

23 October 2024

UPDATE FOR THE QUARTER ENDING 31 SEPTEMBER 2024

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 September 2024.

Corporate Update

ASX Suspension Status

The Company's shares are currently suspended from the ASX.

On 27 June 2024 the Company made a further formal submission to the ASX and following that on 11 July 2024 announced that as part of the process of moving MEC toward being readmitted to trading status on the ASX, the Company would undertake a capital raising which will comprise an offer conducted pursuant to a full form prospectus (**Capital Raising**).

Capital Raise - Entitlement Offer – To Reinstate MEC on the ASX

As announced on 23 September 2024, the Company is undertaking a pro-rata non-renounceable entitlement issue of one (1) Share for every one (1) existing Share together with 1 free attaching listed Option (**New Option**) for every 2 Shares subscribed for and issued held by those Shareholders registered at the Record Date at an issue price of \$0.005 per Share to raise up to \$4,894,864 (before costs) (**Entitlement Offer**).

The Company lodged a prospectus for the Offer with ASIC and ASX on 23 September 2024 and Supplementary Prospectus on 11 October 2024.

The purpose of the Offer is to raise up to approximately \$4,894,864 (before costs) and to assist the Company with its reinstatement to trading status on the ASX. The Offer is conditional on the reinstatement conditions being satisfied including at least \$2,000,000 being raised, as set out in Section 2 of the Prospectus.

The Capital Raise is in progress with the Entitlement Offer closing on Friday 25 October 2024 at 4.00pm AEDT (**Close**). The Company reminds shareholders to ensure they review and act on their personalised application forms in relation to the Offer before the Close of the Offer.

Exercise of Options

On 9 July 2024 and 22 July 2024 the Company announced the issue of 7,327,273 and 50,295,453 fully paid ordinary shares respectively upon the exercise of the options.

- 24,295,455 shares issued at \$0.0055 per share upon exercise of options expiring 5 April 2026 and
- 6,100,000 shares issued at \$0.0055 per share upon exercise of options expiring 21 February 2025
- 27,227,271 shares issued at \$0.0055 per share upon exercise of options expiring 7 July 2025

A total of \$316,925 was raised as a result of the option exercise.

PDF Board

MEC has completed the work on its PDF Annual Report for 2024 under Section 41 of the Pooled Development funds Act 1992 (the Act) which has been lodged before the due date 31 October 2024.

Operational Update

MEC has a non-controlling interest in the unlisted energy explorer Advent Energy Ltd (“**Advent**”) of 37.95%.

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 transition from hydrocarbons such as coal and oil to hydrogen, 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 Steven James.

Advent Energy has provided the following information to MEC

PEP 11 Joint Venture

Advent Energy Limited’s (MEC 37.95% direct interest) 100% subsidiary Asset Energy Pty Ltd is a participant in the PEP11 Joint Venture with partner Bounty Oil and Gas NL (ASX:BUY).

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.

As noted in her media release dated 23 April 2024, Federal Resources Minister, the Honourable Madeline King recused herself as the decision maker with respect to the PEP-11 permit under the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth).

The Honourable Minister Ed Husic as the Minister for Industry and Science will be making any future decision on modification and related extension of the PEP-11 permit. Noting that Minister Husic was appointed to administer the Department of Industry, Science and Resources upon being sworn-in as a Minister on 1 June 2022 and has the legal authority to take future decisions on PEP-11.

The Joint Authority decision is a routine administrative decision. Any future authorisation related to drilling will require environmental approvals. Any issues around community or environmental impacts should be transparently managed by the designated independent expert regulator.

On 20 May 2024 MEC advised ASX that:

- 1) Advent through its wholly owned subsidiary, Asset Energy Pty Ltd ("**Asset**"), have engaged Perth based offshore environmental consultancy specialists Klarite Pty Ltd ("**Klarite**"), to initiate environmental management of the Seablue-1 exploration well, due to be drilled in PEP-11, pending the current application for licence variation, suspension and extension ("**Application**"), regulatory approvals and rig availability. Klarite has recently prepared a detailed Environmental Approvals Strategy for the Seablue-1 exploration drilling activity for Asset.
- 2) The Federal Government Future Gas Strategy¹ ("**FGS**") and supporting documents was released by Minister for Resources Madeleine King on 9th May 2024. The FGS confirms that that gas will have a role to play in the transition to net zero by 2050 and beyond. Further the FGS states that exploration and development should focus on optimising discoveries and infrastructure in producing basins where gas will be proximal to where it is needed and will be lower cost than relying on LNG imports.

¹ Australian Government Future Gas Strategy, May 2024 Industry.gov.au/

Due to the critical need for new domestic supplies of gas as stated in the FGS Asset have decided to commence work necessary for environmental approvals in advance of the PEP-11 licence Application approval, in order to be prepared to drill the Seablue-1 well, as soon as possible thereafter.

Offshore gas exploration in Australia has been undertaken safely and environmentally responsibly for more than 50 years.

The fact remains that NSW and Australia more broadly face a gas supply shortfall within the next four years, and gas will play a vital role in the clean energy transition.

On 6 August 2024 MEC advised ASX that Asset Energy Pty Ltd wholly owned subsidiary of Advent and as operator for and on behalf of the joint venture partners, filed an Originating Application for Judicial Review in the Federal Court seeking the following:

1. A declaration that the Commonwealth-New South Wales Offshore Petroleum Joint Authority has breached an implied duty by failing to make a decision under the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) with respect to two pending applications relating to Petroleum Exploration Permit NSW-11 ("PEP11 Permit"); and
2. An order that the Joint Authority be compelled to determine the applications within 45 days.

On 19 September 2024 MEC advised the ASX that:

1. the Hon Ed Husic MP, Minister for Industry and Science, has advised that he has carefully considered the PEP-11 Exploration Permit applications under the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth), namely the applications accepted on 23 January 2020 and 17 March 2021, and formed a preliminary view that the applications should be refused.
2. Asset is forwarding the relevant correspondence to its lawyers and will update the market as appropriate.

Following the end of the quarter on 14 October 2024 MEC advised ASX that:

1. On 18 September 2024, Minister Husic, via NOPTA, gave Asset a statement of preliminary views with attachments and invited Asset to provide a response within 30 days. The statement of preliminary views included 45 annexures totalling 1608 pages. The company is currently reviewing the material provided by NOPTA for the purpose of providing Minister Husic with a submission in respect of his preliminary views. Due to the volume of the data provided to Asset, time has now been extended to 15 November 2024 to provide submissions.
2. Following conferral between the parties to the Federal Court proceeding, on 9 October 2024 orders were made vacating the previous orders and adjourning the proceedings to a date on or after 7 February 2025. The parties have liberty to apply to bring the matter back before the Federal Court on 3 days' notice.

NOPTA Recommendation

Included in the material provided by Minister Husic was a copy of the NOPTA recommendation to the Joint Authority which recommended that the Joint Authority approve the Second Application.

In the NOPTA Annual Report of Activities 2020-21 it was noted that 54 applications for COVID-19 related suspensions and extensions were approved in that period. The Company understands that the Second Application (for COVID-19 relief) made in respect of the PEP11 Permit was the only application outstanding.

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

MEC investee Advent continues to hold a 3.9% interest in Clean Hydrogen Technologies Corp (“**CHT**”).

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 managing director.

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")

30 SEPT 2024

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) directors/staff costs	-	-
(f) administration and corporate costs*	(55)	(55)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
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	(51)	(51)
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	5
2.6	Net cash from / (used in) investing activities	5	5

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	317	317
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)	-	-
3.10	Net cash from / (used in) financing activities	317	317

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	221	221
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(50)	(50)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	5	5

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)	317	317
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	483	483

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	483	483
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)	483	483

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

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

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)

(51)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

483

8.3 Unused finance facilities available at quarter end (Item 7.5)

0

8.4 Total available funding (Item 8.2 + Item 8.3)

483

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

9.47

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 September 2024.....

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.