

Appendix 4E - Preliminary Final Report

Name of Entity	MEC Resources Ltd
ABN	44 113 900 020
Financial Year Ended	Year ended 30 June 2017
Previous Corresponding Reporting Period	Year ended 30 June 2016

Results for announcement to the market

\$A'000

Revenues and other income from ordinary activities	Up	178%	to	24
Loss from ordinary activities after tax attributable to members	Down	13%	to	(901)
Net loss for the financial year attributable to members	Down	13%	to	(901)
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend		nil		nil
Interim dividend				
Previous corresponding period		n/a		n/a

Other notes to the condensed financial statements

	Current period	Previous corresponding Period
Ratios		
Profit before tax / revenue		
Consolidated profit (loss) from ordinary activities before tax as a percentage of revenue	(1475.40)%	(4705.59)%
Profit after tax / equity interests		
Consolidated net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(3.36)%	(3.95)%

	Current period	Previous corresponding period
NTA Backing		
Net tangible asset backing per ordinary security	(0.002)cps	(0.001) cps



	Current period	Previous corresponding period
Statement of Retained Earnings		
Balance at beginning of the year	(25,874,320)	(24,839,843)
Net loss attributable to members of the parent entity	(900,893)	(1,034,477)
Issue of shares by subsidiary		
Total available for appropriation	(26,775,213)	(25,874,320)
Dividends paid	-	-
Balance at year end	(26,775,213)	(25,874,320)

Commentary on Results

Operating loss attributable to the owners of the consolidated entity after tax for the year was \$900,893 (2016: \$1,034,477).

The net assets of the consolidated entity have decreased by \$382,366 to \$28,464,454 at 30 June 2017.

Developments during the year included:

MEC Resources Ltd

- On 24 November 2016 MEC Resources announced that it had terminated the consultancy agreement with immediate effect between the Company, Trandcorp Pty Ltd (Trandcorp and Mr David Breeze (Trandcorp's Nominee) under which Mr David Breeze was appointed as Managing Director of the Company.
- On 24 November 2016 the Company appointed Mr Heng Yu as a Director of the Company. Mr Heng Yu is a qualified Geologist with over 30 years experience working for a number of multi national organisations including Schlumberger, Baker Hughes, PetroChina and MEC Resources in Senior roles.
- On 20 December 2016 MEC Resources announced that it had received notices under sections 203D(2) and 249D of the *Corporations Act 2001* (Cth) on behalf of Grandbridge Limited, Trandcorp Pty Ltd, Trandcorp Pty Ltd <Super Account> and Mr David Breeze, who collectively hold over 5% of the votes that may be cast at a general meeting of the Company. The notices sought to convene a further meeting to remove all of the existing Directors of the Company and appoint three new Directors recommended by the convening parties. On 3 January 2017 the Company advised that the resolutions to remove the existing Directors were invalid and they would not be put forward at the up and coming meeting to be held on 16 February 2017. The meeting was held on 16 February 2017 with the majority of approximately 57% of the shareholders voting against the appointment of the three new proposed Directors. A further meeting was held on 9 March 2017 to consider the removal of the existing Directors. An overwhelming majority representing approximately 85% of shareholders voted against the removal of the existing Board at this meeting.
- On 2 February 2017, the Company issued a legal proceeding out of the Supreme Court of Western Australia against Trandcorp Pty Ltd ("Trandcorp") and former Managing Director, Mr Breeze, in order to protect its interests and its confidential information. In this proceeding, the Company asserts that it is not in possession of all Company property and data under the control of Trandcorp and Mr Breeze despite contractual obligations requiring the return of this material following the termination of Trandcorp's engagement as consultant and the cessation of Mr Breeze's appointment as Managing Director of the Company in late November 2016.

The Company seeks, among other things, orders for the return of Company property and data and damages for breach of the consultancy agreement.

Mr Breeze and his associated party have filed and served a defence and counterclaim in the proceedings. The Company denies the counterclaim.

- On 14 March 2017, MEC announced a Non-Renounceable Entitlements Issue ("Entitlements Issue"). Via the Entitlements Issue Shareholders subscribed for 20,506,448 Entitlement Shares and 2,282,146 Shortfall Shares at an issue price of 2.8 cents per share. At close of the offer the total funds

received from the issue were \$638,080.63. A further 300,000 shortfall shares were issued on 30 June 2017.

- On 10 April 2017, MEC appointed Mr Darryl Moore to the Board of MEC Resources Ltd. Mr Moore, an experienced company director, is a professional Drilling Engineer and 1993 honours graduate from the University of New South Wales. He has performed drilling engineering services for major oil and gas companies including Shell, Chevron, Phillips, ENI and Woodside on international projects. These have been undertaken in the Middle East, Australia's North West Shelf, and south-east Asia.

Mr Moore also provided drilling engineering services to Advent Energy in 2010 including the design of an exploration well targeting the Baleen prospect.

Advent Energy Ltd

- Advent Energy secured the services of consultant, Mr Matthew Battrick to lead the strategic review of the assets of Advent. Mr Battrick is a proven oil and gas finder as a leader of high-performing, multi-disciplinary teams. He has demonstrable success in resetting strategic direction at Board level and in delivering five-fold growth in shareholder value. In addition, he has worked successfully with or joint ventured with major and super major oil companies as well as ASX 100 companies.
- On 27 February 2017, Advent advised that it had received conditional regulatory approval for suspension of the permit work commitments and extension of the term of EP386 in the onshore Bonaparte Basin, Western Australia. The approval from the Western Australian Department of Mines & Petroleum ("DMP", now Department of Mines, Industry, Regulation and Safety ("DMIRS")) allows the current EP386 work commitments to be completed by 31 March 2018, subject to regulatory approval and suitable funding.
- In March 2017, Advent engaged the services of Geoteknic Pty Ltd to provide support to deliver the proposed well intervention program within EP386 in the onshore Bonaparte Basin, Western Australia. Geoteknic Pty Ltd is an Australian reservoir engineering and technical analysis company, specialising in well test design & analysis, field well testing services, reservoir simulation and production & cased hole log analysis.
- In March 2017, Advent engaged the services of Minev Services Pty Ltd to provide support to deliver the proposed 2D seismic program within PEP11 in the offshore Sydney Basin, adjacent to Newcastle-Sydney offshore New South Wales. Minev Services Pty Ltd is an Australian seismic processing and acquisition supervision entity.
- Advent appointed SLR Consulting to conduct an independent assessment of marine noise generated by the planned 2D seismic survey to consider potential impacts on marine fauna in the area of the 2D seismic survey. Results of this assessment were included in the Environment Plan submitted (4 July 2017) to the National Offshore Petroleum Safety and Environmental Management Authority ("NOPSEMA") for their approval to undertake the planned seismic survey in PEP11.
- A meeting of representatives of Advent with relevant stakeholders was held in Newcastle, NSW to ensure Advent met its obligations under the Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations 2009. They were held to consider potential impacts of Advent's planned seismic operations on relevant stakeholders and other users of that marine environment.
- In June 2017, Advent appointed Mr Greg Channon and Ms Diana Hoff to its Board. Mr Channon is a geologist with over 30 years of global oil and gas experience in a wide variety of technical and

leadership roles. He is currently the Executive Chairman of RL Energy, and a Non-Executive Director of Samson Oil and Gas.

Ms Hoff is a petroleum engineer with 30 years of international and Australian upstream oil and gas experience in technical and executive roles from drilling foreman to engineer, manager, general manager, vice president and CEO.

For further commentary please refer to the attached audited annual report

Compliance Statement

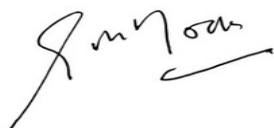
1. This report has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to the ASX.
2. This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This report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

The accounts have been audited

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

The accounts have been subject to review.

The accounts have not yet been audited.



Sign here: Date: 30 August 2017
Chairman

Print name: Goh Hock

MEC RESOURCES LTD
ACN 113 900 020

Annual Financial Report 2017

Contents

MEC Resources Ltd and its controlled subsidiaries

	Page Number
Directors' Report	1
Auditor's Independence Declaration	16
Corporate Governance Statement	17
Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
Consolidated Statement of Financial Position	19
Consolidated Statement of Changes in Equity	20
Consolidated Statement of Cash Flows	21
Notes to the Consolidated Financial Statements.....	22
Directors' Declaration	58
Independent Auditor's Report	59
Additional Securities Exchange Information	63

Directors

H Goh – Non-Executive Chairman
K O Yap – Non-Executive Director
D Ambrosini – Executive Director
H Yu – Non-Executive Director (appointed 24 November 2016)
D Moore – Non-Executive Director (appointed 10 April 2017)
D L Breeze – Executive Director (terminated 23 November 2016)

Registered Office

Suite 2, Level 3
1111 Hay Street
West Perth WA 6005

Principal Business Address

Suite 2, Level 3
1111 Hay Street
West Perth WA 6005
Telephone: (08) 9245 6187
Facsimile: (08) 9200 6193
Website: www.mecresources.com.au
E-mail: admin@mecresources.com.au

Auditor

HLB Mann Judd
Level 4
130 Stirling Street
PERTH WA 6000

Share Registry

Advanced Share Registry Ltd
110 Stirling Highway
NEDLANDS WA 6009

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 subsidiaries

The directors of MEC Resources Ltd ("MEC" or the "Company") present their report on the Company for the financial year ended 30 June 2017.

Directors

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

H Goh
K O Yap
D Ambrosini
H Yu (appointed 24 November 2016)
D Moore (appointed 10 April 2017)
D L Breeze (terminated 23 November 2016)

Company Secretary

Ms Deborah Ambrosini continues in her role of Company Secretary. She also holds the position of Chief Financial Officer of the company and has over 20 years' experience in corporate accounting roles.

Principal Activities

MEC is registered as a Pooled Development Fund under the *Pooled Development Fund Act (1992)*. It has been formed to invest into exploration companies that are targeting potentially large energy and mineral resources.

MEC will provide carefully selected companies in the energy and mineral exploration sectors with development and exploration funding. MEC intends to identify investment opportunities with a number of specific characteristics including: large targets; 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 company, Advent Energy Ltd.

Advent Energy Ltd - Oil and Gas

MEC has a controlling interest in the unlisted energy explorer Advent Energy Ltd ("Advent") of 44.29%.

Advent has assembled 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.

A conventional 2C Contingent Resource of 11.5 Bcf (1C is 0.3 Bcf and 3C is 45.8 Bcf) for the Weaber Gas Field (RL1) has been assessed by an independent third party as a component of Advent's drive to commercialise its 100% owned onshore Bonaparte Basin assets. Included in these assets in EP386 conventional recoverable resource estimates range from 53.3 Bcf (Low) to 1,326.3 Bcf (High) of Prospective Resources, with a Best Estimate of 355.9 Bcf of gas. The rapid development of the Kununurra region in northern Western Australia, including the Ord Irrigation Expansion Project and numerous resource projects, provides an exceptional opportunity for Advent to potentially develop its nearby gas resources for the benefit of the region along with Advent and its shareholders.

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

The Sydney Basin is a proven petroleum basin with excellent potential for the discovery of gas and oil. Advent has demonstrated an active hydrocarbon system with seeps reported in the offshore area and sampling has indicated the presence of thermogenic hydrocarbon gas. This is considered to occur in basins actively generating hydrocarbons and/or that contain excellent migration pathways. Previous drilling has shown that the early Permian geological sequence is mature for hydrocarbons.

Undiscovered gross prospective recoverable gas resources for structural targets within the PEP11 offshore permit have been estimated at 5.7 Tcf (at the Best Estimate level). A Low Estimate of 0.3 Tcf and High Estimate of 67.8 Tcf has been assessed by Pangean Resources in 2010. PEP 11 lies adjacent to the most populous region of Australia and the major industrial hub and port of Newcastle.

Cautionary Statement:

Prospective Resources are the term given to the estimated hydrocarbon volumes (petroleum) that may potentially be produced in the event that they are discovered by the drilling of an exploration well. Prospective Resources may potentially be recovered by the application of a future development project and may relate to undiscovered resource accumulations. These estimates have both an associated risk of discovery and an inherent risk of development. Further exploration and appraisal drilling will be required to determine the existence of a commercially recoverable quantity of petroleum (oil and/or gas).

Contingent Resources are estimates of potentially recoverable quantities of petroleum from known (drilled) accumulations where a number of wells have identified and tested an assessable volume. The assessed volumes are categorized as contingent resources because the project is considered not mature enough to define a commercially viable development due to one or more contingencies.

Advent Energy uses probabilistic methodologies to the estimation of petroleum resource volumes at the field and/or prospect level. The estimates of prospective and contingent resources included in this report have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS. All petroleum estimates are aggregated by arithmetic summation unless otherwise stated.

There are numerous uncertainties inherent in estimating reserves and resources, as well as in projecting future development capital expenditure, production costs and cash flows. Geoscientific resource assessment must be recognised as a subjective process of estimating subsurface accumulations that cannot be measured exactly.

Competent Persons Statement:

The resource estimates outlined in this report were reviewed by Mr Matthew Battrick, Advent Energy's technical adviser, who has over 35 years' experience in petroleum exploration, development and production. Mr Battrick holds a Bachelor Degree in Geology and is a member of the American Association of Petroleum Geologists (AAPG). Mr Battrick is a qualified person (QRRE) in accordance with the ASX Listing Rules and has consented to the form and context in which this statement is presented.

Operating Results

The loss attributable to the owners of the Consolidated Group after tax for the year was \$900,893 (2016: Loss \$1,034,477).

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.

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

Financial Position

The net assets of the Consolidated Group have decreased by \$382,366 to \$28,464,454 at 30 June 2017.

Significant Changes In State Of Affairs

MEC Resources Ltd

- On 24 November 2016 MEC Resources announced that it had terminated the consultancy agreement with immediate effect between the Company, Trandcorp Pty Ltd (Trandcorp and Mr David Breeze (Trandcorp's Nominee) under which Mr David Breeze was appointed as Managing Director of the Company.
- On 24 November 2016, the Company appointed Mr Heng Yu as a Director of the Company. Mr Heng Yu is a qualified Geologist with over 30 years experience working for a number of multi national organisations including Schlumberger, Baker Hughes, PetroChina and MEC Resources in Senior roles.
- On 20 December 2016 MEC Resources announced that it had received notices under sections 203D(2) and 249D of the Corporations Act 2001 (Cth) on behalf of Grandbridge Limited, Trandcorp Pty Ltd, Trandcorp Pty Ltd <Super Account> and Mr David Breeze, who collectively hold over 5% of the votes that may be cast at a general meeting of the Company. The notices sought to convene a further meeting to remove all of the existing Directors of the Company and appoint three new Directors recommended by the convening parties. On 3 January 2017, the Company advised that the resolutions to remove the existing Directors were invalid and they would not be put forward at the up and coming meeting to be held on 16 February 2017. The meeting was held on 16 February 2017 with the majority of approximately 57% of the shareholders voting against the appointment of the three new proposed Directors. A further meeting was held on 9 March 2017 to consider the removal of the existing Directors. An overwhelming majority representing approximately 85% of shareholders voted against the removal of the existing Board at this meeting.
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- On 10 April 2017, MEC appointed Mr Darryl Moore to the Board of MEC Resources Ltd. Mr Moore, an experienced company director, is a professional Drilling Engineer and 1993 honours graduate from the University of New South Wales. He has performed drilling engineering services for major oil

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

and gas companies including Shell, Chevron, Phillips, ENI and Woodside on international projects. These have been undertaken in the Middle East, Australia's North West Shelf, and south-east Asia.

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Ms Hoff is a petroleum engineer with 30 years of international and Australian upstream oil and gas experience in technical and executive roles from drilling foreman to engineer, manager, general manager, vice president and CEO.

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

After Balance Date Events

On 4 July 2017, MEC issued a statutory demand to BPH Energy Ltd ("BPH") for payment of monies arising from a default by BPH of an outstanding loan recorded in a written agreement between the Company and BPH. The loan became due and payable on 24 December 2016 and is currently accruing interest at a default interest rate of 20.97% per annum. On 21 July 2017, the Company withdrew its Statutory Demand against BPH Energy Ltd in an attempt to achieve global resolution of legal disputes between the Company, BPH Energy Ltd and Grandbridge Ltd.

Furthermore, the claims between each of BPH Energy Ltd, Grandbridge Ltd and MEC have been temporarily suspended or withdrawn to determine if the disputes can be resolved in an informal setting with a view to saving the Company significant legal cost. The withdrawal of the Statutory Demand by MEC should not in any way be construed as MEC resiling from the amounts it alleges are owed to it. It should be viewed as an attempt by the Board to resolve its disputes in the most commercial way possible so that the Company can focus on its core business.

On 4 July 2017 Advent Energy submitted an Environment Plan ("EP") to the National Offshore Petroleum Safety and Environment Management Authority ("NOPSEMA") for the planned 2D high resolution seismic survey in PEP11, offshore Sydney Basin.

The EP, submitted by Asset Energy Pty Ltd (wholly owned subsidiary of investee company Advent), is the critical documentation necessary to be submitted to NOPSEMA to allow the seismic survey to proceed in PEP11. Response was received by NOPSEMA on 3 August 2017 requesting modification and resubmission of the EP. In consultation with NOPSEMA, the revised EP will be submitted by 15 October 2017.

Future Developments

The Company will continue to develop its investee portfolio projects including PEP 11, RL1 and EP 386 and will evaluate and consider investment in a range of energy/resource projects.

Information on Directors

H Goh

Non-Executive Chairman – Age 62

Shares held in MEC – 7,628,397

Shares held in Advent – 3,000,000

Listed Options held – nil

Unlisted Options held MEC – nil

Hock was formerly President of Network and Infrastructure Solutions, a division of Schlumberger Ltd, based in London with revenue in excess of US\$1.5 billion. He had global responsibility of Schlumberger's outsourcing services, security, business continuity and networked related business units.

Prior to that, Hock was President of Schlumberger Asia based in Beijing, China where he managed their Asian operations consisting of a broad range of services including oil field services, IT outsourcing, financial software and smartcards.

In his 25 year career with Schlumberger, Hock held several other field and management responsibilities in the oil and gas industry spanning more than ten countries in Asia, the Middle East and Europe. Hock started as an oil field service engineer in Indonesia in 1980 before moving to Australia where he worked

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

on the rigs in Roma, Queensland, Bass Strait in Victoria and the Northwest Shelf, offshore Western Australia.

After retiring from Schlumberger, Hock was a partner with Baird Asia Capital Partners, the U.S. based buyout fund of Baird Private Equity, providing change-of-control and growth capital to middle-market companies.

Hock currently serves on the boards of Santos Limited, Stora Enso Oyj, AB SKF and Versuvius PLC. He received his B Eng (Hons) in Mechanical Engineering from Monash University, Australia in 1980. He also completed an Advanced Management Program at INSEAD/ France in 2004.

In the past three years he has also been a director of BPH Energy Ltd. He is no longer a member of this company.

K O Yap

Non-Executive Director – Age 55

Shares held MEC – 7,273,035

Listed options – nil

Unlisted Options held in MEC – nil

K.O Yap has over 16 years experience in investment banking. He has recently helped establish Hexa Asset Management in Hong Kong. Prior to this, K.O was Head of Corporate Finance at Daiwa Securities (H.K.) Ltd., Executive Director at Alta Financial Group and founder of Eton Advisory Services.

His career took him from general audit, computer audit and corporate advisory with Ernst & Young in London to investment banking with Barclays de Zoete Wedd Asia Ltd. and then Daiwa Securities (H.K.) Ltd.

His extensive experience covers all aspects of corporate finance, advisory, M&A and capital raisings throughout Asia. These include privatisation, listing and public offerings from the PRC (Northeast Electric, H-Share), Malaysia (Petronas Gas) and Thailand (PTTEP); equity-linked issues from HK (Emperor International) and Thailand (Bangkok Land) and debt issues including a samurai bond for Wharf (H.K.).

K.O also has extensive experience in mergers and acquisitions (and related restructurings) with transactional experience in Thailand, Indonesia, Malaysia, Hong Kong and China.

K.O is a graduate from the London School of Economics, in 1984 and is also a fellow of the Institute of Chartered Accountants in England and Wales.

D Ambrosini

Executive Director and Company Secretary – Age 43

Shares held – nil

Listed options – nil

Unlisted Options held in MEC – nil

Unlisted Options held in Advent – nil

Deborah is a fellow of Chartered Accountants Australia and New Zealand with over 20 years' experience in accounting and business development spanning the biotechnology, mining, IT communications and financial services sectors. She has extensive experience both nationally and internationally in financial and business planning, compliance and taxation.

She was a state finalist in the 2009 Telstra Business Woman Awards and was a recipient of the highly regarded 40 under 40 award held by the WA Business News.

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

In the past three year Deborah was a Director of BPH Energy Ltd and Grandbridge Ltd. She is no longer a member of these companies.

H Yu (appointed 24 November 2016)

Non-Executive Director and Company Secretary – Age 55

Shares held – 45,000

Listed options – nil

Unlisted Options held in MEC – nil

Unlisted Options held in Advent – nil

Mr Yu has over 25 years experience in the Oil and Gas Industry and has held senior positions for a number of highly regarded companies in China.

Mr Yu is a Senior Geologist and brings with him advanced skills in Geology Fundamentals, Modelling, Reserves Calculation, correlation and analysis. His strengths lie in Borehole image processing and interpretation, multiwell correlation and interpretation, as well as integrated reservoir analysis.

Mr Yu has been involved in and contributed to a number of professional publications for projects in China. Mr Yu holds a Bachelor Degree in Geology from the Southwest Petroleum Institute in China.

D Moore (appointed 10 April 2017)

Non-Executive Director – Age 47

Shares held – 666,667

Listed options – nil

Unlisted Options held in MEC – nil

Unlisted Options held in Advent – nil

Mr Moore, an experienced company director, is a professional Drilling Engineer and 1993 honours graduate from the University of New South Wales. He has performed drilling engineering services for major oil and gas companies including Shell, Chevron, Phillips, ENI and Woodside on international projects. These have been undertaken in the Middle East, Australia's North West Shelf, and south-east Asia.

Mr Moore also provided drilling engineering services to Advent Energy in 2010 including the design of an exploration well targeting the Baleen prospect. It is expected that Mr Moore's skills will enhance potential for exploration success in the future considering his intimate knowledge of the Baleen prospect, which is currently the subject of the planned 2D seismic survey.

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:

H Goh – Non-Executive Chairman

K O Yap - Non-Executive Director

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

D Ambrosini – Executive Director and Company Secretary
H Yu – Non-Executive Director (appointed 24 November 2016)
D Moore – Non-Executive Director (appointed 10 April 2017)
G Channon – Non-Executive Director of Advent (appointed 6 June 2017)
D Hoff – Non-Executive Director of Advent (appointed 7 June 2017)
E H Tan – Non-Executive Director of Advent (resigned 6 June 2017)
D L Breeze - Executive Director (terminated 23 November 2016)

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 Resources Ltd 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 2016 financial accounts was adopted at the Company's 2016 annual general meeting. Remuneration for both Executive and Non-Executive directors has not increased since company inception. Although remuneration is reviewed annually against local market levels, the Board believes this course of action to be appropriate.

All Directors have agreed to reduce their Director fees to a nominal amount of \$1 per year at this time. Director fees had previously been accrued at agreed rates.

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 calibre 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 calibre 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 9.50%, and do not receive any other retirement benefits.

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

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 retirement, key management personnel are paid employee benefit entitlements accrued to date of retirement. Key management personnel are paid one 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

The employment conditions of the chief financial officer and company secretary are formalised in a consulting contract. The contract is for a maximum payment of 3 days per week at a rate of \$750 per day. Remuneration is not received for additional hours worked. The employment contract stipulates a one month resignation period. In the instance of serious misconduct, the company can terminate employment at any time. Any options not exercised before or on the date of termination will lapse after one month.

The remaining directors are consultants to MEC Resources Ltd and each party can terminate their services by written notice.

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

Details of Remuneration for the year ended 30 June 2017

2017

Key Management Person	Short-term Benefits				Post-employment Benefits
	Cash, Salary and Fees	Bonus	Non-cash benefit	Other	Superannuation
H Goh	33,328	-	-	-	-
K O Yap	8,332	-	-	-	-
D Ambrosini	79,934	-	-	-	-
H Yu	-	-	-	-	-
D Moore	-	-	-	-	-
E H Tan	8,332	-	-	-	-
G Channon	-	-	-	-	-
D Hoff	-	-	-	-	-
D Breeze	38,333	-	-	-	-

2017 (cont'd)

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related	Compensation relating to options
	Other	Shares	Options	\$	%	%
H Goh	-	-	-	33,328	-	-
K O Yap	-	-	-	8,332	-	-
D Ambrosini	-	-	-	79,934	-	-
H Yu	-	-	-	-	-	-
D Moore	-	-	-	-	-	-
E H Tan	-	-	-	8,332	-	-
G Channon	-	-	-	-	-	-
D Hoff	-	-	-	-	-	-
D L Breeze	-	-	-	38,333	-	-

In November 2016, the consultancy agreement between the Company, Trandcorp Pty Ltd and Mr David Breeze under which Mr Breeze was appointed Managing Director of the Company was terminated. Directors of MEC Resources and Advent Energy have agreed to reduce their Director fees to the nominal amount of \$1 during the transition phase. Director fees had previously been accrued at an agreed rate.

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

2016

Key Management Person	Short-term Benefits				Post-employment Benefits
	Cash, Salary and Fees	Bonus	Non-cash benefit	Other	Superannuation
H Goh	100,000	-	-	-	-
D L Breeze	115,000	-	-	-	-
K O Yap	25,000	-	-	-	-
D Ambrosini	50,000	-	-	-	-
E H Tan	25,000	-	-	-	-

2016 (cont'd)

Key Management Person	Long-term Benefits		Share-based payment	Total	Performance Related	Compensation relating to options
	Other	Shares	Options	\$	%	%
H Goh	-	-	-	100,000	-	-
D L Breeze	-	-	-	115,000	-	-
K O Yap	-	-	-	25,000	-	-
D Ambrosini	-	-	-	50,000	-	-
E H Tan	-	-	-	25,000	-	-

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 - MEC Resources

Number of Shares Held by Key Management Personnel

2017

	Balance 1.7.2016	Received as Compensation	Options Exercised	Net Change Other *	Balance 30.6.2017
H Goh	5,085,498	-	-	2,542,799	7,628,397
K O Yap	4,039,350	-	-	2,424,345	7,273,035
D Ambrosini	-	-	-	-	-
H Yu	30,000	-	-	15,000	45,000
D Moore	666,667	-	-	-	666,667
G Channon	-	-	-	-	-
D Hoff	-	-	-	-	-
E H Tan	-	-	-	-	-

*During the year Mr Goh Hock, Mr KO Yap and Mr Heng Yu participated in the Company Non- Renounceable Entitlement Issue and took up their full entitlements.

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

Shareholdings - Advent Energy

Number of Shares Held by Key Management Personnel 2017

	Balance 1.7.2016	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2017
H Goh	3,000,000	-	-	-	3,000,000
K O Yap	-	-	-	-	-
D Ambrosini	-	-	-	-	-
H Yu	-	-	-	-	-
D Moore	-	-	-	-	-
G Channon	-	-	-	-	-
D Hoff	-	-	-	-	-
E H Tan	2,000,000	-	-	-	2,000,000

The value of options lapsed during the year was nil. There were nil options exercised during the year.

The Company has an agreement with Ms Deborah Ambrosini on normal commercial terms procuring CFO and Company secretarial services of Ms Ambrosini for three days week. Additional service days are unpaid. The agreement is at the rate of \$117,000 per annum, commencing from January 2017. This is included in Ms Ambrosini's total remuneration above.

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. Remuneration to the directors of Advent is included in the tables above. Directors of MEC Resources and Advent Energy have agreed to reduce their Director fees to the nominal amount of \$1 at this time. Director fees had previously been accrued at an agreed rate.

There were no grants of share based payment compensation to directors and senior management during the year.

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. Analysis of the actual figures shows a decrease in the operating loss in the current year from the actual loss in the prior year. The Company is pleased to report that despite significant additional costs being incurred as a result of the former managing director and his associates causing the Company to hold two extraordinary general meetings and additional legal costs being incurred to recover Company property from these parties, the expenditure of the Company and its subsidiaries has decreased on a year to date basis compared with the previous financial year. The Board is of the opinion that the decreased loss is in line with expectations as efforts continue to cut the costs of the Company while navigating very difficult market conditions.

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

	2013	2014	2015	2016	2017
Revenue	164,590	58,933	28,524	23,984	61,061
Net Profit/Loss	(3,263,080)	(1,916,524)	(2,903,730)	(1,300,678)	(1,030,674)
Share price at Year end	\$0.038	\$0.037	\$0.019	\$0.029	\$0.03
Loss per share	(\$1.31)	(\$0.87)	(\$0.01)	(\$0.06)	(\$0.05)

End of remuneration report.

Meetings of Directors

During the financial year, one 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
H Goh	1	1
D L Breeze	-	-
K O Yap	1	1
D Ambrosini	1	1
H Yu	1	1
D Moore	1	1

Indemnifying Officers or Auditors

During or since the end of the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has 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 wilful breach of duty in relation to the company. The amount of the premium was \$25,520.

- D Ambrosini
- H Goh
- K O Yap
- D Moore
- H Yu
- G Channon
- D Hoff

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

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

Options

At the date of this report, the unissued ordinary shares of MEC Resources Ltd under unlisted options are as follows:

MEC Resources Ltd

Grant Date	Date of Expiry	Exercise Price	Number Under Option
01/07/2013	30/06/2018	\$0.10	950,000
02/04/2016	31/03/2020	\$0.06	2,400,000

During the year ended 30 June 2017, nil ordinary shares of MEC Resources Ltd were issued on the exercise of options granted under the MEC Resources Ltd Incentive Option Scheme (2016: nil). No amounts are unpaid on any of the shares.

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.

Proceedings on Behalf of Company

On 2 February 2017, the Company issued a legal proceeding out of the Supreme Court of Western Australia against Trandcorp Pty Ltd ("Trandcorp") and former Managing Director, Mr Breeze, in order to protect its interests and its confidential information. In this proceeding, the Company asserts that it is not in possession of all Company property and data under the control of Trandcorp and Mr Breeze despite contractual obligations requiring the return of this material following the termination of Trandcorp's engagement as consultant and the cessation of Mr Breeze's appointment as Managing Director of the Company in late November 2016.

The Company seeks, among other things, orders for the return of Company property and data and damages for breach of the consultancy agreement.

Mr Breeze and his associated party have filed and served a defence and counterclaim in the proceedings. The Company denies the counterclaim.

Environmental Issues

On 4 July 2017, an Environmental Plan (EP) was prepared for submission to the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) to assist in acquisition of 200 line km of 2D seismic data in PEP11 by title holder Asset Energy Pty Ltd. The EP included considerable stakeholder engagement and consultation, including a stakeholder engagement session held in Newcastle on 25 May 2017. Noise propagation modelling was undertaken by SLR Consulting to understand the potential impacts of the seismic airgun source intended to be used in the planned survey. The modelling demonstrated that the noise source was of considerably low impact relative to other seismic survey environment plans considered by NOPSEMA. Combined with the short duration (~4 days) and confined location of the survey, the directors are optimistic that the relatively low impact survey may gain approval from NOPSEMA in a reasonable timeframe. Response was received from NOPSEMA on 3 August 2017 requesting modification and resubmission of the EP. In consultation with NOPSEMA, a revised EP will be submitted to NOPSEMA by 15 October 2017.

Directors' Report

MEC Resources Ltd and its controlled subsidiaries

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:

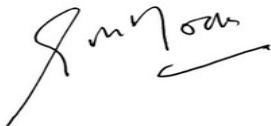
- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance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

No fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2017 (2016: Nil).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 16.

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



Goh Hock
Chairman

Dated this 30th Day of August 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of MEC Resources Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to the MEC Resources Ltd and the entities it controlled during the period.



Perth, Western Australia
30 August 2017


Brad McVeigh
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

Corporate Governance Statement

The Board of Directors of MEC Resources Limited ("MEC or "the company") 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 2017

MEC Resources Ltd and its controlled subsidiaries

	Note	Consolidated	
		2017 \$	2016 \$
Revenue	2	61,061	23,984
Other gains and losses	2	-	-
Other Income	2	(6,080)	37,498
Administration expenses		(73,075)	(252,750)
Consulting and legal expenses	3	(420,990)	(131,348)
Depreciation and amortisation expense		(893)	(1,170)
Employee expenses	3	(299,565)	(487,587)
Insurance expenses		(32,545)	(31,418)
Interest expenses		(3,024)	(3,901)
Data centre administration		-	(34)
Service Fees		(129,050)	(309,720)
Travelling expenses		(31,845)	(33,278)
Other expenses		(94,668)	(110,954)
Operating loss before income tax		(1,030,674)	(1,300,678)
Income tax expense	8	-	-
Operating loss for the year		(1,030,674)	(1,300,678)
Other Comprehensive Income			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
Total Comprehensive loss for the period		(1,030,674)	(1,300,678)
Loss attributable to non-controlling interest		(129,781)	(266,201)
Loss attributable to owners of the company		(900,893)	(1,034,477)
Total Comprehensive loss attributable to non-controlling interest		(129,781)	(266,201)
Total Comprehensive loss attributable to the owners of the company		(900,893)	(1,034,477)
<i>Earnings Per Share –</i>			
<i>Basic and diluted earnings per share (cents per share)</i>	6	(0.44)	(0.56)

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

		Consolidated	
	Note	2017 \$	2016 \$
Current Assets			
Cash and cash equivalents	7	600,601	877,018
Trade and other receivables	9	126,644	118,322
Financial assets	13	385,646	44,867
Other current assets	10	26,777	30,138
Total Current Assets		1,139,668	1,070,345
Non-Current Assets			
Intangible assets	11	22,674	22,674
Evaluation and exploration expenditure	12	29,050,947	29,022,046
Financial assets	13	113,008	453,415
Property, plant & equipment	14	1,295	1,782
Total Non-Current Assets		29,187,924	29,499,917
Total Assets		30,327,592	30,570,262
Current Liabilities			
Trade and other payables	15	936,510	793,795
Provisions	16	85,727	91,190
Financial liabilities	17	813,422	810,973
Total Current Liabilities		1,835,659	1,695,958
Non-Current Liabilities			
Provisions	16	27,479	27,484
Total Non-Current Liabilities		27,479	27,484
Total Liabilities		1,863,138	1,723,442
Net Assets		28,464,454	28,846,820
Equity			
Issued capital	18	26,812,441	26,165,961
Reserves	19	15,847,037	15,845,209
Accumulated losses		(26,775,213)	(25,874,320)
Total Equity Attributable to Owners		15,884,265	16,136,850
Non-controlling Interest		12,580,189	12,709,970
Total Equity		28,464,454	28,846,820

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

	Issued Share Capital \$	Accumulated losses \$	Option Reserve \$	Contribution Reserve \$	Total attributable to owners \$	Non- controlling Interest \$	Total Equity \$
Balance at 1 July 2015	25,529,466	(24,839,843)	522,672	-	1,212,295	28,292,390	29,504,685
Loss attributable to members of the consolidated entity	-	(1,034,477)	-	-	(1,034,477)	(266,201)	(1,300,678)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(1,034,477)	-	-	(1,034,477)	(266,201)	(1,300,678)
Transactions with owners in their capacity as owners							
Shares issued during the period (note 18)	636,495	-	-	-	636,495	-	636,495
Reclassification of NCI to contribution reserve (note 19)	-	-	-	15,316,219	15,316,219	(15,316,219)	-
Options issued during the financial period	-	-	6,318	-	6,318	-	6,318
Balance at 30 June 2016	26,165,961	(25,874,320)	528,990	15,316,219	16,136,850	12,709,970	28,846,820
Balance at 1 July 2016	26,165,961	(25,874,320)	528,990	15,316,219	16,136,850	12,709,970	28,846,820
Loss attributable to members of the consolidated entity	-	(900,893)	-	-	(900,893)	(129,781)	(1,030,674)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(900,893)	-	-	(900,893)	(129,781)	(1,030,674)
Transactions with owners in their capacity as owners							
Shares issued during the period (note 18)	646,480	-	-	-	646,480	-	646,480
Options issued during the financial period	-	-	1,828	-	1,828	-	1,828
Balance at 30 June 2017	26,812,441	(25,874,320)	530,818	15,316,219	15,884,265	12,580,189	28,464,454

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

	Note	Consolidated	
		2017 \$	2016 \$
Cash Flows From Operating Activities			
Payments to suppliers and employees		(899,264)	(881,080)
Interest received		5,674	13,447
Net cash used in operating activities	20	(893,590)	(867,633)
Cash Flows From Investing Activities			
Amounts loaned to other entities		-	(160,000)
Payments for property plant and equipment		(406)	-
Payment for deferred expenditure – (net of reimbursements)		(28,901)	62,585
Net cash (used in)/provided by investing activities		(29,307)	(97,415)
Cash Flows From Financing Activities			
Proceeds from share issue		646,480	576,495
Net cash provided by financing activities		646,480	576,495
<i>Net increase/ (decrease) in Cash Held</i>		(276,417)	(388,553)
<i>Cash At the Beginning Of The Financial Year</i>		877,018	1,265,571
Cash At The End Of The Financial Year	7	600,601	877,018

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

1. Statement of Significant Accounting Policies

Corporate Information

The financial report includes the consolidated financial statements and the notes of MEC Resources Ltd and its controlled entities ('Consolidated Group' or 'Group').

MEC Resources Ltd is a public listed company on the ASX, which is incorporated and domiciled in Australia. The financial report was authorised for issue on 30 August 2017 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 Resources Ltd 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

The Consolidated Group has incurred losses for the year ended 30 June 2017 of \$1,030,674 (2016: \$1,300,678) and has a net cash outflow from operating activities of \$893,590 (2016: \$867,633).

The Consolidated Group has a working capital deficit of \$1,022,687 (Note 18b) as at 30 June 2017 (2016: \$609,428) which includes cash assets of \$600,601 as at 30 June 2017 (2016: \$877,018), trade receivables of \$126,644 (2016: \$118,322), trade creditors and other payables of \$936,515 and (2016: \$793,795) and financial liabilities of \$813,422 (2016: \$810,973)

Included in trade creditors and payables are director fee accruals of \$711,332 (2016: \$669,477). 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. In the event of termination of their services fees will become immediately payable, including any outstanding fees owed at 30 June 2017. In November 2016, the Directors of MEC Resources and Advent Energy agreed to reduce their Director fees to the nominal amount of \$1 to further assist the Company. Director fees had previously been accrued at an agreed rate.

The Group's subsidiary Advent Energy Ltd, has commitments for its exploration permits of \$20,522,500 over the next 12 months under the terms of its application licence in order to maintain tenure. Advent is continually seeking and reviewing potential sources of both equity and debt funding. Advent completed a strategic review of its core assets and is now embarking on a fresh marketing campaign to attract new investors and/or joint venture partners. Management has confidence that a suitable

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

1. Statement of Significant Accounting Policies (continued)

outcome will be achieved however there is no certainty at this stage that this will result in further funding being made available.

The directors have prepared cash flow forecasts that indicate that the Consolidated Group will have sufficient cash flows to meet its non-exploration commitments and a portion of exploration commitments for a period of at least 12 months from the date of this report.

Included in financial assets is a loan receivable from BPH Energy Ltd for the amount of \$340,779 which includes interest to 30 June 2017. The loan became due and payable on 24 December 2016 and is currently accruing interest at a default interest rate of 20.97% per annum. On 21 July 2017, the Company withdrew its Statutory Demand against BPH Energy Ltd in an attempt to achieve global resolution of legal disputes between the Company, BPH Energy Ltd and Grandbridge Ltd.

Furthermore, the claims between each of BPH Energy Ltd, Grandbridge Ltd and MEC have been temporarily suspended or withdrawn to determine if the disputes can be resolved in an informal setting with a view to saving the Company significant legal cost. The withdrawal of the Statutory Demand by MEC should not in any way be construed as MEC resiling from the amounts it alleges are owed to it. It should be viewed as an attempt by the Board to resolve its disputes in the most commercial way possible so that the Company can focus on its core business.

Based on the cash flow forecast, the directors not calling their outstanding fees and suspending cash payments as outlined above and the monitoring of operational costs, the directors are satisfied that, the going concern basis of preparation is appropriate. Notwithstanding this there exists a historical liability and the Company disputes the liability for these amounts. There is no formal agreement between Grandbridge Limited, BPH Energy Ltd and the Company in respect of these amounts. Should there be an unfavourable resolution this may cast doubt on the Group's ability to continue as a going concern. The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the settlement of liabilities in the ordinary course of business. For further disclosure regarding these amounts please refer to Note 17.

For further disclosure concerning the exploration permits and expenditure commitments of the Group and for the uncertainty regarding the ability of the Group to realise the associated capitalised exploration expenditure please refer to Note 12.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity which MEC Resources Ltd 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

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

1. Statement of Significant Accounting Policies (continued)

(a) Principles of Consolidation (continued)

subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

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

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

1. Statement of Significant Accounting Policies (continued)

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 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%

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

1. Statement of Significant Accounting Policies (continued)

(e) Exploration and Development Expenditure(continued)

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 is made.

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) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit and loss immediately. Financial instruments are classified and measured as set out below.

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

1. Statement of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit and loss.

Classification and Subsequent Measurement

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit and loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised

gains and losses arising from changes in fair value are included in the profit and loss in the period in which they arise.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories.

The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as available for sale financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss.

(iv) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

1. Statement of Significant Accounting Policies (continued)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(g) Derivatives

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of profit or loss and other comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

1. Statement of Significant Accounting Policies (continued)

the recognition in the statement of profit or loss and other comprehensive income depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(h) 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 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.

(i) 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.

(j) 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.

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

1. Statement of Significant Accounting Policies (continued)

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).

(k) 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.

(l) 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.

(m) 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.

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

1. Statement of Significant Accounting Policies (continued)

(n) 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.

(o) 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 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.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) 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.

(r) 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.

Key Judgments —Impairment of capitalised and carried forward exploration expenditure
Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at statement of financial position date reached a stage that permits reasonable assessment of the existence of economically

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

1. Statement of Significant Accounting Policies (continued)

recoverable reserves, refer to the accounting policy stated in note 1(e). Refer to Note 12 for further discussion on the commitments of the exploration permits held by the Group.

(s) Application of New and Revised Accounting Standards

Standards and Interpretations applicable to 30 June 2017

In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2017. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

2. Revenue

Revenue

Interest revenue

5,674 13,454

Interest revenue: other entities

55,387 10,530

Total revenue

61,061 23,984

Other Income and gains and losses

Net gain/(loss) on the sale of assets

- -

Net gain/(loss) on financial assets designated
as fair value through profit and loss

(57,465) -

Other income – R&D tax rebate

51,385 37,498

(6,080) 37,498

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

	Consolidated	
	2017	2016
	\$	\$
3. Loss For The Year		
Expenses		
Employee Expenses		
Salary	279,134	458,149
Superannuation expense	18,620	18,946
Other payroll expenses	1,811	10,492
	<u>299,565</u>	<u>487,587</u>
Consulting and Legal		
Consulting fees	181,996	127,113
Legal fees	238,994	4,235
	<u>420,990</u>	<u>131,348</u>

Significant additional legal costs were incurred in the period of December – June 2017 by the Company in response to the former managing director and his associates causing the company to hold two extraordinary general meetings, defend the recent rights issue with the Takeovers Panel and costs being incurred to recover Company property from these parties. A decision was made by the Company in July to temporarily suspend claims to determine if the disputes can be resolved in an informal setting with a view to saving the Company significant legal costs.

	Consolidated	
	2017	2016
	\$	\$
4. Auditors' Remuneration		
Remuneration of the auditor of the parent entity for:		
HLB Mann Judd	24,500	16,000
Nexia Perth Audit Services	-	10,491
Remuneration of the auditor of subsidiaries for:		
- auditing or reviewing the financial report of subsidiaries		
HLB Mann Judd	5,500	5,000
Nexia Perth Audit Services	-	-
	<u>30,000</u>	<u>31,491</u>

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:

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

Key Management Personnel

H Goh – Non-Executive Chairman
 K O Yap - Non-Executive Director
 D Ambrosini – Executive Director
 H Yu – Non-Executive Director (Appointed 24 November 2016)
 D Moore – Non-Executive Director (Appointed 10 April 2017)
 E H Tan – Non-Executive Director of Advent (resigned 6 June 2017)
 G Channon – Non-Executive Director of Advent (Appointed 6 June 2017)
 D Hoff – Non-Executive Director of Advent (Appointed 7 June 2017)
 D Breeze – Managing Director – (terminated 23 November 2017)

	Consolidated	
	2017	2016
	\$	\$
Short term employee benefits	168,259	315,000
Share based payments	-	-
	168,259	315,000

Included in trade creditors and payables are director fee accruals of \$711,332 (30 June 2016: \$669,477).

Director	Amount Owing 30 June 2017 \$
Goh Hock	301,821
K O Yap	49,185
Deborah Ambrosini	111,135
H Yu	-
D Moore	-
G Channon	-
D Hoff	-
Previous Directors	227,018
Balance owing	711,332

In November 2016, the consultancy agreement between the Company, Trandcorp Pty Ltd and Mr David Breeze under which Mr Breeze was appointed Managing Director of the Company was terminated. Directors of MEC Resources and Advent Energy have agreed to reduce their Director fees to the nominal amount of \$1 during the transition phase. Director fees had previously been accrued at an agreed rate. Further Ms Deborah Ambrosini has offset an amount of her consulting fees against the prior year accruals to assist the Company in reducing its liabilities.

Key management personnel remuneration is disclosed in the remuneration report included in the directors report.

6. Earnings per share

	Consolidated	
	2017	2016
	\$	\$
(a) Reconciliation of Earnings to Profit or Loss		
Net loss attributable to members of the parent	(900,893)	(1,034,477)
Earnings used to calculate basic and diluted EPS	(900,893)	(1,034,477)
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	186,766,240	184,403,862
Loss per share (cents per share)	(0.44)	(0.56)
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.		

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

	Consolidated	
	2017 \$	2016 \$
7. Cash and cash equivalents		
Cash at bank and in hand	600,601	877,018
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	600,601	877,018
8. Income Tax Expense		
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
The expense for the year can be reconciled to accounting loss as follows:		
Loss from continuing operations	(1,030,674)	(1,300,678)
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2015: 30%)	(309,202)	(390,206)
Non deductible expenses	71,698	1,271
Difference in tax rates of parent which is taxed at 25% (due to pooled development fund status)	27,816	40,691
Unused tax losses not recognised as deferred tax assets	209,688	348,244
	-	-
Weighted average rate of tax	-%	-%
(b) The following deferred tax balances at 30% (2016: 30%) have not been recognised		
Deferred Tax Assets:		
Temporary differences	169,484	166,738
Carry forward revenue losses	16,150,019	15,912,070
(c) Unrecognised deferred liabilities		
Exploration Expenditure	8,721,995	8,713,416

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

The above Deferred Tax Liabilities have not been recognised as they have been offset against to the carry forward revenue losses for which the Deferred Tax Asset has not been recognised.

The tax benefits of the above Deferred Tax Assets will only be obtained if:

- (i) company derives future assessable income in a nature and of an amount sufficient to enable the benefits to be utilised;
- (ii) the company continues to comply with the conditions for deductibility imposed by law; and
- (iii) no changes in income tax legislation adversely affect the company in utilising the benefits.

	Consolidated	
	2017	2016
	\$	\$
9. Trade and other receivables		
CURRENT		
Trade receivables	105,006	105,006
Net GST receivables	21,638	13,316
Other receivables	-	-
	<u>126,644</u>	<u>118,322</u>

	Consolidated	
	2017	2016
	\$	\$
Ageing of past due but not impaired		
60-90 days	-	-
90-120 days	-	-
120 days and over	105,006	105,006
Total	<u>105,006</u>	<u>105,006</u>

	Consolidated	
	2017	2016
	\$	\$
10. Other Assets		
Current		
Prepaid expenses	26,777	30,138
	<u>26,777</u>	<u>30,138</u>

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

	Consolidated	
	2017	2016
	\$	\$
11. Intangibles		
Intangibles – Contacts database	22,674	22,674
	<u>22,674</u>	<u>22,674</u>
12. Capitalised Exploration Costs		
Exploration expenditure capitalised		
Exploration and evaluation phases	29,050,947	29,022,046
	<u>29,050,947</u>	<u>29,022,046</u>
Reconciliation of movement during the year		
Opening balance at 1 July	29,022,046	29,024,515
Capitalised expenditure – EP 325	-	-
Capitalised expenditure – PEP 11	10,000	(2,469)
Capitalised expenditure – EP 386	18,901	-
Balance at 30 June	<u>29,050,947</u>	<u>29,022,046</u>

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of natural gas. Capitalised costs amounting to \$28,901 (2016: \$nil) have been included in cash flows from investing activities in the statement of cash flows. Receipts for the sale of capitalised items of \$nil (2016: \$62,585) have been included in cash flows from investing activities in the statement of cash flows.

As at the date of these accounts, the Consolidated Group has current commitments for its exploration permits of \$20,522,500 over the next 12 months. It is expected that this will change significantly upon conclusion of the 2D seismic survey in PEP11, as, once the PEP11 Year 2&3 commitments are achieved, it is open to Advent's wholly owned subsidiary Asset Energy Pty Ltd to apply for variation to the PEP11 Year 4 and 5 work program which currently includes an exploration well in Year 4 and 500 km² 3D seismic in Year 5. To assist in meeting these commitments, the Group is continually seeking and reviewing potential sources of funding including farm-in and equity. The Company also believes that a number of the permit commitments for EP386 have already been met, totalling some \$300,000 of indicative work commitments. Confirmation is being sought from the Western Australian Department of Mines, Industry, Regulation and Safety regarding this position.

Advent is currently in discussions with a number of parties on the terms of investment and management has confidence that a suitable outcome will be achieved. However, there is no certainty at this stage that those discussions will result in further funding being made available.

In relation to the Group's exploration commitments (which include Asset Energy Pty Ltd completing 200km of 2D seismic and geotechnical studies within the PEP 11 area by 12 August 2016), Advent's wholly owned subsidiary, Asset Energy Pty Ltd, lodged an application in respect of PEP11 with the National Offshore Petroleum Titles Administrator ("NOPTA") prior to 30 June 2016 to, suspend the years 2 and 3 work commitments and request a subsequent extension of the PEP11 permit term. This

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

application is still pending, however Asset Energy Pty Ltd has lodged an Environment Plan with the National Offshore Petroleum Safety and Environment Management Authority (NOPSEMA) in pursuit of the 200km 2D seismic work commitment.

Asset Energy Pty Ltd has invested over \$25 million in the PEP11 title in recent history, and, along with its JV partner Bounty Oil and Gas NL, is committed to continuing to explore for and ultimately exploit any petroleum accumulations which may be identified in this title area.

In addition to the 2D seismic commitment in PEP11, Advent has commitments to drill an exploration well and perform a seismic survey by the end of March 2018 for EP 386. These 2 commitments comprise the significant balance of \$2.5M and is included commitments shown above. It is anticipated that appropriate application will be made to the DMIRS in due course to allow Advent to complete these works in a suitable timeframe.

The application to vary a condition of the PEP11 title and suspend the years 2 and 3 work commitments was prepared following discussions with NOPTA, however a decision has not been received by the Company from NOPTA.

The above conditions indicate the uncertainty that may affect the ability of the Group to realise the carrying value of the exploration assets in the ordinary course of business.

	Consolidated	
	2017	2016
	\$	\$
13. Financial Assets		
Current		
Loans receivable	385,646	44,867
Total	385,646	44,867
Loans receivable		
Loan to Grandbridge Limited (a)	44,867	44,867
Loan to BPH Energy Ltd (b)	340,779	-
Loan to BPH Energy Ltd (b)	-	282,942
Fair Value through Profit and Loss Financial Assets		
Investment in BPH Energy Limited	43,097	100,562
Available for sale financial assets		
Investment in Molecular Discovery Systems Ltd	69,911	69,911
	113,008	453,415

(a) There is no formal agreement between Grandbridge Limited and the Company in respect of these amounts. Furthermore, and in an effort to set-off the Company's claim against BPH Energy Ltd, Grandbridge Limited has recently purported to assign the receivable of this purported loan to BPH Energy Limited. The Company disputes the assignment of the purported debt.

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

(b) On 22 October 2014 MEC entered into a convertible loan agreement with BPH Energy Ltd for a maximum \$200,000. Interest is charged monthly at a rate of 8.97% per annum. The funds were to be used for working capital. The loan agreement is convertible at the election of MEC. The issue price on conversion will be the higher of \$0.04 cents per share and the average closing price of the Borrower Shares on the ASX over the 5 trading days immediately prior to the date of conversion. On 18 February 2016, the loan was extended to a maximum amount of \$324,000. The loan became due and payable on 24 December 2016 and is currently accruing interest at a default interest rate of 20.97% per annum. On 21 July 2017, the Company withdrew its Statutory Demand against BPH Energy Ltd in an attempt to achieve global resolution of legal disputes between the Company, BPH Energy Ltd and Grandbridge Ltd.

Furthermore, the claims between each of BPH Energy Ltd, Grandbridge Ltd and MEC have been temporarily suspended or withdrawn to determine if the disputes can be resolved in an informal setting with a view to saving the Company significant legal cost. The withdrawal of the Statutory Demand by MEC should not in any way be construed as MEC resiling from the amounts it alleges are owed to it. It should be viewed as an attempt by the Board to resolve its disputes in the most commercial way possible so that the Company can focus on its core business. As at reporting date the closing balance of the loan including interest accrued to 30 June 2017 was \$340,779 (2016: \$282,942).

	Consolidated	
	2017	2016
	\$	\$
14. Property, Plant and Equipment		
Plant and Equipment:		
At cost	21,539	21,133
Accumulated depreciation	(20,244)	(19,351)
Total Property, Plant and Equipment	1,295	1,782
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	1,782	2,952
Additions	406	-
Depreciation expense	(893)	(1,170)
Carrying amount at the end of the year	1,295	1,782

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

	Consolidated	
	2017 \$	2016 \$
15. Trade and other payables		
Trade payables	121,497	82,488
Sundry payables and accrued expenses	815,013	711,307
	<u>936,510</u>	<u>793,795</u>

	Consolidated	
	2017 \$	2016 \$
16. Provisions		
<u>Current</u>		
Employee entitlements:		
Opening balance at 1 July	9,347	5,173
Increase/Decrease in provision	(5,463)	4,174
Balance at 30 June	<u>3,884</u>	<u>9,347</u>
Share sale agreement:		
Opening balance at 1 July	81,843	81,843
Increase in provision	-	-
Balance at 30 June	<u>81,843</u>	<u>81,843</u>
Total Current Provisions	<u>85,727</u>	<u>91,190</u>

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual leave and long service leave. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Provision for Share Sale Agreement

A provision has been recognised for the payment of fees to relevant parties upon the successful listing of Advent Energy Ltd.

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

	Consolidated	
	2017	2016
	\$	\$
<u>Non-Current</u>		
Employee entitlements:		
Opening balance at 1 July	27,484	18,750
Increase/(Decrease) in provision	(5)	8,734
Balance at 30 June	27,479	27,484

	Consolidated	
	2017	2016
	\$	\$
17. Financial Liabilities		
Loans payable- Current Liabilities (a)		
Loan from BPH Energy Limited	41,935	39,486
Loan from Grandbridge Limited	770,129	770,129
Loans from other entities	1,358	1,358
	813,422	810,973

(a) The Company disputes the liability for these amounts. There is no formal agreement between Grandbridge Limited, BPH Energy Ltd and the Company in respect of these amounts. Furthermore, and in an effort to set-off the Company's claim against BPH Energy Ltd, Grandbridge Limited has recently purported to assign the benefit of this purported loan to BPH Energy Limited. The Company disputes the entitlement of Grandbridge Limited or BPH Energy Limited to these amounts or to any assignment of the purported debt.

	Consolidated	
	2017	2016
	\$	\$
18. Issued Capital		
223,123,227 (2016: 200,034,633) fully paid ordinary shares	27,842,590	27,196,110
Less: Capital raising costs	(1,030,149)	(1,030,149)
Issued Capital	26,812,441	26,165,961

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

The company does not have an authorized capital and issued shares have no par value.

Ordinary Shares

At the beginning of reporting period

Shares issued during the year

At reporting date

	2017	2016	2017	2016
	\$	\$	No	No
At the beginning of reporting period	26,165,961	25,529,466	200,034,633	182,832,049
Shares issued during the year	646,480	636,495	23,088,594	17,202,584
At reporting date	26,812,441	26,165,961	223,123,227	200,034,633

18. Issued Capital (continued)

On 14 March 2017 MEC announced a Non-Renounceable Entitlements Issue ("Entitlements Issue"). The Entitlements Issue Shareholders subscribed for 20,506,448 Entitlement Shares and 2,282,146 Shortfall Shares at an issue price of 2.8 cents per share. The total funds received from the issue were \$638,080.63. A further 300,000 Shortfall Shares were issued on the 30 June 2017.

Fully Paid Ordinary Share Capital

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

(a) Options

There were 3,350,000 unlisted employee options on issue at the end of the year:

Number under option MEC Resources	Exercise Price	Expiry Date
950,000	\$0.10	30 June 2018
2,400,000	\$0.06	31 March 2020
<u>3,350,000</u>		

The market price of the company's ordinary shares at 30 June 2017 was 3.0 cents.

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 2017 and 30 June 2016 are as follows:

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

	Consolidated	
	2017	2016
	\$	\$
Cash and cash equivalents	600,601	877,018
Trade and other receivables	126,644	118,322
Trade Payables and financial liabilities	(1,749,932)	(1,604,768)
Working capital position	<u>(1,022,687)</u>	<u>(609,428)</u>

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

19. Reserves

	Consolidated	
	2017	2016
	\$	\$
Options Reserve (a)	530,818	528,990
Contributions Reserve (b)	<u>15,316,219</u>	<u>15,316,219</u>

(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.

Option Reserve

Reconciliation of movement

	2017	2016
	\$	\$
Opening balance	528,990	522,672
Options charged during the year	1,828	6,318
Closing balance	<u>530,818</u>	<u>528,990</u>

Contribution Reserve

Reconciliation of movement

	2017	2016
	\$	\$
Opening balance	15,316,219	-
Reclassification of NCI to Contribution reserve	-	15,316,219
Closing balance	<u>15,316,219</u>	<u>15,316,219</u>

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

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.

	Consolidated	
	2017	2016
	\$	\$
20. Cash Flow Information		
(a) Reconciliation of Cash Flow from Operations with Profit after income tax		
Operating loss after income tax	(1,030,674)	(1,300,678)
Non-cash flows in profit:		
Depreciation	893	1,170
Revaluation on investments	57,465	-
Share based payments	1,832	66,318
Administration recharges	-	104,911
Changes in net assets and liabilities, net of effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(8,321)	(3,863)
(Increase)/decrease in other assets	(52,036)	2,880
Increase/(decrease) in trade payables and accruals	142,719	248,721
Increase/(decrease) in provisions	(5,468)	12,908
Net cash flow from operating activities	(893,590)	(867,633)

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.

i. 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.

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

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 counter-parties 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 are 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 2017 would decrease/increase \$2,155 (2016: increase/decrease by \$5,028) 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

i. 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:

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

21. Financial Risk Management (continued)

2017	Effective Average Interest Rate Payable %	Floating Interest Rate \$	Fixed Interest Rate \$	Non- Interest Bearing \$	Total \$
Financial Assets					
Cash and cash equivalents	1.50%	600,601	-	-	600,601
Trade and other receivables	-	-	-	126,644	126,644
Financial Assets -current	20.79%	-	340,779	44,867	385,646
Financial Assets- non current	-	-	-	113,008	113,008
		600,601	340,779	284,519	885,120
Financial Liabilities					
Trade and sundry Payables	-	-	-	936,515	936,515
Financial liabilities	-	-	-	813,422	813,422
		-	-	1,749,937	1,749,937

2016	Effective Average Interest Rate Payable %	Floating Interest Rate \$	Fixed Interest Rate \$	Non- Interest Bearing \$	Total \$
Financial Assets					
Cash and cash equivalents	1.79%	877,018	-	-	877,018
Trade and other receivables	-	-	-	118,322	118,322
Financial Assets –current	-	-	-	44,867	44,867
Financial Assets- non current	8.97%	-	282,897	170,518	453,415
		877,018	282,897	333,707	1,493,622
Financial Liabilities					
Trade and sundry Payables	-	-	-	793,795	793,795
Financial liabilities	-	-	-	810,973	810,973
		-	-	1,604,768	1,604,768

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

21. Financial Risk Management (continued)

ii. 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.

(b) Financial Instruments (continued)

Aggregate fair values and carrying amounts of financial assets and financial liabilities at balance date:

Consolidated

	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Financial assets at fair value through profit or loss	43,097	43,097	100,562	100,562
Available for sale financial assets	69,911	69,911	69,911	69,911
Loans and receivables	512,290	512,290	446,131	446,131
	<u>625,298</u>	<u>625,298</u>	<u>616,604</u>	<u>616,604</u>
Financial Liabilities				
Other loans and amounts due	813,422	813,422	810,973	810,973
Other liabilities	936,515	936,515	793,795	793,795
	<u>1,749,937</u>	<u>1,749,937</u>	<u>1,604,768</u>	<u>1,604,768</u>

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.

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

21. Financial Risk Management (continued) (b) Financial Instruments (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	
	2017	2016
Change in profit		
— Increase in interest rate by 1%	4,000	13,400
— Decrease in interest rate by 0.5%	(2,000)	(6,700)

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 2017

	Contractual cash flows						
	Carrying amount	Total	2 mths or less	2-12 mths	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Trade and other payables	936,515	(936,515)	-	(936,515)	-	-	-
Unsecured loans	813,422	(813,422)	-	(813,422)	-	-	-
	<u>1,749,937</u>	<u>(1,749,937)</u>	<u>-</u>	<u>(1,749,937)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

21. Financial Risk Management (continued)

30 June 2016

	Carrying amount	Total	Contractual cash flows				More than 5 years
			2 mths or less	2-12 mths	1-2 years	2-5 years	
Financial liabilities							
Trade and other payables	793,795	(793,795)	-	(793,795)	-	-	-
Unsecured loans	810,973	(810,973)	-	(810,973)	-	-	-
	<u>1,604,768</u>	<u>(1,604,768)</u>	<u>-</u>	<u>(1,604,768)</u>	<u>-</u>	<u>-</u>	<u>-</u>

(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 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
- Investments in listed entities	43,097	-	-	43,097
Available for sale financial assets				
- Investments in unlisted entities	-	-	69,911	69,911
Total	<u>43,097</u>	<u>-</u>	<u>69,911</u>	<u>113,008</u>

30 June 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
- Investments in listed entities	100,562	-	-	100,562
Available for sale financial assets				
- Investments in unlisted entities	-	-	69,911	69,911
Total	<u>100,562</u>	<u>-</u>	<u>69,911</u>	<u>170,473</u>

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

21. Financial Risk Management (continued)

Reconciliation of Level 1 fair value measurements of financial assets:

	2017	2016
	Investments in listed entities (Level 1)	Investments in listed entities (Level 1)
Opening balance	43,097	100,562
Add: Purchases	-	-
Total gains or loss in the profit and loss	-	-
Proceeds from sale of listed investments	-	-
Closing balance	<u>43,097</u>	<u>100,562</u>

The Consolidated Group sold its investment in Central Petroleum Ltd in the prior period.

Reconciliation of Level 3 fair value measurements of financial assets:

	2017	2016
	Available for sale (Level 3)	Available for sale (Level 3)
Opening balance	69,911	69,911
Add: Purchases	-	-
Total gains or loss in the profit and loss	-	-
Closing balance	<u>69,911</u>	<u>69,911</u>

The company received through an in specie distribution an investment in Molecular Discovery Systems Ltd in January 2010. The investment in Molecular Discovery Systems Ltd was an arm's length transaction.

The fair value of the Group's investment in MDSystems as at 30 June 2017 has been arrived at on the basis of a valuation performed at 30 June 2015 by an independent expert valuer to the company and reassessed by management at 30 June 2017. The valuer holds the appropriate qualifications and recent experience in the valuation of investments of this nature. The fair value was determined using the relative valuation methodology. The approach considers the value of broadly comparable listed entities which are at a similar stage of biotechnology product life cycle to MDSystems. The valuation supported the carrying value of MEC's AFS investment in the company.

22. Operating Segment

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board and their management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

22. Operating Segment (continued)

The operating segments are identified by management based on their investment in exploration companies. Financial information of these investments is reported to the Board and their management team on at least a monthly basis. Currently, management's focus is on the exploration program of Advent Energy project's PEP 11, RL1 and EP 386, which is disclosed in Note 12.

The Group operates predominantly in one industry, namely investments in energy and mineral resources. These activities are predominantly in Australia.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments are the same as those contained in note 1 to the accounts and in the prior period.

23. Events after the Balance Sheet Date

On 4 July 2017 Advent Energy submitted an Environment Plan ("EP") to the National Offshore Petroleum Safety and Environment Management Authority ("NOPSEMA") for the planned 2D high resolution seismic survey in PEP11, offshore Sydney Basin.

The EP, submitted by Asset Energy Pty Ltd (wholly owned subsidiary of investee company Advent), is the critical documentation necessary to be submitted to NOPSEMA to allow the seismic survey to proceed in PEP11

On 21 July 2017, the Company withdrew its Statutory Demand against BPH Energy Ltd in an attempt to achieve global resolution of legal disputes between the Company, BPH Energy Ltd and Grandbridge Ltd.

Furthermore, the claims between each of BPH Energy Ltd, Grandbridge Ltd and MEC have been temporarily suspended or withdrawn to determine if the disputes can be resolved in an informal setting with a view to saving the Company significant legal cost. The withdrawal of the Statutory Demand by MEC should not in any way be construed as MEC resiling from the amounts it alleges are owed to it. It should be viewed as an attempt by the Board to resolve its disputes in the most commercial way possible so that the Company can focus on its core business. As at reporting date the closing balance of the loan including interest accrued to 30 June 2017 was \$340,779 (2016: \$282,942).

24. 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.

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

	Parent	
	2017	2016
	\$	\$
(b) Directors' Equity Holdings		
<i>Ordinary Shares</i>		
Held as at the date of this report by directors and their director-related entities in:		
MEC Resources Ltd	15,613,099	24,722,836
Advent Energy Ltd	7,000,000	7,000,000

(c) Related entities

A loan facility exists between Advent and its parent entity MEC, \$3,600,000 (2016: \$3,600,000). The loan is secured by a charge over all of the assets and rights of Advent Energy including but not limited to, all real and personal property, choses in action, goodwill and called but unpaid nominal and premium capital. The loan is due and payable on the earlier of a successful capital raising or the date that MEC issues a notice for repayment. On 20 July 2017 MEC Resources signed a variation to their secured loan agreement with Advent Energy Ltd which varied the agreement to incorporate a fixed repayment date 12 months from the date of this report or until Advent's financial position improved. In any event the extension is to be refreshed and approved by MEC Resources after a 12-month period.

(d) Directors

The company has an agreement with Deborah Ambrosini and \$63,268 (2016: \$nil) was paid during the year.

25. Controlled Entities and Non-Controlling Interests

(a) Controlled Entities

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
			2017	2016
Parent Entity				
MEC Resources Limited	Investment	Australia		
Subsidiaries of MEC Resources Ltd				
Advent Energy Limited	Oil and Gas exploration and development	Australia	44.29	44.29
Asset Energy Pty Ltd	Oil and Gas exploration and development	Australia	44.29	44.29
Onshore Energy Pty Ltd	Oil and Gas exploration and development	Australia	44.29	44.29

MEC owns 44.29% equity interest in Advent and its subsidiaries and consequentially does not control more than half of the voting power of those shares. However, two members of the Board of MEC are on the Board of Advent and therefore has the ability to partake in decisions to add and remove directors of Advent. MEC directors abstain from Board decisions in Advent where a conflict exists and the two independent Directors have the decision-making power. MEC has control over the financial and operating policies of Advent. Therefore, Advent is controlled by the Group and is consolidated in these financial statements.

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

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

(b) Non-Controlling Interests

Ownership interests and voting rights in Advent and its subsidiaries, held by non-controlling interests make up 55.71%.

Summarised financial information of Advent and its subsidiaries are as follows:

	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenues	Loss for the Year	Total Comprehensive Loss for the Year
2017							
Advent Energy Ltd	2,235,966	27,658,714	1,806,184	3,600,000	294	(209,432)	(209,432)
	2,235,966	27,658,714	1,806,184	3,600,000	294	(209,432)	(209,432)
Asset Energy Pty Ltd	1,247	768,404	1,772,811	-	-	(831)	(831)
	1,247	768,404	1,772,811	-	-	(831)	(831)
Onshore Energy Pty Ltd	227	884,800	563,101	-	-	(25,274)	(25,274)
	227	884,800	563,101	-	-	(25,274)	(25,274)
	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenues	Loss for the Year	Total Comprehensive Loss for the Year
2016							
Advent Energy Ltd	2,240,548	27,640,660	1,583,267	3,600,000	1,708	(392,057)	(392,057)
	2,240,548	27,640,660	1,583,267	3,600,000	1,708	(392,057)	(392,057)
Asset Energy Pty Ltd	1,878	758,404	1,762,611	-	-	(21,357)	(21,357)
	1,878	758,404	1,762,611	-	-	(21,357)	(21,357)
Onshore Energy Pty Ltd	1,184	884,800	538,784	-	-	(69,713)	(69,713)
	1,184	884,800	538,784	-	-	(69,713)	(69,713)

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

26. Share-Based Payments

The following share-based payment arrangements existed at 30 June 2017:

There were 3,350,000 unlisted employee options on issue at the end of the year:

Number MEC Resources	Exercise Price	Expiry Date	Issue Date	Fair value at grant date
950,000	\$0.10	30 June 2018	1 July 2013	\$0.1000
2,400,000	\$0.06	31 March 2020	2 April 2015	\$0.0032
<u>3,350,000</u>				

At balance date, nil MEC share options have been exercised (2016: 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 (2016: Nil) were issued under the company's employee share option plan.

	MEC Resources Ltd			
	2017		2016	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	3,350,000	\$0.071	5,425,000	\$0.549
Granted	-	-	-	-
Exercised	-	-	-	-
Expired/ Cancelled	-	-	(2,075,000)	\$0.776
Outstanding at year-end	<u>3,350,000</u>	<u>\$0.071</u>	<u>3,350,000</u>	<u>\$0.071</u>
Exercisable at year-end	<u>2,550,000</u>	<u>\$0.075</u>	<u>1,433,333</u>	<u>\$0.078</u>

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

26. Share-Based Payments (continued)

	Advent Energy Limited			
	2017		2016	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	-	-	2,500,000	\$2.00
Granted	-	-	-	-
Exercised	-	-	-	-
Expired/Cancelled	-	-	(2,500,000)	\$2.00
Outstanding at year-end	-	-	-	-
Exercisable at year-end	-	-	-	-

27. Contingent Liabilities

On 2 February 2017, the Company issued a legal proceeding out of the Supreme Court of Western Australia against Trandcorp Pty Ltd ("Trandcorp") and former Managing Director, Mr Breeze, in order to protect its interests and its confidential information. In this proceeding, the Company asserts that it is not in possession of all Company property and data under the control of Trandcorp and Mr Breeze despite contractual obligations requiring the return of this material following the termination of Trandcorp's engagement as consultant and the cessation of Mr Breeze's appointment as Managing Director of the Company in late November 2016.

The Company seeks, among other things, orders for the return of Company property and data and damages for breach of the consultancy agreement.

Mr Breeze and his associated party have filed and served a defence and counterclaim in the proceedings. The Company denies the counterclaim

28. Commitments

Capital Commitments

In order to maintain an interest in the exploration tenements in which the Group is involved, the Group is committed to meet the conditions under which the tenements were granted.

Capital expenditure forecasted for at the reporting date but not recognised as liabilities as follows:

	Consolidated	
	2017 \$	2016 \$
Work Program Commitments – Exploration permits Payable:		
Within one year	20,520,500	4,797,500
Greater than one year less than five years	-	15,722,500
Total	20,520,500	20,520,500

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

In relation to the Group's exploration commitments (which include Advent Energy's wholly owned subsidiary Asset Energy Pty Ltd completing 200km of 2D seismic and geotechnical studies within the PEP 11 area by 12 August 2016), Advent's wholly owned subsidiary, Asset Energy Pty Ltd, lodged an application in respect of Petroleum Exploration Permit 11 ("PEP11") with the National Offshore Petroleum Titles Administrator ("NOPTA") prior to 30 June 2016 to suspend the years 2 and 3 work commitments and request a subsequent extension of the PEP11 permit term. This application is still pending, however Asset Energy Pty Ltd has lodged an Environment Plan with the National Offshore Petroleum Safety and Environment Management Authority (NOPSEMA) in pursuit of the 200km 2D seismic work commitment.

Asset Energy Pty Ltd has invested over \$25 million in the PEP11 title in recent history, and, along with its JV partner Bounty Oil and Gas NL, is committed to continuing to explore for and ultimately exploit any petroleum accumulations which may be identified in this title area.

In addition to the 2D seismic commitment in PEP11, Advent has commitments to drill an exploration well and perform a seismic survey by the end of March 2018 for EP 386. These 2 commitments comprise the significant balance of \$2.5M and is included commitments shown above. It is anticipated that appropriate application will be made to the DMIRS in due course to allow Advent to complete these works in a suitable timeframe.

The application to suspend the years 2 and 3 work commitments for PEP 11 was prepared following discussions with NOPTA, however a decision has not been received by the Company from NOPTA.

29. Parent Entity Disclosures

Financial Position

	2017	2016
	\$	\$
Assets		
Current assets	5,476,064	1,615,345
Non-current assets	3,460,800	7,400,797
Total asset	8,936,864	9,016,142
Liabilities		
Current liabilities	667,431	599,860
Non-current liabilities	27,479	27,484
Total liabilities	694,910	627,344
Equity		
Issued Capital	26,812,441	26,165,961
Retained earnings	(19,038,113)	(18,242,961)
<u>Reserves</u>		
Option Reserve	467,626	465,798
Total equity	8,241,954	8,388,798

Notes to the Financial Statements for the year ended 30 June 2017

MEC Resources Ltd and its controlled subsidiaries

Financial Performance

	2017	2016
	\$	\$
Loss for the year	(795,147)	(817,553)
Other comprehensive income	-	-
Total comprehensive income	<u>(795,147)</u>	<u>(817,553)</u>

Directors Declaration

MEC Resources Ltd and its controlled subsidiaries

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 18 to 57, 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 2017 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.

Director



.....
Goh Hock
Chairman

Dated this 30th Day of August 2017

**Independent Auditor's Report
To the Members of MEC Resources Ltd****REPORT ON THE AUDIT OF THE FINANCIAL REPORT****Opinion**

We have audited the financial report of MEC Resources Ltd ("the Company") and its controlled entities ("the Group"), which comprises the consolidated balance sheet as at 30 June 2017, 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, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) 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 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty regarding carrying value of exploration expenditure

We draw attention to Note 12 to the financial statements which describes the uncertainty around the basis of continuing to recognise the carrying value of exploration and evaluation assets. Our opinion is not modified in respect of this matter.

Material uncertainty regarding going concern

Without modifying our opinion we draw attention to Note 1 to the financial report which sets out the uncertainty around Group's ability to continue as a going concern and therefore, whether the Group will be unable to realise its assets and discharge its liabilities in the normal course of business.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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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 period. 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Recoverability of capitalised exploration and expenditure Note 12 to the financial report</p> <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Company capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the cost model after recognition.</p> <p>Our audit focussed on the Company's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Company. We planned our work to address the audit risk that the capitalised expenditure might no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> • We considered the Director's assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its area of interest or for areas currently expired an understanding of the likelihood for renewal; • We examined the exploration budget for 2018 and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and minutes of Directors' meetings to ensure that the Group had not decided to discontinue exploration and evaluation at its area of interest: and • We examined and assessed the disclosures made in the financial report made in relation to the material uncertainties regarding recoverability

Information other than the financial report and auditor's report thereon

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 2017, 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.

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 have 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of MEC Resources Ltd for the year ended 30 June 2017 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.

A handwritten signature in dark ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in dark ink that reads 'B G McVeigh'.

B G McVeigh
Partner

Perth, Western Australia
30 August 2017

Additional Securities Exchange Information

MEC Resources Ltd and its controlled subsidiaries

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this report as follows. The information is made up to 15 August 2017.

1. Distribution of Shareholders

Range of Holding	Shareholders	Number Ordinary Shares	%
1 – 1,000	475	195,957	0.09
1,001 – 5,000	431	1,294,089	0.58
5,001 – 10,000	437	3,857,062	1.73
10,001 – 100,000	1107	40,491,473	18.12
100,001 and over	324	177,584,646	79.48
	2,774	223,423,227	100.00

2. (a) Distribution of Unlisted Optionholders

Range of Holding	Optionholders	Number of Options	%
MEC Resources			
100,001 and over	4	3,350,000	100.00

3. Voting Rights - Shares

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

4. Voting Rights - Options

The holders of employee options do not have the right to vote.

5. Restricted Securities

Shares - Number of Shares free of escrow		223,423,227
	Total Shares	<u>223,423,227</u>
Options		
Number of Employee options not subject to Escrow (Not Listed)		3,350,000
	Total Options	<u>3,350,000</u>

Additional Securities Exchange Information

MEC Resources Ltd and its controlled subsidiaries

6. Tenements and Interests Held

Permit Details	Interest Held	Entity
Petroleum Exploration Permit 386	100%	Advent Energy
Petroleum Exploration Permit 11	85%	Advent Energy
Petroleum Exploration Permit 325	8.3%	Advent Energy
Retention Licence 1	100%	Advent Energy

8. Twenty Largest Shareholders (as at 15 August 2017)

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
Healy Robert Anthony	11,868,108	5.31
HSBC Custody Nom (Aust) Ltd	9,144,772	4.09
Citicorp Nominees	8,460,331	3.79
Grandbridge Ltd	9,747,362	3.40
Breeze David	6,722,081	3.01
Trandcorp Pty Ltd <Trandcorp Super Fund Ac>	6,227,238	2.79
Protax Nominees <Richards Super Fund Ac>	3,000,000	1.34
Semerdziev Ianaki	2,879,831	1.29
Trandcorp Pty Ltd	2,648,669	1.18
Gunthorpe Andrew John	2,598,021	1.16
Bujo Pty Ltd	2,405,405	1.08
Ware Colin Victor	2,300,000	1.03
Barter Ross Coventry	2,259,982	1.01
Davenport Roger Julian and Davenport Frances	2,008,619	0.90
Ming Ding Gui	2,000,000	0.90
Cubitt Vaughan Jeremy	2,000,000	0.90
Viney Christopher Walton and Julie Elizabeth	1,735,246	0.78
Lam Terry Luong and Chan Pui Sze (Terry and Patsy Super Fund Ac)	1,700,000	0.76
Birch Lawrence Milton and Birch Jean Frances	1,520,992	0.68
Pereira Badura	1,518,549	0.68
	82,745,206	36.08

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

MEC Resources Limited

ABN / ARBN:

44113900020

Financial year ended:

30 June 2017

Our corporate governance statement² for the above period above can be found at:³

- These pages of our annual report:
- This URL on our website: <http://www.mecresources.com.au/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at 30 August 2017 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 30 August 2017

Name of Director or Secretary authorising
lodgement:



Deborah Ambrosini

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location] ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> http://www.mecresources.com.au/corporate-governance/</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at : http://www.mecresources.com.au/corporate-governance/	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>