

1 May 2023

UPDATE FOR THE QUARTER ENDING 31 MARCH 2023

MEC Resources Ltd (ASX: MMR, ACN 113 900 020) ("**MEC**" or "**the Company**") is pleased to provide its Quarterly Report & Appendix 4C ("**Quarterly Cashflow Report**") for the quarter ended 31 March 2023.

Operational Update

MEC has a non-controlling interest in the unlisted energy explorer Advent Energy Ltd ("**Advent**") of 38.27%.

Advent holds a range of energy-based opportunities via its investee company Advent. Via Advent the Company has been assessing new investment opportunities, where there are ever increasing obligations to provide energy solutions with a responsible management and protection against carbon emissions. The transitioning from hydrocarbons such as coal and oil to hydrogen, produced with no emissions is now presenting real economies and growth globally. Although natural gas also presents continued growth and will play a role for many years to come, it too will need to become a source of energy with no CO2 emissions.

MEC continues to monitor its investment in Advent and has representation on the board of Advent in directors Anthony Huston, David Breeze and Steve James.

Advent Energy has provided the following information to MEC

PEP 11 Joint Venture

Advent's (MEC 38.27% direct interest) 100% subsidiary Asset Energy Pty Ltd ("**Asset**") had applied to the Federal Court pursuant to section 5 of the Administrative Decisions (Judicial Review) Act 1977 (Cth) and section 39B of the Judiciary Act 1903 (Cth) to review the decision of the Commonwealth-New South Wales Offshore Petroleum Joint Authority (Joint Authority), constituted under section 56 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (Act), to refuse to vary and suspend the conditions of Exploration Permit for Petroleum No.11 (PEP 11 Permit), pursuant to section 264(2) of the Act, and to refuse to extend the term of the PEP 11 Permit, pursuant to section 265 of the Act. Asset is a 100% owned subsidiary of Advent Energy Ltd and has lodged the appeal as Operator for and on behalf of the PEP11 Joint Venture Partners, Bounty Oil and Gas NL (ASX:BUY) and Asset.

The PEP11 interests are:

- Advent Energy 85 %
- Bounty Oil and Gas NL 15%

On 5 October 2022, documents relating to the former Prime Minister's purported decision were provided to the Federal Court of Australia by the Commonwealth Minister for Resources by Asset Energy.

On 14 February 2023 MEC advised that the PEP 11 Joint Venture achieved resolution of the Federal Court Proceedings (WAD106/2022) between Asset Energy Pty Ltd (a wholly owned subsidiary of MEC's investee, Advent Energy Limited) and the Respondents (being the Commonwealth Minister for Resources et al).

The proceedings involved the decision made on 26 March 2022 by the Commonwealth - New South Wales Offshore Petroleum Joint Authority (Joint Authority) to refuse Asset Energy's Application (as JV operator) for a variation and suspension of the conditions to which PEP 11 is subject and a related refusal to grant an extension of term (the Decision).

The presiding judge: Justice Jackson agreed with the consent position reached by the parties and quashed the Decision concluding that the Decision of the Joint Authority was affected by apprehended bias. This was because a fair-minded observer would have reasonably observed that the former Prime Minister of Australia the Hon Scott Morrison MP, as a member of the Joint Authority, did not bring a fair mind to determine Asset Energy's application.

In the meantime, PEP 11 continues in force and the Joint Venture is fully in compliance with the contractual terms of PEP 11 with respect to such matters as reporting, payment of rents and the various provisions of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

Corporate Update

PDF Status - Reinstated

MEC was notified on 5 February 2021 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**").

Following this notification on 1 March 2021 MEC informed the PDF Committee that it would exercise its right of review, had appointed legal counsel on the matter and would provide further information to the Committee and further noting on 12 March 2021 that it was informed by the Department of Industry, Science, Energy and Resources that it would commence a review of the decision that led to the revocation of MEC's PDF registration. MEC confirmed that the internal review is a merit-based process and enables a decision maker (not involved in the first decision in this circumstance) to take a fresh look at its original decision.

On 6 May 2021 MEC announced 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 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.

Following the decision from the Delegate of Innovation and Science Australia, MEC announced on 13 May 2021 that it had applied, through its legal representative, to the Administrative Appeals Tribunal ("AAT") 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.

On 30 September 2021 MEC filed written submissions to the AAT in support of stay application pursuant relating the revocation of its PDF status. This was followed by an interlocutory hearing on the 18 October

2021 the result of which was that no decision was given on the 18 October 2021 and further no timeframe provided as to when a decision would be given.

On 3 November 2021 the AAT advised the Company that it had refused MEC's request for a stay in relation to the revocation of its PDF registration.

On the 27 & 28 January 2022 the Company attending its AAT hearing. Following this MEC completed and lodged its final written submissions. The Company has completed its written closing submissions and attended a final oral hearing at the AAT in closing the Company's case on 9 June 2022.

On 16 March 2023 MEC announced that following its appeal to the AAT a decision has been made to set aside the revocation of MEC's Pooled Development Fund registration.

Further, the AAT in substitution decided not to revoke the Applicant's PDF registration under S 47 of the of Pooled Development Funds Act 1992 (Cth) ("PDFA").

The AAT informed the Company that following an application made by MEC under S 56 of the PDFA for review of a decision made by the Innovation Investment Committee of Innovation and Science Australia (the "Committee") to revoked MEC's PDF registration it found that the decision was not correct.

ASX Suspension Status

The Company's shares are currently suspended from the ASX however the Board continues to liaise and provide information to the ASX as it works towards the return of its shares to trading status.

On 12 January 2022, the Company made a further formal submission to the ASX following its original submission on 16 December 2020 which included a shareholder meeting seeking approval of various resolutions the aim of which is to have MEC readmitted to trading status.

On 13 September 2022 the Company made a further follow-up submission.

The ASX is currently considering the Company's submission and as at the date of this quarterly report no further response has been received from the ASX.

Notice of Meeting

The Company is also working on an entitlement offer document which it expects to complete following feedback from the ASX in relation to its submission of 13 September 2022. Status of this matter has not changed since the December 22 quarterly report.

Capital Raise – Placement

On 22 February 2023 MEC raised A\$154,388 before costs by way of placement of Shares to professional and sophisticated investors pursuant to section 708 of the Corporations Act 2001 (Cth) at an issue price of \$0.0044 per Share under the Company's LR7.1 placement capacity.

This share issue is accompanied by one (1) free option for each Share subscribed with an exercise price of 0.0055 and expiry 24 months from the issue date. See ASX announcement on 22 February 2023 for full Option Terms & Conditions.

Placement Details

- Placement completed at an issue price of \$0.0044 per Share
- Total amount raised of A\$154,388 before costs
- Number of fully paid ordinary shares issued - 33,488,180
- Number of free attaching options issued – 33,488,180
- The Placement Shares are subject to holding lock pending release of a prospectus by the Company
- Placement completed by LeMessurier Securities received a 6% capital raising fee

On 26 April 2023 the Company raised a further A\$179,263 before costs by way of placement of Shares to professional and sophisticated investors pursuant to section 708 of the Corporations Act 2001 (Cth) at an issue price of \$0.0044 per Share under the Company's LR7.1 placement capacity.

This share issue is accompanied by one (1) free option for each Share subscribed with an exercise price of 0.0055 and expiry 24 months from the issue date. The Company will be seeking shareholder approval to issue the options at the Company's AGM to be held in the near future. See ASX announcement on 26 April 2023 for full Option Terms & Conditions

Funds raised from these Placements will be utilised by the Company to facilitate its compliance requirements, work associated with moving the Company towards reinstatement to trading on the ASX and general short-term working capital requirements.

Placement Details

- Placement completed at an issue price of \$0.0044 per Share
- Total amount raised of A\$179,263 before costs
- Number of fully paid ordinary shares issued 40,741,652
- The Placement Shares are subject to holding lock pending release of a prospectus by the Company
- Placement partly completed by Sixty-Two Capital Pty Ltd received a 6% capital raising fee (plus GST)

The number of fully paid ordinary shares on issue following both placements is 884,993,167.

We once again thank you for your continued patience, support and welcome your questions/comments regarding the Company.

If you have any questions, please do not hesitate to contact David Breeze on 08 9328 8477 or email info@mecresources.com.au.

This announcement has been approved by the Board of Directors of MEC.

David Breeze
Managing Director
MEC Resources Ltd

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

MEC Resources Limited

ABN

44 113 900 020

Quarter ended ("current quarter")

31 MAR 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs*	(64.1)	(106.8)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	0.7	0.8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(63.4)	(106)

*includes operational expense support for Advent Energy Ltd

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(5.6)	7.2
2.6	Net cash from / (used in) investing activities	(5.6)	7.2

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	281.9	281.9
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	39.9
3.10	Net cash from / (used in) financing activities	281.9	321.8

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	21.6	11.4
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(63.4)	(106)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5.6)	7.2

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	281.9	321.8
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	234.6	234.6

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	234.6	26.4
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	234.6	26.4

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
0
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(63.4)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	282.6
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	219.2
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3.46

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2023.....

Authorised by: ..By the Board.....
(By the Board – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.