



30 April 2018

Australian Securities Exchange
10th Floor, 20 Bridge Street
SYDNEY NSW 2000

via e-lodgement

Dear Sir/Madam

APPENDIX 4C - QUARTERLY CASH FLOW REPORT

MEC Resources Ltd (ASX: MMR, ACN 113 900 020) (“**MEC**” or “**the Company**”) is pleased to provide its Appendix 4C (Quarterly Cashflow Report) for the quarter ending 31 March 2018.

The Company is also pleased to report that with the financial assistance of MEC, Advent Energy Ltd (“**Advent**”) has completed the acquisition of a 2D seismic survey in PEP11, as a work commitment for the petroleum title. During the last quarter MEC has provided loan funds in excess of \$116,000 to its investee Advent to further the development of Advent’s assets. In addition, the Company estimates that another \$35,000 of services has been provided through the provision of staff in this quarter.

A 2-dimensional seismic survey of approximately 200 line km was acquired offshore Newcastle and pursuant to an environment plan accepted by the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA). This activity fulfilled the Year 2 work commitment for PEP11 and concluded on 19 April 2018.

The survey was undertaken over the Baleen prospect in PEP11, and achieved its acquisition target in three days, as anticipated. It was undertaken at a location predominantly 30km southeast of Newcastle, NSW, and included a tie line to the New Seaclem-1 exploration well site for geological calibration of survey data. The survey was undertaken safely and without incident.

Potential discovery of commercial quantities of natural gas in PEP11 provides an exciting future for the Company considering the gas market challenges facing the east coast of Australia.

On 13 April 2018 the Company announced a pro rata entitlement issue to raise up to \$2.4M before costs. The Rights Offer is not underwritten. However, Claymore Capital Pty Ltd (AFSL 261076), which raised substantial capital for the Company when Asset Energy Pty Ltd drilled its offshore well in PEP11, has been retained to assist the Company with this Issue and the placement of the shortfall for an agreed fee. At this stage Claymore has advised it has procured irrevocable commitments for \$100,000 (which would be in addition to any New Shares subscribed for by the Directors under the Offer).

All eligible Directors of MEC Resources, except for Mr Darryl Moore, intend to participate in the Rights Offer by way of cash consideration. Mr Darryl Moore will not be participating in the Rights Offer.

Management are continuing to minimise all costs of the Company. A cost reduction plan previously developed by the Board continues to remain in place within the organisation to ensure costs are continually scrutinised and where possible reduced. As announced previously the Company notes that it is being forced to continually defend its position from claims by Grandbridge Ltd, BPH Energy Ltd, and associated parties, which it believes are without merit.

MEC Resources Ltd

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We welcome your questions and comments regarding the Company. If you have any questions please do not hesitate to contact the Company on 08 9 245 6187 or info@mecresources.com.au.

Yours faithfully

A handwritten signature in black ink, appearing to read "Goh Hock", with a long horizontal stroke extending to the right.

Mr Goh Hock
Chairman

MEC Resources Ltd

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

MEC Resources Limited

ABN

44 113 900 020

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	(5)
(d) leased assets	-	-
(e) staff costs	(54)	(165)
(f) administration and corporate costs*	(311)	(704)
1.3 Dividends received (see note 3)		-
1.4 Interest received	2	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(363)	(870)

*includes operational expense support for Advent Energy Ltd

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	(131)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	(1)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(132)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	310	940
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	310	940

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	592	601
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(363)	(870)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(132)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	310	940

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	539	539

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	539	592
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	539	592

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	35
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Ms Ambrosini has a consulting contract with MEC Resources to provide accounting and company secretarial services. Charges are capped at a maximum of 4 days per week and additional hours provided by Ms Ambrosini are unpaid and provided in kind.

7. Payments to related entities of the entity and their associates

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	117
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Operational expense support to MEC investee Advent Energy Ltd for the 2D seismic activities which were conducted in April 2018 in satisfaction of the PEP 11 title commitments.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	55
9.6 Administration and corporate costs	130
9.7 Other (provide details if material) *	300
9.8 Total estimated cash outflows	485

* On 13 April 2018 the Company announced a pro rata entitlement issue to raise up to \$2.4M before costs. The Rights Offer is not underwritten. However, Claymore Capital Pty Ltd (AFSL 261076), which raised substantial capital for the Company when Asset Energy Pty Ltd drilled its offshore well in PEP11, has been retained to assist the Company with this Issue and the placement of the shortfall for an agreed fee. At this stage Claymore has advised it has procured irrevocable commitments for \$100,000 (which would be in addition to any New Shares subscribed for by the Directors under the Offer).

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

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



Sign here:
(Director/Company secretary)

Date:30 April 2018

Print name: Deborah Ambrosini ..

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.