Consolidated 2021 $	Consolidated 2020 $

7. Cash and cash equivalents

Cash at bank and in hand	130,517	438,110

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

Cash and cash equivalents	130,517	438,110

8. Income Tax Expense

		Consolidated	
		2021	**2020**
		$	**$**
a.	**The components of tax expense comprise:**		
	Current tax	-	-
	Deferred tax	-	-
		-	-
b.	**The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:**		
	Prima facie tax benefit on loss from ordinary activities before income tax at 26% (2020: 27.5%)	(268,853)	(333,653)
	Add/(less) tax effect of:		
	- Revenue losses and other deferred tax balances not recognised	-	284,021
	- Other non-deductible items	-	56,564
	- Other non-assessable items	-	(6,914)
	Income tax expense	-	-
c.	**Deferred tax recognised at 26% (2020: 27.5%) (Note 1): Deferred tax liabilities:**		
	Exploration expenditure	-	-
	Deferred tax assets:		
	Carry forward revenue losses	-	-
	Net deferred tax	-	-
d.	**Unrecognised deferred tax assets at 26% (2020: 27.5%):**		
	Carry forward revenue losses	3,404,161	3,135,308
	Carry forward capital losses	1,954,762	1,954,762
	Other	-	(33,670)
		5,358,923	5,056,400

8. Income Tax Expense (continued)

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

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

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

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

Note 1 - Corporate Tax Rate

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

Note 2 - Comparatives

The 2020 comparatives have been updated to be consistent with the 2021 format. The current and deferred tax position has not changed.

9. Trade and other receivables

	Consolidated	
	2021 $	2020 $
CURRENT		
Trade receivables	-	-
Net GST receivables	-	-
Other receivables – RD accrual	-	-
	-	-

	Consolidated	
	2021 $	2020 $
Ageing of past due but not impaired		
30-60 days	-	-
60-90 days	-	-
120 days and over	-	-
Total	-	-

10. Other Assets

	Consolidated	
	2021	**2020**
	$	**$**
Current		
Deposits	2,164	2,164
Prepaid expenses	-	-
	2,164	2,164

11. Intangibles

	Consolidated	
	2021	**2020**
	$	**$**
Intangibles	-	-
	-	-

12. Capitalised Exploration Costs

Exploration expenditure capitalised		
Exploration and evaluation phases	-	-
	-	-

Reconciliation of movement during the year		
Opening balance at 1 July 2020	-	10,562,578
Disposal on deconsolidation	-	(10,562,578)
Capitalised expenditure – PEP 11	-	-
Expenditure written off – PEP 11	-	-
Capitalised expenditure – EP 386	-	-
Balance at 30 June 2021	-	-

13. Financial Assets

	Consolidated	
	2021	**2020**
	$	**$**
Current		
Loan receivable – Catalyst 1 Pty Ltd	-	-
Loan receivable – Grandbridge Ltd	-	-
Total	-	-
Non - Current		
Fair Value through Profit and Loss financial assets (a	-	-
Loan receivable – Advent Energy Ltd (b)	4,161,135	3,924,317
Investment in Advent Energy Ltd (c)	4,705,917	4,705,917
Other	366	-
	8,867,418	8,630,234

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

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

(c) If at any time within the period of one year after 6 August 2019 the company receives a request in writing from Advent Energy Ltd to do so the Company must effect an in-specie distribution to the shareholders of the Company, subject to obtaining all regulatory and shareholder approvals. Such a request was received during the year ended 30 June 2021- however the in-specie distribution has not been completed as at the date of this annual report and on 14 December 2020 Advent withdrew the request following a settlement arrangement of the Advent Writs announced on 2 October 2020.

14. Property, Plant and Equipment

	Consolidated	
	2021 $	2020 $
Plant and Equipment:	14,624	14,624
Less: Accumulated depreciation	(12,642)	(11,189)
Total Property, Plant and Equipment	1,983	3,435

	Consolidated	
	2021 $	2020 $
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.		
Consolidated Entity:		
Balance at the beginning of the year	3,435	4,154
Additions	-	-
Disposal on deconsolidation	-	(109)
Depreciation expense	(1,452)	(610)
Carrying amount at the end of the year	1,983	3,435

15. Trade and other payables

	Consolidated	
	2021 $	2020 $
Trade Payables	446,913	35,689
Sundry payables and accrued expenses	400,159	128,138
	847,072	163,827

16. Provisions

	Consolidated 2021 $	Consolidated 2020 $
Current		
Employee entitlements:		
Opening balance at 1 July	-	40,592
Increase/(Decrease) in provision	-	(40,592)
Balance at 30 June	-	-
Share sale agreement:		
Opening balance at 1 July	-	81,843
Increase/(Decrease) in provision	-	(81,843)
Balance at 30 June	-	-
Total Current Provisions	-	-

17. Financial Liabilities

	Consolidated 2021 $	Consolidated 2020 $
Loans payable – Current Liabilities		
Loan from Asset Energy Limited (a)	872,741	593,796
Loan from BPH Energy Limited	-	-
Loan from Grandbridge Limited	-	-
Loans from other entities	-	-
	872,741	593,796

(a) The loan is unsecured and interest free.

18. Issued Capital

	Consolidated	
	2021	2020
	$	$
684,451,176 (2020: 684,451,176) fully paid ordinary shares	30,644,378	30,711,778
Less: Capital raising costs	-	-
Issued Capital	30,644,378	30,644,378

The company does not have an authorized capital and issued shares have no par value.	2021	2020	2021	2020
Ordinary Shares	**$**	**$**	**No**	**No**
At the beginning of reporting period	30,644,378	29,336,134	414,578,376	414,578,376
Shares issued – SPP	-	-	-	-
Shares issued – Rights Issue	-	1,098,403	219,680,600	219,680,600
Shares issued as settlement of employment liabilities	-	147,000	29,400,000	29,400,000
Shares issued as payment of consulting fees	-	103,961	20,792,200	20,792,200
Placement shares issued	-	-	-	-
Capital Raising cost	-	(67,400)	-	-
Prior Period Adjustment	-	26,280	-	-
At reporting date	30,644,378	30,644,378	684,451,176	684,451,176

Fully Paid Ordinary Share Capital

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

(a) Options

There were no options on issue at the end of the year

The market price of the Company's ordinary shares at 30 June 2021 was $0.004 cents noting that the Company's shares have been suspended from trading on the ASX since 17 January 2020.

18. Issued Capital (continued)

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

(b) Capital risk management

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

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet corporate overheads and exploration commitments. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group and the parent entity at 30 June 2021 and 30 June 2020 are as follows:

	Consolidated	
	2021	**2020**
	$	**$**
Cash and cash equivalents	130,516	438,110
Other receivables	-	-
Trade payables and financial liabilities	(1,719,813)	(757,623)
Working capital position	(1,589,297)	(319,513)

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

19. Reserves

	Consolidated	
	2021 **$**	**2020** **$**
Options Reserve (a)	442,274	442,274
Contributions Reserve (b)	-	-
	442,274	442,274

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

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

19. Reserves (continued)

Option Reserve

Reconciliation of movement	2021	2020
	$	$
Opening balance	531,466	531,466
Reversal on deconsolidation	-	-
Closing balance	531,466	531,466

Contribution Reserve

	2021	2020
Reconciliation of movement	$	$
Opening balance	-	15,736,679
Reversal on deconsolidation	-	(15,736,679)
Reclassification of NCI to Contribution reserve	-	-
Closing balance	-	-

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

20. Cash Flow Information

	Consolidated	
	2021	**2020**
	$	**$**
(a) Reconciliation of Cash Flow from Operations with Profit after income tax		
Operating loss after income tax	(1,034,051)	(1,213,285)
Non-cash flows in profit:		
Depreciation	1452	610
Revaluation on investments	-	-
Share based payments	-	352,611
Exploration expenditure written off	-	62,635
Loss on legal settlement	-	34,6514
Loss on loan impairment	-	162,113
Changes in net assets and liabilities, net of effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	-	62,398
(Increase)/decrease in other assets	-	16,451
Increase/(decrease) in trade payables and accruals	680,283	(400,883)
Increase/(decrease) in provisions	1,731	(40,592)
Net cash flow from operating activities	(350,585)	(651,428)

21. Financial Risk Management

(a) Financial Risk Management

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

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

Interest rate risk

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

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows.

Credit risk

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

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

Equity Price Risk

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

Equity Price Sensitivity Analysis

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

If equity prices had been 5% higher/lower:
Net loss for the year ended 30 June 2021 would not decrease/increase significantly (2020: increase/decrease by $718) as a result of the changes in fair value of financial assets through the profit and loss; and

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

(b) Financial Instruments

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

21. Financial Risk Management (continued)

2021	Effective Average Interest Rate Payable %	Floating Interest Rate $	Fixed Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets					
Cash and cash equivalents	1.25%	130,517	-	-	130,517
Trade and other receivables	-	-	-	-	-
Financial Assets – current	20.79%	-	-	-	-
Financial Assets - non-current	-	-	-	2,164	2,164
		130,517	-	2,164	132,681
Financial Liabilities					
Trade and sundry Payables	-	-	-	847,072	163,827
Financial liabilities	-	-	-	872,741	593,796
		-	-	1,719,813	757,623

2020	Effective Average Interest Rate Payable %	Floating Interest Rate $	Fixed Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets					
Cash and cash equivalents	1.25%	438,110	-	-	438,110
Trade and other receivables	-	-	-	-	-
Financial Assets – current	20.79%	-	-	-	-
Financial Assets - non-current	-	-	-	2,164	2,164
		438,110	-	2,164	440,274
Financial Liabilities					
Trade and sundry Payables	-	-	-	163,827	163,758
Financial liabilities	-	-	-	593,827	593,796
		-	-	757,623	757,623

21. Financial Risk Management (continued)

Fair Values
The fair values of:

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

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

Aggregate fair values and carrying amounts of financial assets and financial liabilities at balance date:	**Consolidated**			
	2021		**2020**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Assets				
Cash	130,517	130,517	350,634	350,634
Financial assets at fair value through profit or loss	8,867,419	8,867,419	8,630,234	8,630,234
Available for sale financial assets	-	-	-	-
Loans and receivables	2,164	2,164	2,164	2,164
	9,005,100	9,005,100	9,070,508	9,070,508
Financial Liabilities				
Other loans and amounts due	872,741	872,741	791,977	791,977
Other liabilities	847,072	847,072	1,077,758	1,077,758
	1,719,813	1,719,813	1,869,735	1,869,735

iii. Sensitivity Analysis

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

21. Financial Risk Management (continued)

Interest Rate Sensitivity Analysis

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

	Consolidated Group	
	2021	**2020**
Change in profit		
— Increase in interest rate by 1%	-	2,191
— Decrease in interest rate by 0.5%	(-)	(4,381)

iv. Liquidity risk

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

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

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

30 June 2021

		Contractual cash flows					
	Carrying amount	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Financial liabilities							
Trade and other payables	847,072	(847,072)	-	(847,072)	-	-	-
Unsecured loans	872,741	(872,741)	-	-	-	(872,741)	-
	1,719,813	(1,719,813)	-	(847,072)	-	(872,741)	-

21. Financial Risk Management (continued)

30 June 2020

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

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

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

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

30 June 2021

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
- Investments in listed entities	-	-	-	-
Financial assets at FVTPL				
- Investments in unlisted entities	-	-	8,867,418	8,867,418
Total	-	-	8,867,418	8,867,418

30 June 2020

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
- Investments in listed entities	-	-	-	-
Available for sale financial assets				
- Investments in unlisted entities	-	-	8,630,234	8,604,234
Total	-	-	8,604,234	8,604,234

21. Financial Risk Management (continued)

Reconciliation of Level 1 fair value measurements of financial assets:

	2021 Investments in listed entities (Level 1)	2020 Investments in listed entities (Level 1)
Opening balance	-	-
Add: Purchases	-	-
Total gains or loss in the profit and loss	-	-
Proceeds from sale of listed investments	-	-
Closing balance	-	-

Reconciliation of Level 3 fair value measurements of financial assets:

	2021 Available for sale (Level 3)	2020 Available for sale (Level 3)
Opening balance	8,630,234	69,911
Add: Purchases	237,184	-
Add: Reclassified balances on deconsolidation	-	8,630,234
Total gains or loss in the profit and loss	-	(69,911)
Closing balance	8,867,418	8,630,234

The Company has a 47.6% holding in Advent and, based on the 30 June 2021 book value of net assets of Advent the carrying value in Advent held by the Company as reflected at Note 13 is considered to reflect approximate fair value.

22. Events after the Balance Sheet Date

The Company made a number of announcements in relation to various appointments made by its investee company Advent concerning PEP11 as follows;

- 5 July 2021 – Issuance of tender for Conductor and surface casing and associated services
- 21 July 2021 – Issuance of tender for drilling project management services
- 16 August 2021 – Issuance of letter of intent to award contract for provision of subsea wellhead equipment, materials, and associated services
- 7 September 2021 – Issuance of tender to award contract for provision of drilling project management services
- 15 September 2021 - Issuance of tender to award contract for provision of conductor and surface casing and associated services

23. Related Party Transactions

(a) Directors' Remuneration

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

	Parent	
	2021	**2020**

(b) Directors' Equity Holdings

Ordinary Shares		
Held as at the date of this report by directors and their director-related entities in:		
MEC Resources Ltd	58,338,009	49,792,200
Advent Energy Ltd	-	-
Unlisted Options		
Held as at the date of this report by directors and their director-related entities in:		
MEC Resources Ltd	-	-
Advent Energy Ltd	-	-

24. Deconsolidation of Advent Energy Ltd

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

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

24. Deconsolidation of Advent Energy Ltd (Continued)

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

	Consolidated Group	
	30.06.2021	30.06.2020
	$	$
The financial performance of the discontinued operation is included in profit/(loss) from discontinued operations per the consolidated statement of profit or loss and other comprehensive income are is as follows:		
Revenue	-	-
Expenses	-	-
Profit before income tax	-	-
Gain or loss on disposal of the business included in discontinued operations per the statement of profit or loss and other comprehensive income.	-	(1,456,513)

25. Controlled Entities and Non-Controlling Interests

(a) Controlled Entities

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
			2021	2020
Parent Entity				
MEC Resources Limited	Investment	Australia		
Subsidiaries of MEC Resources Ltd				
Catalyst 1 Pty Ltd	Passive	Australia	-	100.00

MEC, although owning 47.6% of the shares in Advent Energy Ltd, effective 6 August 2019 no longer controls the activities of Advent therefore control was deemed to be lost with Advent Energy Ltd deconsolidated from MEC on the date of settlement. MEC has two board members on the Board of Advent and but in itself does not partake in decisions to add and remove directors of Advent. Therefore, Advent is not controlled by MEC and is not consolidated in these financial statements as at 30 June 2021.

25. Controlled Entities and Non-Controlling Interests (continued)

(b) Non-Controlling Interests

	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenues	Profit for the Year	Total Comprehensive Profit for the Year
2021							
Advent Energy Ltd	1,130,822	14,385,995	917,238	4,963,302	31,098	(426,659)	(426,659)

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

26. Share-Based Payments

No share-based payment arrangements occurred during 30 June 2021.

At balance date, nil MEC share options have been exercised (2020: nil).

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

During the year, nil options (2020: Nil) were issued under the company's employee share option plan.

	MEC Resources Ltd			
	2021		2020	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	10,807,586	$0.040	72,322,315	$0.040
Granted	-	-	-	-
Exercised	-	-	-	-
Expired/ Cancelled	(10,807,586)	-	(61,514,729)	-
Outstanding at year-end	-	$0.040	10,807,586	$0.040
Exercisable at year-end	-	$0.040	10,807,586	$0.040

27. Contingent Liabilities

The Company has no legal proceedings afoot however highlights that on 8 September 2020 the Company was serviced with a writ of summons from Advent. On 2 October 2020 the Company had announced it entered into a standstill agreement with both Advent Energy Ltd and Asset Energy Pty Ltd in relation to the writs and demands issued by both Advent and Asset the effect of which is to allow the parties to negotiate a resolution of the pending claims. 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.

As at the date of this Annual Report no shares have been issued to finalise the settlement however the Company is working to completion.

28. Commitments

Capital Commitments

The Company has no current capital commitments.

Directors Declaration

MEC Resources Ltd

The directors of the company declare that:

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

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

   (b) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the consolidated entity;

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

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

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

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

……………………………………………………….

David Breeze

Managing Director

Dated this 17 November 2021

Moore Australia Audit (WA)

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MEC Resources Limited (the Company) and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

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

   i. giving a true and fair view of the Group's financial position as at 30 June 2021 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

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

MOORE

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

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

We draw attention to Note 13 of the financial statements and specifically to the loans receivable from Advent Energy Limited and its controlled entities amounting to $3,288,394 (net of loan payable to Advent Energy Limited of $872,741). We also draw attention to the investment in Advent Energy Limited of $4,705,917. The major asset of Advent Energy is its 85% interest in the PEP 11 permit, offshore New South Wales, which is currently awaiting a decision by the National Offshore Petroleum Titles Administrator to amend and extend the terms of the permit. The ability of the Company to recover the book values of the investment in and loans to Advent Energy and its controlled entities is dependent upon the extension of the terms of PEP 11 being granted and the ability of Advent Energy Limited to successfully commercialise and/or sell its core exploration assets (being an 85% interest in PEP11), thereby realising sufficient value from which the Company can recoup the value of its loans to and investment in Advent Energy Limited, the outcome and timing of which is subject to significant uncertainty. Our opinion is not modified in respect of this matter

Key Audit Matters

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

Carrying value of Loans Receivable from and Investment in Advent Energy Limited	
Refer to Note 13 Financial Assets	
The Company has significant assets invested in Advent Energy Limited and its controlled entities. These comprise net loans receivable of $3.288,394 and an investment in Advent Energy Limited of $4,705,917. Our audit focused on the Company's assessment of the carrying value of the loans to and investment in Advent Energy Limited, as these are the most significant assets of the Company and their recoverability is ultimately dependent upon the ability of Advent Energy Limited to extract value from its core exploration assets.. The evaluation of the recoverable amount of these assets requires significant judgment. We planned our work to address the audit risk that the loans to and investment in Avent Energy Limited might no longer be recoverable. In addition, we assessed whether facts and circumstances existed to suggest that the carrying value of these assets may exceed their recoverable amounts.	Our procedures included, amongst others: • Reviewing the terms and conditions of loan agreements, settlement deeds and related correspondence. • Confirming or otherwise substantiating the accuracy of loan amounts receivable from and investments in Advent Energy Limited. • Discussing with directors and management the nature of any disputed matters, consideration of evidence supporting the Company's position adopted in respect to such matters and what action is in progress or planned in order to resolve any such disputes. • Review of financial statements of Advent Energy Limited so as to understand its assets and ability to repay the Company, including the status of the PEP 11 permit. • Consideration of management's expected credit loss assessment in respect of the loans receivable from and investment in Advent Energy Limited, including the consideration of any impairment provisions that may be required. • We examined and assessed the relevant disclosures included in the financial report in relation to the material uncertainties regarding recoverability.

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

Key Audit Matters (continued)

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

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 2021 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.

MOORE

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our audit report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of MEC Resources Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Neil Pace

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 17th day of November 2021.

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this report as follows. The information is made up to 28 September 2021

1. Distribution of Shareholders

Range of Holding	Shareholders	Number Ordinary Shares	%
1 – 1,000	462	185,097	0.03
1,001 – 5,000	376	1,116,476	0.16
5,001 – 10,000	389	3,418,778	0.50
10,001 – 100,000	1,002	38,086,455	5.56
100,001 and over	489	641,648,120	93.75
	2,717	684,454,926	100

2. Voting Rights - Shares

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

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

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

7. Twenty Largest Shareholders (as at 28 September 2021)

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

Name	Number of ordinary fully paid shares	% held of issued ordinary capital
Ms Louise Ann Jones	22,000,000	3.21%
HSBC Custody Nominees (Australia) Limited	21,812,070	3.19%
Mr Adam Lee Conigliaro	21,250,000	3.10%
Here Capital Pty Ltd	20,792,200	3.04%
Eastwood Financial & Investment Services P/L G & E Super Fund A/C	16,400,742	2.40%
Marusco Investments Pty Ltd <Marusco S/F A/C>	15,000,000	2.19%
Mr Adam Lee Conigliaro	15,000,000	2.19%
Mr Andrew Stephen Evans	13,841,685	2.02%
Hera Investments Pty Ltd	14,218,096	2.08%
Citicorp Nominees Pty Limited	13,038,048	1.90%
Mr Robert Anthony Healy	11,868,108	1.73%
Griffiths Sf Pty Ltd <Griffiths Super Fund A/C>	10,000,000	1.46%
Bujo Pty Ltd	10,000,000	1.46%
Mr Ross Coventry Barter	9,353,328	1.37%
Protax Nominees Pty Ltd <Richards Super Fund A/C>	9,000,000	1.31%
Mr Edward Yi	8,840,015	1.29%
Mr Michael John Sandy	8,800,000	1.29%
Mr Matthew Battrick & Mrs Jayne Battrick <The Battrick Family A/C>	8,800,000	1.29%
Goodheart Pty Ltd <GBH A/C>	8,000,000	1.17%
Ms Jessica Lanyon Brown	8,000,000	1.17%
	263,855,978	**38.25%**