



**MEC RESOURCES LTD**

ABN 44 113 900 020

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MEC Resources Ltd and its controlled entities

## Appendix 4D -Half year report

### Results for announcement to the market

Name of Entity	MEC Resources Limited
ABN	44 113 900 020
Half Year Ended	31 December 2023
Previous Corresponding Reporting Period	31 December 2022

\$A'000

Revenues from ordinary activities	Up	1581%	to	2.65
(Loss) from ordinary activities after tax attributable to members	down	20.49%	to	(148.9)
Net (loss) for the period attributable to members	down	20.49%	to	(148.9)
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>		
Final dividend	Nil	Nil		
Interim dividend				
Previous corresponding period	N/A	N/A		

Please refer to attached accounts for commentary on the results

### Other notes to the condensed financial statements

	Current period	Previous corresponding Period
<b>Ratios</b>		
<b>Loss before tax / revenue</b>		
Consolidated (loss) from ordinary activities before tax as a percentage of revenue	0%	0%
<b>Loss after tax / equity interests</b>		
Consolidated net (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(2.05)%	(2.70)%

	Current period	Previous corresponding Period
<b>NTA Backing</b>		
Net tangible asset backing per ordinary security	(0.00) cps	(0.00) cps

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# Directors' Report

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## Directors

David Breeze – Managing Director  
Andrew Jones – Non-Executive Director  
Anthony Huston – Non-Executive Director  
Steve James – Non-Executive Director

## Company Secretary

Robert Marusco

## Registered Office

Level 1  
9 Bowman Street  
SOUTH PERTH WA

## Principal Business Address

Level 1,  
9 Bowman Street  
SOUTH PERTH WA 6151  
Telephone: 0412 593 363  
Website: [www.mecresources.com.au](http://www.mecresources.com.au)  
E-mail: [admin@mecresources.com.au](mailto:admin@mecresources.com.au)

## Auditor

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

## Share Registry

Boardroom Pty Ltd  
Level 8  
210 George St  
SYDNEY NSW 2000

## Australian Securities Exchange Listing

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

## Australian Business Number

44 113 900 020

# Directors' Report

MEC Resources Ltd and its controlled entities

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The directors of MEC Resources Ltd ("**MEC Resources**" or the "**Company**") submit herewith the financial report for the half year ended 31 December 2023. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

## Directors

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

David Breeze (appointed 23 October 2020)  
Andrew Jones (appointed 23 September 2020)  
Anthony Huston (appointed 23 October 2020)  
Steve James (appointed 4 March 2022)

## Review of Operations

Operating loss for the entity after tax for the half-year ended 31 December 2023 was \$148,908 (2022: \$187,280).

### 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 original submission on 16 December 2020 and subsequent submissions on 12 January 2022 and 13 September 2022, which included a shareholder meeting seeking approval of various resolutions the aim of which is to have MEC readmitted to trading status. The ASX are currently assessing the submission. Noting that in anticipation of feedback from the ASX the Company is also working of an entitlement offer document aimed at recapitalising MEC. The shares in MEC remain suspended from trading.
- MEC has a non-controlling interest in the unlisted energy explorer Advent Energy Ltd ("**Advent**") of 38.27%. MEC Resources has representation on the board of Advent in directors Anthony Huston, David Breeze and Steve James
- Advent holds a range of energy-based opportunities. 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.
- During the half year MEC Resources continued to monitor and manage its investment in investee Advent Energy Limited ("**Advent**") with the key announcements concerning Advent outlined below.

### Advent Energy Limited (MEC 38.27%)

#### PEP 11 Joint Venture

- Advent, through wholly owned subsidiary Asset Energy Pty Ltd ("**Asset Energy**") holds 85% of Petroleum Permit PEP 11 assets include PEP11 (85%) in the offshore Sydney Basin and RL1 (100%) in the onshore Bonaparte Basin in the Northern Territory. On 16 December 2021 MEC Resources

## Directors' Report

MEC Resources Ltd and its controlled entities

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announced to market that the Federal Government would refuse the first one of two of the joint venture's applications to extend the PEP 11 Permit for gas exploration in the offshore Sydney Basin. Advent received a formal notification of this decision from the National Offshore Petroleum Title Administrator (NOPTA).

- The PEP11 interests are:
  - Advent Energy 85 %
  - Bounty Oil and Gas NL 15%
- Asset Energy continues to progress the joint venture's applications for the variation and suspension of work program conditions and related extension of PEP-11. This application follows from the fact that in February 2023 a decision by the previous Commonwealth-NSW Joint Authority to refuse the application was quashed by the Federal Court of Australia. Asset has provided additional updated information to the Commonwealth-NSW Joint Authority and the National Offshore Petroleum Titles Administrator ("**NOPTA**") in relation to its applications.
- On 22 November 2023, the NSW Legislative Committee on Environment and Planning tabled its report into the Minerals Legislation Amendment (Offshore Drilling and Associated Infrastructure Prohibition) Bill 2023, which was referred to the Committee on 29 June 2023. The Bill sought to amend three Acts to prohibit offshore activities in NSW including drilling for petroleum. The inquiry investigated a range of issues, particularly whether the Bill raises any potential constitutional issues and unintended consequences, and its report sets out its findings and proposed recommendations. The relevant link is set out below:
  - <https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=2977#tab-reportsandgovernmentresponses>
- The Committee heard from legal experts and has found that aspects of the proposed legislation may be constitutionally invalid and have unintended consequences. The report makes 10 findings and 2 recommendations. The Committee has accordingly recommended that the Bill not pass.
- On 9 October 2023 NOPTA updated their website whereby the NEATS Public Portal Application Tracking has been updated to show Asset Energy's applications' status is now 'Under Assessment'. The Company understands that the next step in the application process is for the Joint Authority to make its decision on Asset Energy's applications.
- While the applications for the variation and suspension of work program conditions and related extension of PEP-11 are being considered by NOPTA, Asset Energy is investigating the availability of a mobile offshore drilling unit to drill the proposed Seablue-1 well on the Baleen prospect which would take approximately thirty-five days to complete. Asset is in communication with drilling contractors and other operators who have recently contracted rigs for work in the Australian offshore beginning in the first half of 2024.
- PEP-11 continues in force and the Joint Venture is in compliance with the contractual terms of PEP11 with respect to such matters as reporting, payment of rents and the various provisions of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth).

### Clean Hydrogen Technologies

- On 2 August 2022 MEC announced that, following a meeting of BPH shareholders on 21 June 2022 at which point shareholders voted unanimously to approve to make an investment in

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hydrogen technology company Clean Hydrogen Technologies Corporation ("**Clean Hydrogen Technologies**" or "**Vendor**"), BPH and Advent had settled for the acquisition of a 10% interest in Clean Hydrogen Technologies for \$1,000,000 USD (8% BPH and 2 % Advent).

- The Purchasers had a first right of refusal to invest further in Clean Hydrogen to a maximum of a further US\$1,000,000 for an additional 10% interest. The Purchasers loaned a further US\$950,000 under this agreement and the Purchasers and Clean Hydrogen have now executed a Loan Conversion Agreement which enabled the conversion of the US\$950,000 loan into the relevant Subscription Shares Tranche 2, representing the Purchasers further 9.5% interest in Clean Hydrogen.
- MEC investee Advent now has an interest of 3.9% interest in Clean Hydrogen. Clean Hydrogen has also issued 190 share options to Advent, with an exercise price of USD\$3,000 each, exercisable immediately, with the option to convert into shares in Clean Hydrogen expiring ten years from the date of issue.
- BPH Energy Ltd ("**BPH**") and MEC investee Advent (together, the "**Purchasers**") have been assessing new investment opportunities, where there are ever increasing obligations to provide energy solutions with a responsible management and protection against carbon emissions. In 2019, the International Energy Agency reported that the transitioning from hydrocarbons such as coal and oil to hydrogen, produced with no CO<sub>2</sub> emissions, is now presenting real economies and growth globally (report prepared for the G20 held in Japan, titled The Future of Hydrogen Seizing Today's Opportunities)<sup>1</sup>.
- Clean Hydrogen has developed and tested its processing capabilities which have successfully produced hydrogen, with no CO<sub>2</sub> emissions, achieving on average above 90% cracking efficiency. Cracking efficiency refers to the percentage of hydrocarbons broken into solid carbon and hydrogen per hour. This high level of cracking efficiency has been consistently achieved across proof-of-concept tests undertaken by Clean Hydrogen in 2022 and 2023.
- Clean Hydrogen have tested the performance of a number of catalysts in the period between April 2022 and September 2022 and have determined that several of the catalysts have given methane cracking conversion rate (efficiency) more than 90%, for several hours. To achieve these results, Clean Hydrogen currently uses methane as its feedstock however, in the future, plans to use natural gas as its feedstock through the pyrolysis method (explained further below).
- Clean Hydrogen's development activities and testing have shown that, by pyrolysis processing (not burning) methane gas using its catalyst in a modified fluidised bed reactor, it can produce hydrogen with no CO<sub>2</sub> emissions. This is referred to as Turquoise Hydrogen, which is hydrogen that is produced using the pyrolysis method, where the feedstock is natural gas (specifically the hydrocarbons such as acetylene, methane, butane, propane, and others). Pyrolysis is defined as the method of heating solids, liquids, or gases in the absence of oxygen<sup>2</sup>. The pyrolysis process is not new and has been used by the oil industry for many years. What is new, is Clean Hydrogen's success in the efficiency of its cracking the methane into Turquoise Hydrogen with non-CO<sub>2</sub> emissions and the quality of the carbon black produced, being majority Carbon Nano-Tubes ("CNTs"), which are highly conductive and used in battery manufacturing.
- In Clean Carbon's testing, the majority of the carbon formed (over 80%) from cracking hydrocarbons to date are CNTs. This type of carbon was determined using Scanning Electron Microscopy ("SEM") analysis, which enables the high-resolution imaging of single nanoparticles

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<sup>1</sup> International Energy Agency Global Hydrogen Review Report 2021

<sup>2</sup> Methane Pyrolysis: hydrogen without CO<sub>2</sub> Emissions' [www.tno.nl/en/technology-science/technologies/methane-pyrolysis/](http://www.tno.nl/en/technology-science/technologies/methane-pyrolysis/)

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with sizes well below 1 nm or micron, as is the case for CNTs. The Clean Hydrogen process is more specifically called a thermos-catalytic pyrolysis, which uses 800-900 degrees heat centigrade in the reactor in the absence of oxygen.

- The Company confirms that there are no non-CO<sub>2</sub> greenhouse gas emissions that are produced or released as a result of Clean Hydrogen's production process.

## Steam Methane Reforming vs Clean Carbon pyrolysis process

- Over 80% of the world's hydrogen is produced using a process called Steam Methane Reforming ("SMR")<sup>3</sup>. The Clean Hydrogen process requires similar energy needs as SMR, and at scale, Clean Hydrogen is of the view that it can be produced at a similar price.
- Clean Hydrogen's Chief Science Officer, Dr Vivek Nair (PhD material science engineering) has examined research undertaken by Nuria Sánchez-Bastardo, Robert Schlögl, and Holger Ruland published in Industrial & Engineering Chemistry Research 2021 60 (32), 11855-11881<sup>4</sup>, which shows that the electrical energy required to produce 1kg of hydrogen from SMR is 8.81 kwh, 39.69kwh for electrolysis and 5.24kwh for pyrolysis at the reaction level. As such, the pyrolysis process requires less energy than SMR to achieve cracking and uses the same feedstock, natural gas. This energy analysis is conducted without considering the benefits from the use of a catalyst in the pyrolysis process, such as Clean Hydrogen's catalyst, which implies that pyrolysis at scale can be cheaper than SMR. Further, as the process creates two products, which are hydrogen and CNTs, the combined income source provides a means to produce hydrogen at a cheaper net cost.

## Clean Hydrogen

The Clean Hydrogen solution is being built with flexibility to work downstream at heavy transport fuelling hubs currently in use in the USA, mid-stream at steel plants replacing coking coal and upstream where the natural gas is processed into hydrogen, a much higher energy source which can be piped for all uses including the production of electricity. As such the technology being developed by Clean Hydrogen's solution requires very little change and impact to existing infrastructures and supply chains, unlike other solutions.

Clean Hydrogen has produced hydrogen beyond lab scale tests at the CoE and is now planning to scale up to commercial production in 2024. There are three (3) stages to Clean Hydrogen scaling to commercial production:

### **Stage 1 - Completed Stage:**

Clean Hydrogen has completed work in 2022/2023 on how to scale the catalyst production at the CoE. They have also scaled the reactor to 1/3 of the internal diameter of the full-scale commercial system reactors planned for use in Stage 3, explained below.

### **Stage 2 - Current Commercial Stage:**

Before moving to Stage 3, Clean Hydrogen plans to demonstrate the commercial viability of its two (2) products, Turquoise Hydrogen and solid carbon. This will be performed using a reactor half the internal diameter of the Stage 3 reactor. It will also require Clean Hydrogen to build the end-to-end process for separating out the hydrogen from the uncracked hydrocarbons and then compressing

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<sup>3</sup> Nuria Sánchez-Bastardo, Robert Schlögl, and Holger Ruland Industrial & Engineering Chemistry Research 2021 60 (32), 11855-11881 <https://pubs.acs.org/doi/10.1021/acs.iecr.1c01679>

<sup>4</sup> <https://pubs.acs.org/doi/10.1021/acs.iecr.1c01679>



## **Directors' Report**

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it into hydrogen bottle storage. Clean Hydrogen will demonstrate the commercial viability of its products by selling a carbon product, called carbon composite, made from majority based CNTs and Alumina and bottled hydrogen of 99%+ purity. Clean Hydrogen is currently in the final stages of the assembly of the end-to-end systems for this.

### ***Stage 3 - Scale and Commercial:***

The Stage 3 system is planned to have two (2) reactors working together, illustrating that Clean Hydrogen can scale several reactors together. Clean Hydrogen's final customer systems are planned to have a network of several reactors working together. Stage 3 is planned for completion in 2024.

## **Corporate Update**

### ***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.

Following the Company's recent 2023 AGM it is seeking to further engage with the ASX in relation to its previous submission.

### ***Entitlement Offer***

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. The status of this matter has not changed since the December 2023 quarterly report.

### ***Notice of 2022 and 2023 Annual General Meeting***

On 6 June 2023 MEC issued a notice of meeting in relation to its 2022 Annual General Meeting which was held on 4 July 2023.

As announced on 5 July 2023 Results of Meeting – Resolutions 1 to 12 and 14 to 17 were all passed with Resolution 13 being adjourned to a further meeting on 2 August 2023.

On 2 August 2023 the AGM meeting was resumed to deal with Resolution 13 which was approved by shareholders.

On 30 October 2023 MEC issued a notice of meeting in relation to its 2023 Annual General Meeting which was held on 29 November 2023.

As announced on 29 November 2023 Results of Meeting – all Resolutions were passed by shareholders.

## Directors' Report

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### Share & Option Issues

Following 2022 AGM shareholders' approval on 4 July 2023 and 2 August 2023 the Company issued shares on 7 July 2023 and 19 October 2023 to settle directors' fees, ex-director fees and services. The Company also issued free attaching Options which were part of a placement to raise capital from sophisticated and professional investors.

Issued	Type	Number	Exercise Price	Expiry Date	Purpose
7/7/2023	Ordinary Shares	109,502,463	N/A	N/A	A total of 97,328,315 shares were issued at \$0.0044 per share in satisfaction of directors' fees with shares being issued to the MEC Employee Share Trust subject to a vesting condition and 12,174,148 shares issued at \$0.0044 per share to service providers in satisfaction of services from ex director.
19/10/2023	Ordinary Shares	14,169,468	N/A	N/A	A total of 14,169,468 shares issued at \$0.0044 per share to service providers in satisfaction of services from ex director.
7/7/2023	Options	40,741,652	\$0.0055	7/7/25	Free attaching options as part of placement capital raise

### Dividends

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

### Auditor's Independence

The directors received a declaration of independence from the auditor. This is included in the financial report on page 8.

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

On behalf of the Directors



David Breeze  
Managing Director  
PERTH,  
5 March 2024

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

As lead auditor for the review of MEC Resources Ltd for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

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



SL TAN  
PARTNER



MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 5<sup>th</sup> day of March 2024.

# Directors' Declaration

MEC Resources Ltd and its controlled entities

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The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'D. Breeze', with a large, stylized initial 'D' and 'B'.

David Breeze  
Managing Director  
PERTH, 5 March 2024

# Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2023

MEC Resources Ltd and its controlled entities

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2023 \$</b>	<b>31 December 2022 \$</b>
<b>Revenue</b>			
Revenue from ordinary activities	3	2,656	158
Administration expenses		(24,832)	(33,363)
Compliance and legal expenses	3	(78,119)	(71,122)
Employee/director Benefits expense		(42,903)	(77,828)
Interest expense		(5,712)	(5,126)
Insurance expenditure		-	-
Exploration expenditure write off		-	-
Other expenses		-	-
Traveling expense			
Loss before income tax		(148,908)	(187,280)
Income tax expense		-	-
Loss from continuing operations		(148,908)	(187,280)
Profit and loss from Discontinued Operations		(148,908)	(187,280)
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		-	-
Loss attributable to non-controlling interest		-	-
Loss attributable to members of the parent entity		<b>(148,908)</b>	<b>(187,280)</b>
Total Comprehensive Loss attributable to non-controlling interest		-	-
Total Comprehensive Loss attributable to parent		<b>(148,908)</b>	<b>(187,280)</b>
Earnings Per Share -			
Basic and Diluted (cents per share)		(0.00)	(0.00)

The accompanying notes form part of these financial statements.

## Consolidated Statement of Financial Position as at 31 December 2023

MEC Resources Ltd and its controlled entities

	Note	Consolidated	
		31 December	30 June
		2023	2023
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	4	113,760	223,509
Other current assets		2,164	2,394
<b>Total Current Assets</b>		<b>115,924</b>	<b>225,903</b>
<b>Non-Current Assets</b>			
Financial Assets	9	8,252,482	8,252,482
Property, plant & equipment		0	0
<b>Total Non-Current Assets</b>		<b>8,252,482</b>	<b>8,252,482</b>
<b>Total Assets</b>		<b>8,368,406</b>	<b>8,478,386</b>
<b>Current Liabilities</b>			
Trade and other payables		606,226	1,117,261
Financial liabilities	11	492,928	487,216
<b>Total Current Liabilities</b>		<b>1,099,154</b>	<b>1,604,477</b>
<b>Total Liabilities</b>		<b>1,099,154</b>	<b>1,604,477</b>
<b>Net Assets</b>		<b>7,269,252</b>	<b>6,873,908</b>
<b>Equity</b>			
Issued capital	5	32,051,656	31,507,403
Option Reserve		442,274	442,274
Accumulated losses		(25,224,677)	(25,075,769)
Total Equity Attributable to Owners		7,269,252	6,873,908
Non-controlling Interest		-	-
<b>Total Equity</b>		<b>7,269,252</b>	<b>6,873,908</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity as at 31 December 2023

MEC Resources Ltd and its controlled entities

	Issued Capital \$	Accumulated losses \$	Option Reserve \$	Contribution Reserve \$	Total attributable to owners \$	Non- Controlling Interest \$	Total Equity \$
<b>Balance at 1 July 2022</b>	31,193,095	(24,517,265)	442,274	-	7,117,854	-	7,117,854
Loss attributable to continuing operations	-	(187,280)	-	-	(187,280)	-	(187,280)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(187,280)	-	-	(187,280)	-	(187,280)
Shares issued during the period	-	-	-	-	-	-	-
Capital raising costs	-	-	-	-	-	-	-
<b>Balance at the half year ended 31 December 2022</b>	31,193,095	(24,704,545)	442,274	-	6,930,824	-	6,930,824
<b>Balance at 1 July 2023</b>	31,507,403	(25,075,769)	442,274	-	6,873,908	-	6,873,908
Loss attributable to members of the consolidated entity	-	(148,908)	-	-	(148,908)	-	(148,908)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(148,908)	-	-	(148,908)	-	(148,908)
Shares issued during the period	544,253	-	-	-	544,253	-	544,253
Capital raising costs	-	-	-	-	-	-	-
<b>Balance at the half year ended 31 December 2023</b>	32,051,656	(25,224,677)	442,274	-	7,269,252	-	7,269,252

The accompanying notes form part of these financial statements.

**Consolidated Statement of Cash Flows  
for the half year ended 31 December 2023**

MEC Resources Ltd and its controlled entities

	Note	Consolidated	
		31 December 2023 \$	31 December 2022 \$
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees		(112,405)	(64,044)
Research and Development incentives		-	-
Receipts from other operating activities		-	16,555
Interest received		2,656	158
<b>Net cash used in operating activities</b>		<b>(109,749)</b>	<b>(47,331)</b>
<b>Cash Flows from Investing Activities</b>			
Repayment of loans to other entities		-	-
Loans to other entities		-	-
Deferred exploration costs		-	-
<b>Net cash used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>			
Financing activities		-	57,560
<b>Net cash used in financing activities</b>		<b>-</b>	<b>57,560</b>
<i>Net increase/(decrease) in Cash Held</i>		(109,749)	10,265
<i>Cash at the Beginning of The Period</i>		223,509	11,364
<b>Cash at The End of The Period</b>	4	<b>113,760</b>	<b>21,630</b>

The accompanying notes form part of these financial statements



## **1. CORPORATE INFORMATION**

The financial report of MEC Resources Ltd (the company) and its controlled entities for the half-year ended 31 December 2023 was authorised for issue in accordance with a resolution of the directors on 5 March 2024.

MEC Resources Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. 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 original submission on 16 December 2020 and subsequent submissions on 12 January 2022 and 13 September 2022, which included a shareholder meeting seeking approval of various resolutions the aim of which is to have MEC readmitted to trading status. The ASX are currently assessing the submission. Noting that in anticipation of feedback from the ASX the Company is also working on an entitlement offer document aimed at recapitalising MEC. The shares in MEC remain suspended from trading.

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

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

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

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

The half-year financial report should be read in conjunction with the Annual Financial Report of MEC Resources Ltd as at 30 June 2023. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

It is also recommended that the half-year financial report be considered together with any public announcements made by MEC Resources Ltd and its controlled entities during the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX Listing Rules.

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

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

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

The Company has incurred losses for the half year ended 31 December 2023 of \$148,908 and has cash assets of \$113,760 as at 31 December 2023. The company also has a significant working capital deficiency as at 31 December 2023.

Based on the Company's working capital deficiency and cash flow forecast, the Company will require additional funding in the next 12 months to enable 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;
- The creditors of the Company continuing to support it by not demanding repayment of amounts due to them; 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 which the Company has demonstrated a history of success in this regard.
- The Company, following shareholder approvals on 4 July 2023 and 2 August 2023, also significantly reduced liabilities by a total of \$544,253 with the issue of 123,671,931 shares in consideration for director and key consultants' services to the Company.

As a result of the above matters, there exists a material uncertainty that casts doubt on the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the Directors are of the opinion that the Company is a going concern and, as a result, the financial report for the half year ended 31 December 2023 does 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 Group not continue as a going concern.

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

##### ***Standards and Interpretations applicable to the 31 December 2023 Interim Period***

In the half year ended 31 December 2023, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half year reporting periods beginning on or after 1 July 2023.

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

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

The Directors have also reviewed all of the new and revised Standards and Interpretations Issued but not yet adopted that are relevant to the Company and effective for the half year reporting periods beginning on or after 1 January 2023.

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

#### **(e) Critical Accounting Estimates and Judgments**

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

**Key estimates - Investment in Advent Energy Limited**

The investment in Advent is equity accounted, refer to Note 10.

**3. REVENUE, INCOME AND EXPENSES**

	<b>Consolidated</b>	
	<b>31 December 2023 \$</b>	<b>31 December 2022 \$</b>
<b>Revenue</b>		
Interest revenue: other entities	2,686	158
	-	-
<b>Expenses</b>		
Legal & Compliance Fees	78,119	71,122
	78,119	71,122

**4. CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	
	<b>31 December 2023 \$</b>	<b>30 June 2023 \$</b>
For the purpose of the half-year condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	113,760	223,509
	113,760	223,509

**5. CONTRIBUTED EQUITY**

	<b>Consolidated</b>	
	<b>31 December 2023 \$</b>	<b>30 June 2023 \$</b>
Ordinary shares (i)	32,051,656	31,507,403
	32,051,656	31,507,403

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

	Number	\$
Movement in ordinary shares on issue		
As at 1 July 2023	884,993,167	31,507,403
movement in ordinary shares		
shares issued to settle outstanding directors' fees, ex-directors' fees and service providers	123,671,931	544,253
Balance as at 31 December 2023	<u>1,008,665,098</u>	<u>32,051,656</u>

## 6. CONTINGENT ASSETS AND LIABILITIES

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

## 7. COMMITMENTS

There were no capital commitments at balance date.

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
<b>8. FINANCIAL ASSETS</b>		
<b>Non-Current</b>		
Loan receivables – Advent Energy Ltd (a)	4,161,135	4,161,135
Investment in Advent Energy Ltd	4,091,347	4,091,347
	<u>8,252,482</u>	<u>8,252,482</u>

(a) This loan is recoverable only by conversion to shares of Advent 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 shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

The ability of the Company to recover the book values of the investment in and loans to Advent and its controlled entities is dependent upon the ability of Advent to successfully commercialise and/or sell its core exploration and other assets (which includes 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, the outcome and timing of which is subject to significant uncertainty. As noted above on 31 March 2022 the National Offshore Petroleum Titles Administrator (NOPTA) that NOPTA has refused the Joint Venture Application initially submitted on 24 December 2019 for a secondary work program

variation and a 24-month suspension of the Permit Year 4 Work Program Commitment and the corresponding 24-month extension of the Permit Term.

As outlined in the Review of Operations section in this report, PEP 11 continues in force and the PEP 11 JV is fully in compliance with the contractual terms of PEP 11 permit with respect to such matters as reporting, payment of rents and the various provisions of the Offshore Petroleum and Greenhouse Gas Storage Act 2006.

## 9. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
			2023	2022
<b>Parent Entity</b>				
MEC Resources Limited	Investment	Australia		
<b>Subsidiaries of MEC Resources Ltd</b>				
Catalyst Two Pty Ltd	Passive	Australia	100.00	100.00
Advent Energy Ltd (non-controlled)	Passive	Australia	38.27	38.27

	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Net Assets	Loss for the Period	Total Comprehensive Loss for the Period
<b>31 Dec 2022</b>							
Advent Energy Ltd (unaudited)	697,018	16,808,807	75,977	6,778,755	10,651,093	(151,301)	(151,301)
	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Net Assets	Loss for the Year	Total Comprehensive Loss for the Year
<b>30 Jun 2023</b>							
Advent Energy Ltd	2,026,128	16,822,221	1,250,522	7,206,039	10,391,788	(480,442)	(480,442)

See note 9(a) in relation to investment in Advent.

## 10. FINANCIAL LIABILITIES

	Consolidated	
	31 December 2023 \$	30 June 2023 \$
Loans payable		
Loan from Advent Energy Limited (a)	324,024	324,024
Loan from BPH Energy Limited (b)	168,903	163,192
	492,928	487,216

(a) The loan is unsecured and interest free

(b) The loan is unsecured and interest is 7%

## 11. RELATED PARTY TRANSACTIONS

Grandbridge Limited, a Company of which Mr Breeze is Managing Director, charged the Company \$35,750 in service fees during the period which have been accrued.

BPH Energy Limited of which Mr Breeze is Managing Director previously advanced funds to the Company by way of funding agreement. No further funds have been advanced during the period of this report. BPH Energy Limited also charged the Company \$5,712 interest during the period (2023: \$12,642). Total funds and interest charged by BPH Energy Limited are \$168,903 as at the end of the period.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF MEC RESOURCES LTD****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the accompanying half-year financial report of MEC Resources Ltd (the company), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information and the directors' declaration.

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

- a) giving a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Material Uncertainty Related to Going Concern**

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

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

We draw attention to Note 9 to the half-year financial report and specifically to the loans receivable from Advent Energy Limited amounting to \$4,161,135. We also draw attention to the Investment in Advent Energy Limited of \$4,091,347. The ability of the Company to recover the book values of the investment in and loans to Advent Energy Limited and its controlled entities is dependent upon the ability of Advent Energy Limited to successfully commercialise and /or sell its core exploration assets, thereby realising sufficient value from which the Company can recoup the value of its loans and investment in Advent Energy Limited, the outcome and timing of which is subject to significant uncertainty. Our opinion is not modified in respect of this matter.

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

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

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MEC RESOURCES LTD (CONTINUED)

### Auditor's Responsibility

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

- a) giving a true and fair view of the company's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

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

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if provided to the directors as at the time of this auditor's review report.



SL TAN  
PARTNER



MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 5<sup>th</sup> day of March 2024.